

TITLE PAGE

**EFFECT OF CHANNEL OF DISTRIBUTION ON CONSUMER GOODS IN
NESTLE FOOD NIGERIA PLC, KADUNA**

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ADMINISTRATION AND MANAGEMENT**

KADUNA POLYTECHNIC

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DECLARATION

I hereby declare that this project report is the record of my own research work conducted under the guidance and supervision of **Mal. Jibril Sharehu** of the Department of Business Administration, Kaduna Polytechnic, Kaduna and it is entirely original. However, references made to earlier writers' work and published literatures have been amply acknowledged both textually and under the references. Any error contained here is entirely my responsibility.

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APPROVAL

This is to certify that the project report titled “Effect of Channel of Distribution on Consumer Goods in Nestle Food Nigeria Plc, Kaduna” was carried out by **FELIX OLUWANIRAN (KPT/CBMS/19/47543)**, and has been prepared in accordance with the rules and regulations governing the preparation and presentation of research project in Kaduna Polytechnic, Kaduna. It is hereby approved for meeting its requirement for the award of Higher National Diploma in Business Administration and Management, and for its contribution to knowledge and literary presentation.

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DEDICATION

This project is dedicated to the glory of Almighty God.

ACKNOWLEDGEMENT

First and foremost, I am entirely grateful to the all sufficient God, who in His image created and blessed man with abundant life, wisdom, knowledge and understanding. Without His divine help, my entire academic activities would not have been possible. To Him be all glory, honour and adoration forever, Amen.

I am highly delighted to appreciate the relentless efforts of my project supervisor, **Mal. Jibril Sharehu.** May Almighty Allah continue to crown his efforts and endeavours with success and promotion, Amen.

My sincere heartfelt gratitude goes to my parent Mr. and Mrs. Oluwaniran for their moral support and encouragement throughout the course of my studies. The gesture is extended to my entire family members, thanks for your concern.

I must not fail to appreciate the kind gesture of my course mates and friends I always cherished, for their warm and tenderly cooperation. I sincerely thank them for their cooperation and collective efforts of studying together from the beginning to the end of the programme. Thanks for being friends with me too.

ABSTRACT

This research work assessed the effect of channel of distribution on consumer goods in Nestle Food Nigeria Plc, Kaduna. The study is for the period 2017 to 2021. The views of various authors were synthesized with the organization distribution activities to ascertain its consistence with the existing knowledge and view. Data were collected by means of questionnaire from sampled respondents and documentary source, the data collected were presented in tables and analyzed with the aid of mean score and simple percentages and results obtained were discussed. The findings revealed that the company distributes its products to large number of distributors and also it makes use of three channel system of distribution. The study concluded that distribution channel has significant effect on consumer goods. On the basis of the research findings, it was strongly recommended that the company should stick to and improve on the present 3 channels distribution strategy in order to maintain and increase its customers' size towards increasing the sales of the company's product.

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Distribution is an important marketing function aimed at getting the right product to the market segment at the right quality and quantity and at the right time and at the lowest possible cost. It involves products movement from the stage of procuring raw materials, through manufacturing stage to the final stage of selling the product to the ultimate consumers (Cundiff and Still, 2017).

Distribution activities include transport, inventory management, warehousing, material handling and other processing activities. All these activities can only be carried out by few manufacturers, while others employ the services of middlemen as sellers, retailers, agents and brokers.

The middlemen activities according to Yeshin (2016) are geared towards facilitating the movement of goods from the manufacturers to the final consumer among others.

The management of a company must therefore, make their decisions as regards the type of intermediaries to use, how to motivate them to perform their various activities effectively and efficiently, and the intensity of

distribution to employ in order to ensure that products are available when the market wants them.

The distributing as an element of marketing mix that creates place utility has become a major marketing strategy used in manufacturing organizations to increase their marketing effort and in this case the question of which is the best chance to be answered. In the past confusion has been the major problem in all parts of the world. The channel Selection and planning has generated much interest among manufacturing organizations,

Kotler, (2015) sees distribution as that which involves planning implementing and controlling goods and materials from the consumer's satisfaction.

Distribution is considered not only a cost to the firm but also an effective tool in competitive marketing, it is ideal to accept that the aim of reduction will never be achieved into the goods and services provided, scholars puts it, distribution is the matching of demand with adequate supply at a pointBuklin, L. (2017).

The aim of distribution is getting the goods and services to the right place at the right time at affordable price. This is more convenient timing and effort for the manufacturers to enhance their sales effort by offering better services through channel improvement as every producer seeks to link to marketing

or distribution that would effectively accomplish it distribution is to create marketing exchange, if the channels are full of conflict and lack of co-operation the system will fall.

There is usually the thinking of whether the middleman are necessary in a chain of production. The functions of middlemen are vital to manufacturing industries to the extent that if a particular chain is eliminated its role has to be performed by someone else, although problems will rise over the channel leadership. The producers should observed the right to choose the type of distribution channel depending on their adopted plans, the producer should also noticed the selecting of channel members, evaluated to avoid in effective distribution system by the organization.

This background information serves the basis of the researcher's motive to examine the effect of channel of distribution on consumer goods in Nestle Food Nigeria Plc, Kaduna.

1.2 Statement of the Problem

The importance of distribution channel has been neglected to other market functions for a very long time. Manufacturers often forget the fact that the only marketing function that links the company's products with the

consumers is the distribution network. This negligence as a matter of fact, has hindered proper and effective design of distribution system and consequently poor market penetration and inadequate commercial network in their distribution system. These and many essential components of the distribution requirements that are not available in the distribution would inadvertently attract the dissatisfaction of the dealers and consumers of the products and invariably hamper sales volume.

It is against this backdrop that the study will be conducted to examine the effect of channel of distribution on consumer goods in Nestle Food Nigeria Plc, to arrive at recommendations which the company will effortlessly avail itself in the course of taking present and future decisions.

1.3 Objectives of the Study

The major objective of this study is to examine the effect of channel of distribution on consumer goods. The specific objectives are:

- i. To examine the mode of distribution used by Nestle Food Nigeria Plc, Kaduna.
- ii. To assess the effect of the distribution channel on consumer satisfaction.
- iii. To identify the problems militating against effective distribution of the company's products.

1.4 Research Questions

In order to facilitate the research work, the following research questions are drawn:

- i. What are the mode of distribution used by Nestle Food Nigeria Plc, Kaduna?
- ii. What is the effect of the distribution channel on consumer satisfaction?
- iii. What are the problems militating against effective distribution of the company's products?

1.5 Significance of the Study

This research project is highly significant because it gives the researcher a practical knowledge of the distribution strategy in use by Nestle Food Nigeria Plc. This experience will in no small measure be appreciated when confronted with similar distribution problem in office.

The study is as well significant to the researcher because it will improve her knowledge of marketing activities in an organisation, particularly in area of distribution. The researcher has been nursing the ambition of becoming an employer of labour because Nigeria now is moving towards a global village in terms of creation of small and medium scale businesses that will create employment opportunity for Nigerian youths. The HND in Business

Administration which the researcher is about to round up in Kaduna Polytechnic increases his knowledge of business and encourage him to contribute his quota towards the economic advancement of Nigeria

It will also serve as a reservoir of knowledge and secondary data for students, companies and interested persons willing to embark on related area of research in future.

1.6 Scope of the Study

The study is on the effect of channel of distribution on consumer goods in Nestle Food Nigeria Plc. The data and material for the study shall be solicited from the staff of the company for the period 2017 - 2022.

1.7 Definition of Terms

Distribution: Is a means or activities through which goods and services flow from the manufacturer or producer to the consumer/user.

Distribution Channel: The way through which goods/products flow from the manufacturer/producer to the ultimate consumers. Market importance of distribution as a means of reaching consumer with the product.

Physical Distribution: The task involves planning and implementing the physical flow of product from the point of origin to the point of use or consumption to meet the need of consumers.

Product: Product is a set of tangible attribute including manufacturer and retailers prestige, design, colour and taste which the manufacturer uses to satisfy consumer want.

Retailer: Independent trade who bought a retail price and sales in bulk or break it to consumers in group and organisation for consumption or resale purposes.

Distribution Strategy: An element of marketing decision making taking dealing with physical handling of goods and the selection of the marketing channels.

Marketing Mix: The particular blend of controllable marketing variables that a firm uses in achieving its objectives in target market such as product, or distribution price and promotional activities.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter will review literature related to the topic of study. This is intended to serve as the bedrock for better understanding of the subject matter.

2.2 Conceptual Framework

Revel (2016) defined distribution as the physical movement and storage of bulky products where price and specification are standardized and the market is comprised of a limited number of buyers and sellers. While Kotler (2016), distribution comprises a set of instructions which performed all of the activities and functions utilized to move a product and its title from production to competition.

Distribution as defined by Donnelly (2018), is the entire function of getting goods into the hands of the consumer. The function includes transportation in the broadest sense, as well as the middlemen who handle the goods and help to transfer title to the goods.

Nwankwo (2018), the task of distribution is to make goods physically available to buyers. This bridges the gaps of space and time between production and use or consumption. He further said that distribution can be viewed as a strategic management system since it is one component of the firm's marketing mix. Thus, all the distribution decisions are made to be consistent with the other aspects of the marketing program for the product.

While Tootelianen (2018) was of the opinion that the distribution of consumer products began with the producers and ends with the ultimate consumers.

Wale (2015) explained that without an effective distribution system, manufacturer or supplier cannot supply users or consumers, especially if they are scattered throughout an area, country or the world. He further said distribution is thus a major portion of price. Before any profit can be made, all cost has to be recovered and these will be paid by the consumer in the price. The distributor has to regain all his cost in providing as warehouse, transport or shop through pricing.

Elvy (2017), an increasing proportion of any company's expenditure is incurred in the distribution of their products. And in a major market operation, distribution must be oriented towards meeting consumer requirement and securing the profit and market share objective.

Distribution from the foregoing is concerned with various activities necessary for the transfer of goods from the manufacturer to the consumer. It include not only the movement and storage of goods, but also the legal promotional financial activities involved in transfer of ownership.

2.2.1 Channels of Distribution

Ball (2016), the channels is a distributive system comprised of various components linked together by one or more of the marketing flows. He said decisions about the system components comprised channel strategy, the channel provides the structure within which the rest of the marketing plan is leveled out. However, the channel plan differs from an organization plan in that it is essentially strategic. A particular channels is selected because it adds to the achievement of certain marketing objectives.

Barnard (2017) defined channels of distribution as a social system made up of people in different organization that must cooperate to create marketing exchange in the rate, the degree of cooperation and coordination in a channel, the more success the total system will be the went further to say that often makers become concerned about managing materials flow, through and from their own form neglect the inter firm relationships and agreements that keep moving freely from manufacturers retailers to consumers. The entire system of firms involved in distribution is known as a distribution channels.

Armstrong (2017) in his view said that marketing includes getting goods and services from where they are produced to where they are consumed in a craft society an artisan makes the entire product from start to finish and may even be responsible for finding the component raw material when the product is

complete. The artisan must meet with the potential consumer on face to face basis. However, in society that relies on face to face basis. However, in a society that relies on mass production to satisfy its demands for goods and services must product reach the consumer after passing through many steps from raw materials to finished goods producer to sales outlet retail stores to the final user.

These specialist responsible for facilitating this flow of goods are called middlemen. Wholesalers and retailers and the path that products take in moving from producers to ultimate consumers are the channels of distribution.

Agu (2016) stated that the term channel of distribution refers to the system of marketing institution through which goods and services are transferred from the original producers to the ultimate users or consumers. He further said, “most frequently, a physical product transfer is involved, but sometimes an intermediate marketing institution may take title to goods without actually handling them”.

Generally, distribution is important to all manufacturing companies as a result, all the activities involved in distribution are aimed at achieving effective sales for the company.

Tom and Austin (2016), a channel of distribution sometimes called a trade channel for a product is the route father by the title to the product as it moves from producer to the ultimate consumer for the product as well as all middlemen involved in the title transfer. The channel from a product reflect only in the last person who buys the product or service without making any significant change in its form, when its form is altered and another product emerge, a new channel is started.

Jone (2018) stated that a marketing channel or channel of distribution is path trace in the direct or indirect transfer of ownership to a product, as it moves from a producer to the ultimate consumers or industrial users. He went further to say that, e very marketing channel contains one or more transfer points of which there is either an institute or a final buyer during marketing. In other words, legal ownership of the product changes hands at least one. Generally, legal title to the product passes from the producer and through a series of middleman (distributive institutions) before the consumer or industrial user finally takes possession.

Transfer of ownership may be direct as when the producers sells the product outright to a whole seller or retailer or it may be direct as when an agent middleman does not take legal title but simple negotiates its transfer from

the produces stand point, such a network of institution used for reaching a market is a marketing channel.

Mowen (2017) identified two major flows in the distribution channel. The flow of title or ownership through the logistics sub-channel. “The profit” sub is used to indicate that these sub-channels are defined with respect to a given distribution such as manufacturers to retailer to consumer. The exchange and logistics sub-channels do not necessarily coincide, since title may flow one way and the physical product another way.

The whole basic idea is that distribution channels are made to bridge the gap between producer and user, irrespective of any discrepancy, channels have essential function to perform.

2.2.2 Functions of Channel of Distribution

McMenamin (2017), product distribution entails the performance of certain essential functions. The allocation of the function to the middlemen who form a particular channels depends on the kind of middlemen involved each middleman performs at least one function among them.

The author went on to identify the function to be performed in any distribution channels as follows:

1. **Contractual function:** This is the making of contacts with current or potential buyers of the product. Sellers and buyers simply have to get

together otherwise no transaction can take place. The presence of intermediaries greatly facilitates the performance of the function.

2. **Inventory Ownership and Risk Bearing:** This involves the transfer of title to goods and assumption of the risk of ownership such as accidents, loss, pilferage, obsolescence and so on, until the goods are sold to the ultimate user.
3. **Storage and Transportation:** Storage facilities (such as space and material handling equipment) must be provided to the time the ultimate buyers get them. This function bridges the gap time and space utility. Transport equipment must be provided to move goods physically from originating point through intermediate locations to the final buyers premises.
4. **Extending Credit or Finance:** Funds must be produced to finance the purchase of stock by the middlemen. The financing could be in the form of trade credit granted by the owner of stock within the channel to his customers, or it could be short term loan granted to the buyer by a financial institution.
5. **Providing information about the market:** The customer is being supplied through a given distribution channel would be better served if

the taste and preferences, buying habits and so forth of the customers were better known.

2.2.3 The Role of Distribution Channels in Marketing

Dibb (2016) in identifying the role of distribution channels in marketing says channels of distribution helps to move goods from one place to another hence they add place utility.

They bring goods to the customers when the customer want them, hence add convenience value. They make it possible for the consumer to obtain goods at a price he is willing to pay and under condition which bring satisfaction and pride to ownership. Hence they add possession value “not all channels perform all these services with equal efficiency, some cost more than others. Some renders greater value to the goods in transit than others manufacturers and sellers are therefore reviewing their channel of distribution with an eye to improving efficiently and reducing cost. There is consequently conditional change going on at both the wholesale retail level. It is essential to distinguish between the service rendered by various channels of distribution and the cost of distribution. Many people have highly advocated eliminating the middlemen as the care all for rising cost of distribution. This is more of a fallacious thing because the critic confuse the function with the performance (Kempheew, 2016).

Oliver (2018) submitted that the service transfer, storage, handling and transportation have to be performed either by the manufacturer or by the consumer himself. He went on to say that services or functions connected with the lowest possible efficiency in order to serve the consumer best. This is not charity but common sense. If one manufacturer should not want to serve that consumer to the best of his ability, he would be forced by competitors to do so.

2.2.4 Identifying the Major Channel Alternatives

Keller and Kotler (2016) in their view of how channel alternatives are identified said, let us assume that a company has defined its target market and desired positioning. It should next, attempt to identify its major channel alternatives as described by the elements thus:

- i. The type of intermediaries
 - ii. The number of intermediaries
 - iii. The terms and mutual responsibilities of the producer and intermediaries.
-
- i. **Type of intermediaries:** This firm should first identify the types of intermediaries available to carry on its channel work. Some estimate, as company is forced to choose or invest a channel other than those it

prefers because of the difficulty or cost of breathing into preferred channel.

ii. **Number of intermediaries:** This number of intermediaries to use at each stage is influenced by the degree of market exposure.

a. **Intensive Distribution:** producers of convenience goods and common raw materials generally seek intensive distribution that is, the stocking in as of their product in as many outlets as possible. The dominant factor in the marketing of these goods is their place utility.

b. **Exclusive Distribution:** Some producers deliberately limit the number of intermediaries handling their products. The extreme from this is a limited number of dealers which has the exclusive right to distribute the company's product and allow higher make up.

c. **Selective Distribution** Between intensive and exclusive distribution stand an intermediaries arrangement called selection distribution.

Selective distribution involved the use of more than one but less than all the intermediaries who are willing to carry a particular product. It is used by the established companies with good reputations and new companies seeking to obtain distributors by promising them selective distribution. The company does not have to dissipate its efforts over a lot of outlets, many of which would be marginal. It can develop s

good working understanding with the selected intermediaries expects a better and average selling effort. Selective distribution enable the producer to gain adequate market coverage with more control and less cost than intensive distribution.

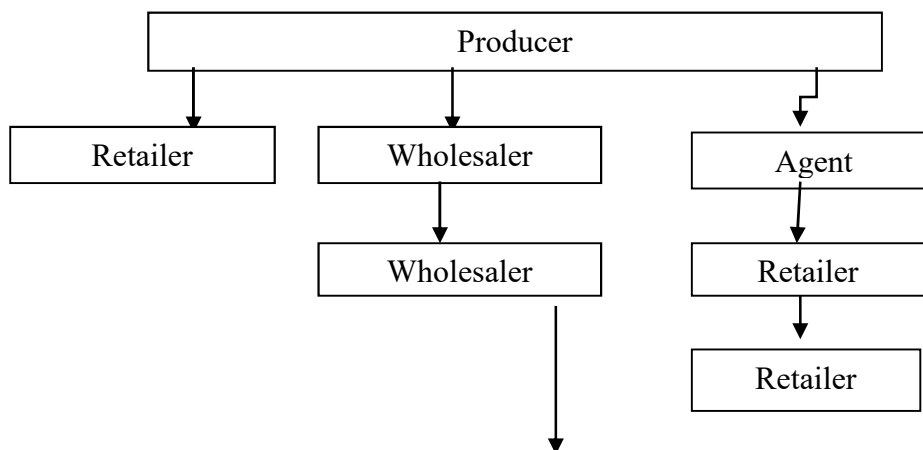
iii. **Terms and mutual responsibilities of producers and intermediaries:**

The producer must determine the mix of conductions and possibilities to be assumed by different channel members. The main elements in the “trade relations mix” are the price policies, the condition of sales, the territorial rights and the specific services to be performed by each party.

2.2.5 Channel Structure and Types of Middlemen

Crossiers (2018) stated that channel structure reveal the kind of particulars involved in the production , distribution and ultimate use of products: it show the nature of linkage connecting the produce, the middlemen and the consumers.

Figure 1: Channel Structure



Source: Morden , Channel Structure and New Structure, 2016.

Consumer channel sell mostly finished products whereas industrial channels features a large proportion of raw materials, semi-finished products and component parts (Berkowitz, 2017).

The type of middlemen, some of which have been presented in figure 1 above will be described here. Wholesaler sells in bulk to others such as retailer, but do not sell in any significant amount to the final consumers. Merchant wholesalers take title to the goods they carry. They also bear the risk of inventory ownership. While retailer sells to the final consumers only. They also bear the risk of inventory ownership (Michael, 2016).

In Nigeria, the term “distribution” and “dealer” are popularly used to describe the middlemen who may perform wholesaler’s or retailer’s functions (Robin, 2016).

The characteristics is that these middlemen have been formally selected or recognized by producers, whether in Nigeria or foreign countries who regularly send them relatively stock for resale either to the final users or to other retailers. Also, retail operators in Nigeria are quite diverse group (Jerome, 2016). Street hawkers are very visible through some unusual item like type, pumps and antitheft cares locks may be padded to the motorist

caught in a traffic jam. Traders and retailers found in the market places adjoining stores. They may specialize in a line of goods or carry general articles, road side kiosk operators and shop keepers who typically occupy affront room of a residential building deal in convenience general goods and provisions. These are what may be called convenience store since they are usually located where the consumers live.

Douglas (2016), there are also operators of limited line stores specializing in good like shoes, electronic equipment, electronic appliances. Plastic products, building materials, mechanical parts clothing, fabric and soft drinks. Departmental stores have various lies of goods undergone roof whole supermarket specialist in food products, finally we must mention the car and motor cycle and the following station operators.

2.2.6 Evaluation of the Major Channel Alternatives

Lancastel and Ashford (2016) remark that suppose that a producer have identified several major channel alternative for reaching the market and wants to decide which would best satisfy the long run objectives of the firm, each alternatives should be rated against economic, control and adaptive criteria.

Economic Criteria: Each channel alternative well produce a different level of sales and costs. The first issue is whether more sales will be introduced

through company sales force or a sales agency, most marketing managers believed that company sales force will be more effective because they concentrates entirely on the company's products, better trained more aggressive and their future and income depends on the company.

The sales preventives are also more successful because customers prefer to deal with the company. On the other hand, it is possible that the sales agency could produce as many sales as possible or mores sales than company sales force. But this depends on how much commission the producer offer them in relation to the other product lines they represent or handle. Some customer may prefer dealing with agents who represent a large number of manufacturers rather than dealing with sales persons from one company.

Control Criteria: The evaluation must be introduced by as consideration of the control aspects of the two channel alternatives. The uses of sales agent can gives rise to a number of control problems. The control fact is that the manufacturers sales agency is an independent business interested in maximizing its own profits. The agency may not cooperate with the client agent in an adjacent territory. The agent concentrate calls on the customers that are most important to the client. The agent sales force may not master the technical details concerning the clients product or sued the clients promotional materials.

Adaptive Criteria: Each channel alternatives involves some duration of commitment and loss of flexibility. A manufacturer who decided to use a sales agency may have to offer him a contract during the period, other means of selling such as direct mail, may become inefficiently by the manufacturer who is not free to drop the sales agency.

2.2.7 Channel Management

After a company determined its basic channel design, individual middlemen must be selected, motivated and evaluated.

Bonana (2017), in his view of selecting channel members said producers differ in their ability to recruit qualified middlemen for the purpose of channel operators' he further said some producers have no trouble in finding specific business establishment to join the channel. Their proposal attracts more than enough prestige of the firm or because the specific product appear to be good money make in some cases, the purposes of exclusive or selective distribution will influence a sufficient number of middlemen to join the channel. The main problem of the producer that can attract enough middlemen is one of the selection. The producer must decide on what middlemen characteristics provide the best indication of the competence.

The second factor in channel management decision is motivation of channel members middlemen must be motivated to perform their task well. The

factor and terms that led them to join the channel provide some of the motivation, but these must be supplemented by continued supervision and encouragement from the producer. The job stimulating channel members to stop performance to top performance must start with the manufacturers attempting to understand the need wants of the particular middlemen.

2.2.8 Physical Distribution

After examining how companies select channel of distribution to carry out their products to the final market, the researcher deemed it fit to examine the physical side of distribution. That is, how companies arrange for the efficient storing, handling and moving of goods so that they will be at the place and time they are needed.

Pride and Farrel (2017), physical distribution is the transporting and storing of physical goods within individuals firms and along channel system. They went on to say that nearly half cost of marketing is spent on physical distribution. Physical distribution is very important to the firm that really has no use at all and possession utility is not possible. This usually requires the transporting and storing functions that are port of physical distribution.

Dibb and Bimiun (2015), physical distribution strategy is concerned with actual movement and storage of products after their production and before their consumption. All producers, final buyers and most middlemen i.e. all except for one type of merchant wholesaler, the drop shipment wholesaler and several types of agents in varying degrees performance physical distribution activities. Total cost of distribution is generally large. It constitutes about 65% of product cost.

Once a firm has detected approximate channels, the next step is to design for and operate a physical distribution handling system that will deliver goods and services affectively. A number of associated activities must be performed, those activities must be performed, those activities centers will next be elaborated upon.

Warehousing: Every company must make provision for stocking its goods at various locations, where they want to be sold. Decision must be made as to how many warehouses are required, where they should be located, what product should be stocked and in what quantities.

Transportation: A wide variety of transportation mode is available to move products to market e.g. rails air and truck. Each with associated cost and services (speed) characteristics, marketers take interest in their company transportation decision. The company's choice of transportation system will directly affect the price of its products, on time delivery performance and the condition of goods when they arrive. These factors will affect the price of its products on time delivery performance and the condition of goods when they arrive. These factors will affect customers on buying from the company.

Order processing: Physical distribution starts with the receipt of a customer order, sales representative and customer dispatch order to the firm with the view to replenish stock, other departments prepare multi-copy invoice and

dispatch same to various department. Items that are out of stock are back-order. Items that are shipped are accompanied with shipping and billing documents that are also multi-copied and go to various departments. These steps are carries out by most companies effectively.

Inventory: Inventory is of central importance in physical distribution system, since accrual demand in the firms order is rarely exactly the same as for case demand, inventories of goods must be established and maintained.

Inventory levels represent another major type of physical distribution decision affecting customer's attraction and satisfaction. The marketers would like company to carry enough stock to fulfill customers order immediately. However, it is cost effective for a company to carry much inventory. The company would have to know whether sales and profit would increase enough to justify a higher investment in inventories.

2.2.9 **Methods of Distribution**

Barden (2018) in the lesson “principles of management” ask this question “which is the best channel of one can use that would put ones product into the hands of the ultimate consumers” The methods of distribution available are either direct or indirect. The direct method is to sell direct to the customer through a manufactures own retail outlet or in the case of producers goods by direct conversing of potential users. The indirect

methods however, make use of various types of middlemen engaged in distribution, and the manufacturers may sell to a wholesaler who in turn sells to a retailer and so to the customers.

Alternatively, the wholesaler may be avoided and the manufacturer may sell directly to the retailer. The retailer in no contractual relationship with the manufacturer may be acting as appointed agent, in which case the manufacturer may have some degree of control on the retailer. In other instances, the wholesaler may be in the form of merchants or factors, middlemen and specialized nature, but operating independently of the manufacturers as does the wholesalers.

Barden (2018) stressed further that the basic distribution between direct and indirect method of distribution is therefore that of control over the selling offer. The more direct the shorter the chain between manufacturer and customer and the more effective the channel.

2.3 Theoretical Framework

Wrong models of a problem can produce wrong diagnosis and wrong decisions as to how to deal with it hence, the need to capture the theoretical base of the study.

The theoretical framework upon which this study is based is the Douglas Lawrence's system theory. This theory encompasses the body of knowledge used to support the decision-making process for various purposes, and it was adopted because it spells out the variables and indices to be used for the purpose of evaluation and analysis and as well as the impact which each component or strategy could have on such variables and the entire system.

System theory sees an organization as a system and living organisms as complex and highly integrated; so much that if one organ is taken away, it may become sick or even die. System theory was further explained by Douglas, using a political system. He posited that in a political system, there is a continuous interplay between the government and the citizens (people in the system) within the framework of social, economic and political environment. Douglas, the interplay arising from 'input', 'output' and 'feedback' between the government and the citizens within the environment is required for the political system to function effectively. Consequently, if the government and the citizens do not function effectively within the

framework of the environment, the political system would malfunction and may even collapse.

An important first step in the process is identifying a workable long-term goal and long-term outcomes. The long-term goal should be something the initiative can realistically achieve and that everyone involved understands. The use of system theory in planning and evaluation of operational strategies has increased exponentially among philanthropies, government agencies, international [NGOs](#), and many other major organizations in both developed and developing countries. This has led to new areas of work, such as linking the theory to systems thinking and complexity. Change processes are no longer seen as linear, but as having many feedback loops that need to be understood. Consequently, system theory encompasses strengthening, monitoring, [evaluation](#) and [learning](#). They are also helping to understand and assess impact in hard to measure areas, such as [governance](#), capacity strengthening and institutional development.

The added value of system theory lies in revealing the conceptual model, including the causal relationships between and among outcomes, the relationships of activities to outcomes, and of outcomes to indicators. Overall, having a system theory helps make explicit the assumptions upon which the results framework is based.

Particularly, when using the system theory to guide monitoring and evaluation, it helps to focus the group's attention on outcomes, which could, if achieved, be convincingly attributed to the group's work. The group here connotes the entire marketing activities.

2.4 Review of Empirical literature

Crossiers (2018) in a paper titled "Product Availability" used the analysis of variance (ANOVA) as the inferential statistics to validate his choice of research instrument. The outcome of his study revealed that one of the most satisfying thing about product is that no matter how highly it is designed, it is only the final users or consumers that can attest to its quality. That is, making the product available to the customers at the right time and place through an appropriate channel is the utmost.

Lancastel and Ashford (2016) carried out a survey study on channel management techniques, using the non-parametric chi-square to test the hypothesis, the findings revealed that distribution channel helps towards improving the quality of marketing programme in an organisation.

Meanwhile, in a study conducted by Tom and Austin (2016) on channels management and organisational profitability index, using the e-view t-test to validate the data, the findings revealed that the strongest defence against

competitors and the only path to sustain business growth and the profitability of an enterprise is through the assurance of effective distribution channel. Physical distribution normally increase profitability, is the title of the research work carried out by Jone (2018). The study used the chi-square distribution at the 0.05 significance level and the findings revealed that there is a high correlation between physical distribution and organizational profitability. He suggested the situation approach to channel management for the physical distribution of consumer goods and household products. However, Mowen (2017) conducted a study on the impact analysis of distribution strategy towards enhancing the satisfaction of consumer by using the Guttman's Lambida in testing the reliability of the research instrument. It was revealed distribution strategy has a very strong and significant impact on customers' satisfaction.

2.5 Summary of the Review

From the review of the works of various authors, it could be seen that distribution channel is a major component of marketing mix. Each author gave this view of distribution in its totality.

Wilson's definition and views could be taken as the most effective one that can give meaning to distribution, since the author talked on the organizational distribution, the researcher tries to point out that channels are

among the most complex and challenging decision facing the organization. Each channel has a different potential for creating sales and generating costs. Once a particular channel is chosen, the firm must usually confront a number of alternatives which vary from direct selling to using one, two, three or more intermediary channel levels. The form making up the channel is connected in different ways by physical, title payment, information and promotion flows. Channels are not static but are characterized by continuous and sometimes dramatic change. Just as the marketing concept is receiving increasing recognition, growing numbers of business firms are beginning to lead the physical distribution concept. The physical distribution is an area of high potential cost savings, improved customer satisfaction and competitive effectiveness. When other processors, warehouse planners, inventory managers and transportation managers make decision only within their own framework, affect each other cost and demand creation capacity, but do not take them into consideration the physical distribution arrangement that minimized the total cost of providing a given customer service.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter shall focus on the various techniques and methods to be used in carrying out this research work. It contains the research design, area of the study, population of the study, sample size and sampling techniques, instruments for data collection and the techniques for analyzing data.

3.2 Research Design

Survey research design is to be adopted in this study because it allows a sample to be drawn for a study, and the findings from such sample can be generalized as the valid opinion of the entire population of the study. This method is chosen because it allows for cross sections of the staff of Nestle Food Nigeria Plc to be studied and whose result would be generalized to the entire population.

3.3 Area of the Study

The organisation that is to be assessed as regards the topic for this study is Nestle Food Nigeria Plc situated at Kaduna Central Market along Kano Road by Warri Street, Kaduna. The choice of this location is its proximity to the researcher's institution of learning.

3.4 Population of the Study

The total population for this study consists of the entire staff of Nestle Food Nigeria Plc, Kaduna whose total staff strength at present and according to the manager stood at one hundred and ten (110).

3.5 Sample Size and Sampling Technique

The sample to be selected for this study shall consist of eighty six (86) staff of the company. This will be adopted from Krejcie and Morgan (1970) validated sample size table. The sampling technique to be adopted in gathering data is the simple random sampling technique for fairness. The technique gives every member of the population an equal chance of being selected for the study.

3.6 Instruments for Data Collection

Primary and secondary methods of data collection shall both be used in this study. The secondary data will be generated from published and unpublished text materials, while primary data shall consist of a number of items in well-structured questionnaire that will be administered on the respondents. The decision to structure the questionnaire is predicated on the need to reduce variability in the meanings posed by the questions as a way of ensuring compatibility of responses.

The questionnaire will be designed on 5 points Likert's rating scale as

shown thus;

	SA	A	UD	D	SD
Grade Point	5	4	3	2	1
Range	4.5-5.0	3.5-4.4	2.5-3.4	1.5-2.4	0.5-1.4

Key:

SA = Strongly Agree = 5

A = Agree = 4

UD = Undecided = 3

D = Disagree = 2

SD = Strongly Disagree = 1

3.7 Validity and Reliability of the Instruments

To obtain the validity of an instrument, three experts are required to vet and cross-check the items generated in the questionnaire in order to ensure accuracy and clarity of the instrument (Osuala, 2017). To this end, a copy of the questionnaire will be presented to the supervisor of this project, in the person of Mal. Ibrahim Maikudi Kankia as well as Mr. Tunde Lawal and Mr. Kayode Adejumo for face validation. Their suggestions shall be used in improving the final draft of the questionnaire.

A pilot test also need to be conducted on few respondents from an organisation to pretest the efficacy of questionnaire, this is in conformity with the views of Nwana (2016). Reliability shall therefore be obtained by giving some of the questionnaires to about twenty (20) selected staff of the company to see if the questionnaire is consistent in measuring what it ought to measure. Besides, the difficulties likely to be experienced by those that would be used in the pilot study shall be noted and corrected accordingly.

3.8 Method of Data Presentation and Analysis

Data to be collected from the respondents shall be presented in tables and analyzed with the aid of mean statistics and simple percentage.

- i. Simple Percentage: This is to be used in the analysis of each of the questions relating to respondents' bio-data.
- ii. Mean Score: This shall be adopted in analysing each variable in the questionnaire.

The mean is given by the equation:

$$\text{Mean (x)} = \frac{\sum fx}{\sum f}$$

Where:

Σ = Summation

f = Frequency

x = Variables

Each value of the acronyms on the 5-points scale is to be multiplied by the corresponding frequency of the variable. The frequency (f) column will be multiplied by (x) to get (fx). The mean score of each of the variable will be obtained by dividing the sum total of (fx) by the sum of (f).

$$= \frac{5+4+3+2+1}{5}$$

$$= \frac{15}{5}$$

$$= 3.0$$

Therefore, the mean scores of 3.0 and above are to be regarded as agreed responses, while points below a mean average of 3.0 are to be treated as disagreed responses.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter is designed to present, analyse and interpret the data collected from the respondents, the responses as collected through the use of questionnaires are presented in tabular form using sample percentages and statistical mean to analyze the data.

A total of 86 questionnaires were administered on the staff of Nestle Food Nigeria Plc. out of which 2 were badly damaged, 2 were not retrieved and another 2 were returned blank. While 80 were validly filled and returned by the respondents.

Table 4.1.1: Questionnaire Distribution

Variables	No. of Questionnaires	Percentage (%)
Retrieved	80	93
Not retrieved	6	7
Total	86	100

Source: Field Survey, 2022.

4.2 Characteristics and Classification of Respondents

Table 4.2.1: Classification of Age

Variables	No. of Respondents	Percentage (%)
21-30	40	50
31-40	28	35
41 and above	12	15
Total	80	100

Source: Field Survey, 2022.

From table 4.2.1 above, the analysis shows that 40 workers representing 50% are within the age bracket of 21-30 years, while 28 staff (35%) fall within 31-40 years and 12 workers (15%) was aged 41years and above. This is an indication that most of the workers are within the active and productive age of their career.

Table 4.2.2: Sex Distribution of Respondents

Variables	No. of Respondents	Percentages (%)
Male	48	60
Female	32	40
Total	80	100

Source: Field Survey, 2022.

The above data in table 4.2.2 revealed that 48 (60%) of the sampled workers were male, while 32 (40%) of them were female. this implies that male respondents are more involved in this study than the female.

Table 4.2.3: Classification of Qualification

Variables	No. of Respondents	Percentages (%)
Postgraduate	20	25
B. Sc./HND	40	50
ND/Certificate	12	15
SSCE & Below	8	10
Total	80	100

Source: Field Survey, 2022.

From the data presented in the above table 4.2.3, the analysis shows that the category of B. Sc and HND holders in the company have the highest percentage of 40 staff members representing 50% of the total respondents. 12 respondent which represents 15% has ND and it's equivalent certificate, 8 workers representing 10% fall under the category of SSCE and below, while 20 staff members which represents 25% of the total had post graduate certificates.

Based on the above submission, the analysis further revealed that the work forces are well educated and highly talented to make an informed decision in the questionnaire administered.

4.3 Data Presentation and Analysis

Table 4.3.1: Data Presentation

S/N	Variables	SA	A	UD	D	SD	Total
1.	Your company's major distribution strategy is the intensive type.	56	24	-	-	-	80
2.	The cost of distribution, nature of product and delivery time are the major factors considered by the company in the choice of distribution channel.	38	29	13	-	-	80
3.	The company's warehouse is very adequate	28	37	10	5	-	80
4.	Your company's products reach the consumer through salesmen.	22	53	3	2	-	80
5.	The attitude of wholesaler and consumers of Nestle product are very favourable.	26	51	2	1	-	80
6.	As a major company, Nestle has 40% of the market share.	33	38	8	-	1	80
7.	Nestle products are bought very often.	28	26	3	13	10	80
8.	The price of Nestle product is fairly moderate.	23	54	2	1	-	80
9.	Effective distribution helps to increase patronage in your company.	22	31	4	10	13	80
10.	Distribution strategy has a significant and positive impact on consumer satisfaction.	21	47	9	2	1	80

Source: Field Survey, 2022.

Table: 4.3.2: How to obtain mean using variable one in table 4.3.1 as an example.

	SA	A	UD	D	SD	Total	Mean	Remarks
f	56	24	0	0	0	80		
x	5	4	3	2	1			
fx	280	96	0	0	0	376	4.7	Strongly agreed

Source: Researcher's computation, 2022.

$$\text{Mean} = \frac{\sum fx}{\sum f} = \frac{376}{80}$$

$$= 4.7$$

Table 4.3.3: Data Analysis

S\N	Variables	SA	A	UD	D	SD	Total	Mean	Remarks
1	Your company's major distribution strategy is the intensive type.	280	96	0	0	0	396	4.7	Strongly agreed
2	The cost of distribution, nature of product and delivery time are the major factors considered by the company in the choice of distribution channel.	190	116	39	0	0	345	4.3	Agreed

3	The company's warehouse is very adequate.	140	148	30	0	0	328	4.1	Agreed
4	Your company's products reach the consumers through salesmen.	110	212	9	4	0	335	4.2	Agreed
5	The attitude of wholesaler and consumers of your company's products are very favorable.	130	204	6	2	0	342	4.3	Agreed
6	As a major company, Nestle has 40% of the market share.	165	152	24	0	1	342	4.3	Agreed
7	Nestle products are bought very often	140	104	9	26	10	289	3.6	Agreed
8	The price of Nestle product is fairly moderate.	115	216	6	2	0	339	4.2	Agreed
9	Effective distribution helps to increase patronage of your company's product.	110	124	12	20	13	279	3.5	Agreed
10	Distribution strategy has a significant and positive impact on consumer satisfaction.	105	188	6	18	1	318	4.0	Agreed

Source: Researcher's Computation, 2022.

4.4 Summary of Findings

In the course of the study, the findings from the analyzed data are summarized as follow:

- i. Nestle Company utilizes intensive majorly as its distribution strategy.

- ii. The Company's product get to the consumers through salesmen.
- iii. The leading factors considered by the company in the choice of distribution channel are the cost of distribution, nature of products and delivery time.
- iv. Effective distribution helps to increase patronage in the company.
- v. Distribution strategy has a significant and positive impact on consumer satisfaction.

4.5 Discussion of Findings

The analyzed data for this study is not just revealing but demand further discussion. Distribution has no effect on sales volume of manufacturing organization. Rather, it is effective distribution strategy that can help to boost and draw high patronage in Nestle Food Nigeria Plc. Hence, effective distribution strategy has a significant and positive impact on consumer satisfaction. In specific terms, the findings are discussed thus.

Research Question One: What are the mode of distribution used by Nestle Food Nigeria Limited?

To answer the above research question, the analysis of data in table 4.3.3 and specifically variables 1 and 4 revealed that the company's major distribution strategy is the intensive type by engaging the services of salesmen.

Research Question Two: What is the effect of the distribution channel on consumer satisfaction?

The analysis of data in table 4.3.3 and with specific reference to variable 10 provides answer to the above research question, and it revealed that the significant effect of the company's distribution channel on consumer is total satisfaction.

Research Question Three: What are the problems militating against effective distribution of the company's products.

In providing answer to the above research question, the study utilizes variable 2 of the survey statements which provides that the cost of distribution, nature of product and delivery time are the major challenges considered by the company to be militating against the distribution of its products.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The research work identified channel of distribution and its effect on consumer goods in Nestle Food Nigeria Plc, Kaduna. Previous study in relation to marketing mix formed the bedrock of literature review.

A survey method was used for this study. The population consists of the entire 110 staff of Nestle Food Nigeria Plc, Kaduna. Out of 110 workers, 86 staff were selected as the sample size. A questionnaire developed on Likert's 5 points scale was used for the collection of primary data for the study. The instrument was trial-tested on 20 staff of the company and was finally administered on the 80 staff who validly returned the instrument.

Data collected for the three research questions were presented in tables, analyzed using arithmetic mean so as to confirm its degree of conformity with the objectives of the study, and on the basis of which the major findings of the study were revealed and discussed for valid research conclusion and appropriate recommendations.

5.2 Conclusion

Distribution is one of the most cost and time conscious marketing activities. It involves taking a decision that will ensure effective and efficient presence of product at the right time and place, right quality/quantity and at the right price.

The channels of distribution of the organization were carefully selected and members of the channels are properly motivated to perform their functions, and some measures of control were exercised. Therefore, it can be concluded that distribution strategy has a strong, positive and significant impact on customer satisfaction.

5.3 Recommendations

Based on the findings, the study made the following recommendations:

1. The company should strive to meet customers demand in all brands particularly during the dry season through adequate stocking of raw material for production.
2. Communication with customers should be improved and any change in the product distribution should be timely communicated to reduce friction and misunderstanding.
3. Refresher course should be organized from time to time for truck salesmen to enable them deal with the dwelling customers.

4. Since the production of goods in the industry depend on the employees, their welfare should be of prime importance.
5. The company should strive to carefully utilize the recommendations so as to alleviate the residual problems besetting the organization's distribution system.

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APPENDIX I

Dept of Business Administration,
College of Bus & Mgt Studies,
Kaduna polytechnic,
Kaduna.

Dear Respondent,

INTRODUCTORY LETTER

I am a final year student of the above named department and institution, conducting a research on the “effect of channel of distribution on consumer goods in Nestle Food Nigeria Plc, Kaduna”.

I Kindly request you to complete the attached questionnaire. I assure you that the information you will provide will be solely used for academic purpose and treated confidentially too.

Thank you for your cooperation.

Yours faithfully,

Felix Oluwaniran
KPT/CBMS/19/47543
(Research Student)

APPENDIX II

RESEARCH QUESTIONNAIRE

SECTION A: Respondents' Personal Data

Instruction: Please tick where appropriate.

a. Sex

i. Male ()

ii. Female ()

b. Age

i. 21-30 years ()

ii. 31-40 years ()

iii. 41 and above ()

c. Educational Qualification

i. Primary certificate ()

ii. Secondary certificate ()

iii. ND/NCE ()

iv. HND/ B. Sc ()

v. Postgraduate ()

SECTION B: General Questions on Distribution Strategy

1. Your company's major distribution strategy is the intensive type.
 - a. Strongly Agree ()
 - b. Agree ()
 - c. Undecided ()
 - d. Disagree ()
 - e. Strongly Disagree ()

2. The cost of distribution, nature of products and delivery time are major factors considered by the company in the choice of distribution channel.
 - a. Strongly Agree ()
 - b. Agree ()
 - c. Undecided ()
 - d. Disagree ()
 - e. Strongly Disagree ()

3. The company's warehouse is very adequate.
 - a. Strongly Agree ()
 - b. Agree ()
 - c. Undecided ()
 - d. Disagree ()
 - e. Strongly Disagree ()

4. Your company's products reach the consumers through salesmen.
 - a. Strongly Agree ()
 - b. Agree ()
 - c. Undecided ()
 - d. Disagree ()
 - e. Strongly Disagree ()

5. The attitude of wholesalers and consumers of Unilever products are very favorable.

- a. Strongly Agree ()
- b. Agree ()
- c. Undecided ()
- d. Disagree ()
- e. Strongly Disagree ()

6. As a major company, Unilever has 40% of the total market share.

- a. Strongly Agree ()
- b. Agree ()
- c. Undecided ()
- d. Disagree ()
- e. Strongly Disagree ()

7. Unilever products are bought very often.

- a. Strongly Agree ()
- b. Agree ()
- c. Undecided ()
- d. Disagree ()
- e. Strongly Disagree ()

8. The price of Unilever products is fairly moderate.

- a. Strongly Agree ()
- b. Agree ()
- c. Undecided ()
- d. Disagree ()
- e. Strongly Disagree ()

9. Effective distribution helps to increase patronage in the company.

- a. Strongly Agree ()
- b. Agree ()
- c. Undecided ()
- d. Disagree ()
- e. Strongly Disagree ()

10. Distribution strategy has a significant and positive impact on customer satisfaction.

- a. Strongly Agree ()
- b. Agree ()
- c. Undecided ()
- d. Disagree ()
- e. Strongly Disagree ()