PDF - DISTRIBUTION STRATEGIES AND CUSTOMER SATISFACTION IN MANUFACTURING FIRM - researchcub.info**CHAPTER ONE** 

#### INTRODUCTION

## 1.1 Background of the Study

As industries engage in production of goods and services, they need to make them available to consumers at the right time right place and at the least cost (price). All these cannot be without effective and efficient system put in place. Distribution strategy is the transfer of products from one place to another or from one manufacturer such as wholesaler, retailer, agents and other means such as transportation, communication warehousing etc. (Jobber 2002). Distribution contributes no profit to companies account.

However, without satisfactory distribution drastically which could lead to over stock, due to low sales or patronage of consumers, redundancy in production due to shortage of low material. Dangote group of company was founded in 1977 with the formation of Alco International Limited. Subsequently Dangote Nigeria Limited wasincorporated during the 1980s and 1990s, the group ventured into theimportation of sugar, milk, flour, fish, rice, cement and iron rods, later, the group embarked on the haulage business, which started with 60struck under Dangote transport.

- Dangote industries limited was incorporated in-order to sustain the groups market leadership in trading commodities and to expand intomanufacturing of food, clothing and build materials,
- Focus was placed on the following; sugar refining, flour milling, pastaproduction, salt processing, bulk cement *bagging*, *oil* and *gas*exportation, real estate, propylene bag manufacturing, haulage, textiles, maritime operations and telecommunications. The technical departments specialize through its branches and the stores of approved dealer through the century in the sales and servicing of a wide range of technical products. The company acts through this department as major stockiest and supplier of a comprehensive industry and all types of lighting fitting including water industrial.
  - Ø The general merchandise department with connection through leading manufacturers in Nigeria and all over the wide range of hardware.
  - Ø The report service department offer warehouse and delivery services to local manufacturers. This enables them to maintain better stock at all major centers for supply to their distributors.

#### 1.2 Statement of the Problem

The importance of distribution system has been neglected in favour of other marketing functions, manufacturers however, often forget the fact that the only marketing function that linked the consumer products and marketing is the distribution network. The negligence of producers as matter of facts has hampered the effectiveness of distribution system to function well.

The problem of poor Distribution Strategy which are usually defective due to lack of skills and expertise and reliable and accurate information on the sides of the managers, which will often leads to poor forecast and formulation of vague goals and objectives. Also poor policies and implementation strategies is yet another problem which in most cases leads to deviation of results from the sets goals, and poor feedback. Finally, the very dynamic nature of the business environment which makes forecasting practically impossible, sometimes Jeopardizes the organizational policy. Distribution strategy attracts more business partner and improves company development through satisfying her customers. Companies like Dangote Group of Company require good distribution system to meet the supply with her competitors such Unilever Nigeria, Plc Guinness Nigeria Plc and Nigeria Breweries Plc.). It is based on the above that the researcher

tends to investigate Distribution strategies and customer satisfaction of selected manufacturing firms in Port Harcourt.

## 1.3 Purpose of the Study

The major purpose of this research is to critically examine the distribution strategies and customer satisfaction in manufacturing firms.

- 1. To examine the association between Intensive Distribution and customer satisfaction in Port Harcourt.
- 2. To examine the association between Extensive Distributionand customer satisfaction in Port Harcourt.
- 3. To examine the association between Selective Distribution and customer satisfaction in Port Harcourt

## 1.4 Research Questions

To what extent will quality service bring about customer loyalty?

- 1. To what extent does Intensive Distribution affect customer satisfaction in Port Harcourt?
- 2. To what extent does Extensive Distribution affect customer satisfaction in Port Harcourt?
- 3. To what extent does Selective Distributive affect customer satisfaction in Port Harcourt?

# Source: Conceptualized from literature, 2016

# 1.6 Research Hypotheses

- H<sub>01</sub>: These are significant relationship between Intensive Distribution and Repeat Purchase.
- H<sub>02</sub>: These is significant relationship between Extensive Distribution and Customer Loyalty
- $H_{03}$ : These is significant relationship between Selective Distribution and Customer Advocacy

## 1.7 Scope of the Study

The scope of this study covers Distribution Strategy and Customer Satisfaction. This research work will be restricted to the operations of manufacturing firms in Port Harcourt. This will enable the researchers to generalize and affirm how effective Distribution Strategy has been able to bring about customer satisfaction in organizations.

## 1.8 Significance of the study

This research work shall be of great benefit to.

The marketer: Who will find the findings of this work very useful, this is because effective distribution strategy expose and make it easy for customer to make order or accept order, it will also make it easy for customers to get what they want at the right time, right place form and the right source. Thus, the study of what distribution strategy to adopt to increase productivity will help the marketer realize his mistakes of the past.

The Company: Will find this research finding guide valuable, this is because the findings will enable them known their deficiencies and how to correct them. Future Researchers: Will also benefit a lot from this study this is because they may likely want to expand or change their strategy, this work will serve as a stepping stone.

## 1.9 Definition of Terms

**Distribution Strategy**: A plan created by management of a manufacturing business that specifies how firm intends to transfer its products to intermediaries, retailers and end consumers.

**Consumer**: Is end user of company goods and or services.

Satisfaction: The fulfillment or gratification of a desire, need, or appetite.

**Channel of Distribution**: The set of all individual and firms that take assist in transferring title of particular goods and services as its move from the producers to the consumers.

**Extensive Distribution** is often used in an attempt to achievemarket penetration by makinginformation about a product or product line, as well as the product themselves, available to a large number of individuals . The opposite of selective distribution.

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