EFFECT OF MARKETING CHANNELS ON THE SALES PERFORMANCE OF MONITOR PUBLICATIONS LIMITED, UGANDA

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

Uganda today has got a vibrant media industry with a number of newspapers. (Uganda Radio Network, 2011). New Vision is Uganda's oldest and leading English newspaper. It is a state owned newspaper and has the largest nationwide circulation. Daily Monitor is an independent newspaper and second oldest after New Vision. The two papers dominate the print section of media in Uganda (Uganda Radio Network, 2011). In this study, the researcher will explore how Monitor Publications Limited (MPL), the publisher of Daily Monitor newspaper, manages its marketing channels and how these channels affect its sales performance.

This chapter is composed of; the proposal presents; the background to the study, statement of the problem, purpose of the study, objectives of the study, research questions, conceptual framework, significance of the study, justification of the study, scope of the study, operational definitions of terms and concepts.

1.2 Background of the Study

Global newspaper circulation revenues are larger than newspaper advertising revenues for the first time this century, according to the annual World Press Trends survey released by the World Association of Newspapers and News Publishers (WAN-IFRA, 2015). In media, it is said that “if content is king, then distribution is queen” (Dignited, 2015). Distributing a product (in this case a newspaper) calls for creation of marketing channels through which the newspaper will move from the publishing house to the ultimate reader. Indeed Mehta, Rosenbloom & Anderson (2000) define a marketing channel as the route, path, or conduit through which products or things of value flow, as they move from the manufacturer to the ultimate user of the product. Much as there are various factors that determine the successful operation of the sales and distribution channels of newspaper organizations, the reach and popularity of a newspaper to a large extent depends on its distribution network (Sridhar et al., 2012). Therefore, it is up to the newspaper agencies to communicate to the customer that their newspaper can deliver all the values a customer may look for (Sridhar et al., 2012).

In the Middle East and Africa, circulation rose by 3.7% over 5 years indicating that the newspaper industry is not one of doom and gloom (WAN-IFRA, 2015). However, there are some issues that can adversely affect the newspaper. For example internet supported devices and online based companies such as Google, YouTube and Facebook have taken over information/news dissemination to the extent that media industry hard copy production and circulation vibrancy has been threatened (Fenez et al., 2009, Rammile and Nel, 2012).
In line with this, purchase of a hard copy has been affected because consumers are increasingly becoming sensitive on what they buy on daily or weekly basis, which has forced some to switch from buying hard copies to internet usage, radio listening and television watching (Tumwine, Omagor & Agaba, 2014).

Uganda's newspaper agencies/companies are not immune to the effects of technological advancements. In a presentation by Mr. Justus Katungi, the circulation manager of Monitor Publications Limited, he remarked that apart from; low readership culture, high inflation, political interference, arrival time and poor infrastructure, MPL newspaper sales were affected by alternative media channels (Katungi, 2015). In a separate report by MPL's circulation department, other factors that undermined MPL newspaper sales were; inadequate facilitation for effective field operations e.g. transport for key accounts and regional sales representatives, lack of laptops to aid reporting, poor commission structure at vendor and agent level, limited market support thereby affecting awareness, negative attitude/culture among channel partners since the newspaper is viewed as a low profit product and minimal POS (point of sale materials) (MPL report, 2010). According to Fenez et al. (2009) improved sales performance of a newspaper is achieved by a consumer purchasing a copy, which is dependent on the readability, stimulated by the content of the newspaper, plus its availability, navigability and visibility. Additionally, the successful operation of the sales and distribution channels of newspaper organizations, the reach and popularity of a newspaper to a large extent depends on its distribution network (Sridhar et al., 2012). Therefore, it is important to carry out an analysis on the delivery and sales management of the Monitor newspaper in order to better understand its marketing channels and also identify and provide possible solutions to any shortcomings so as to optimize sales.

1.3 Problem Statement

In as much as the newspaper industry is growing steadily in the Middle East and Africa (WAN-IFRA, 2015), recent circulation reports of Monitor Publications Limited indicate that sales of the Daily Monitor newspaper have declined over the past five years. In April 2010, the average daily sales of the Daily Monitor newspaper were 23,489 copies (Katungi, 2015). By April 2015, the average daily sales of the Daily Monitor newspaper had reduced to 20,148 copies (Katungi, 2015). The decline in the sales of the Daily Monitor newspaper could be attributed to inadequacies in marketing channels of Monitor Publications Limited which is evidenced by the readers' shift to alternative media sources rather than buying hardcopies of the Daily Monitor. In this study, the researcher will endeavor to investigate how marketing channel design, administration and the technologies used by channel intermediaries affect sales performance of Monitor Publications Limited.

1.4 Purpose of the Study

This study aims at investigating how marketing channels affect sales performance of Monitor Publications Limited.

1.5 Objectives of the Study

i) To examine the effect of channel design on the sales performance of Monitor Publications Limited.

ii) To determine the relationship between channel administration and the sales performance of Monitor Publications Limited.

iii) To evaluate the effect of channel management technologies on the sales performance of Monitor Publications Limited.

1.6 Research Questions

i) What is the effect of channel design on the sales performance of Monitor Publications Limited?

ii) What is the relationship between channel administration and the sales performance of Monitor Publications Limited?

iii) What is the effect of channel management technologies on the sales performance of Monitor Publications Limited?

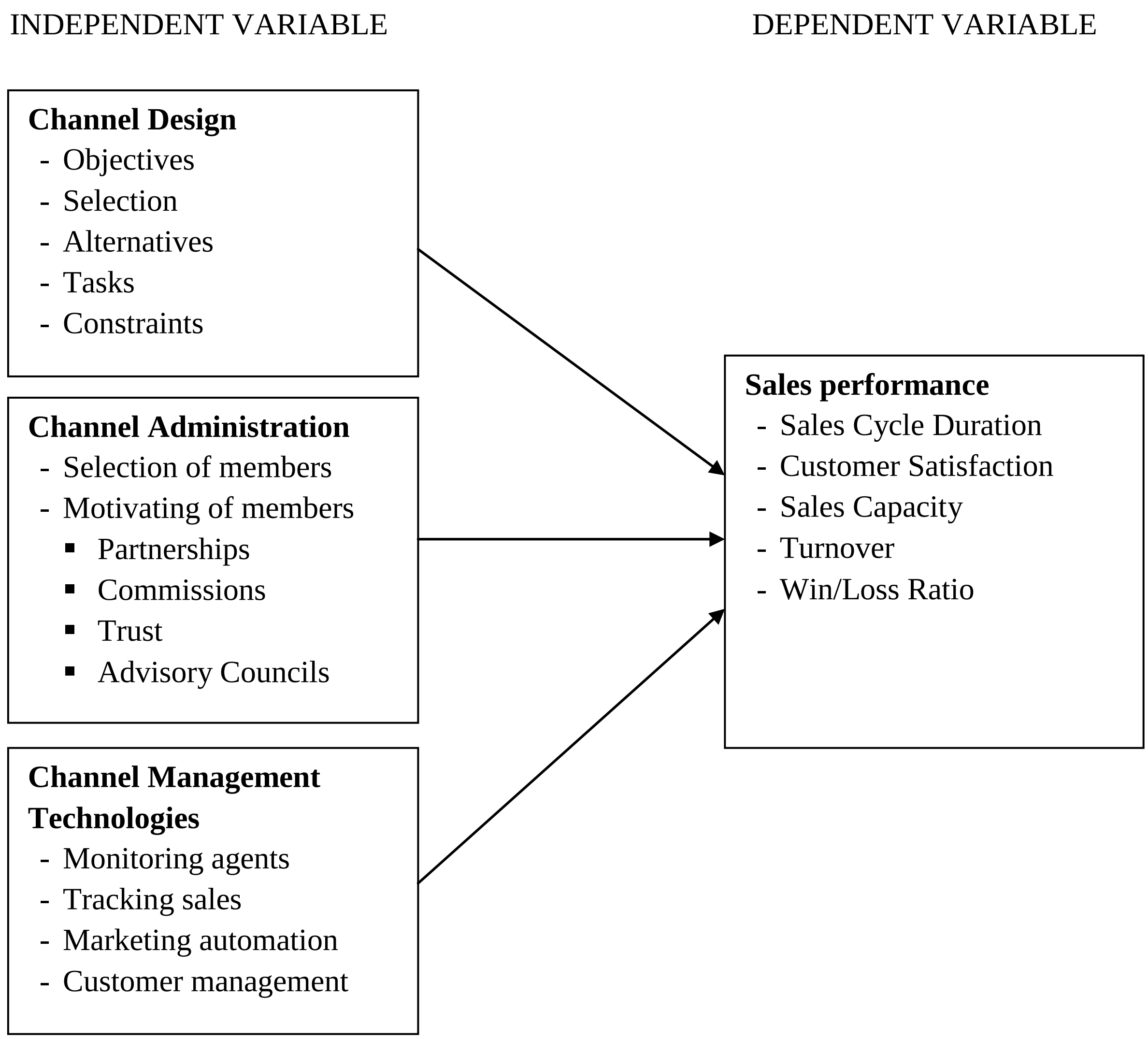
1.7 Hypotheses of the study

i) Channel design positively affects the sales performance of Monitor Publications Limited.

ii) Channel administration positively affects the sales performance of Monitor Publications Limited.

iii) Channel management technologies positively affect the sales performance of Monitor Publications Limited.

1.8 Conceptual Framework



Source: Variables adopted with modifications from Iyer & Villas-Boas, 2003.

1.9 Significance of the Study

The findings of this research will help newspaper companies in Uganda especially Monitor Publications Limited understand how effective marketing channels should be designed and administered and how relevant technologies that should be adopted by channel intermediaries to achieve optimal sales.

The study findings will be a useful tool for managers of newspaper companies when in formulating marketing channels that offer the best buying experience for customers, for instance little or no waiting time, offer convenience and flexibility of buying.

1.10 Justification of the study

From the literature reviewed, it is very clear that there is paucity of information about newspaper marketing distribution channels and how they are managed especially in Sub-Saharan Africa. In this study, I will provide baseline information since marketing channels management and newspaper sales performance is not a highly researched area in Uganda.

1.11 Scope of the Study

Subject Scope

The study will concentrate on marketing channel designs, administration and the technologies used by channel intermediaries and the sales performance of MPL.

Geographical Scope

The study will be conducted in Kampala central business district among staff and marketing channel partners of MPL.

Time scope

This study will consider marketing channels and the sales performance data of Monitor Publications Limited from 2010 to 2015.

1.12 Operational Definitions

Channel Design refers to the vertical and horizontal alignment of channel partners / intermediaries.

Channel Administration is the process of analyzing, planning, organizing and controlling a firm's marketing channels.

Channel Management Technologies are technological innovations that facilitate the integration of structures, physical flows and information within the same distribution channel.

Sales performance refers to the ability of a company's sales professionals to "win" at each stage of the customer's buying process, and the speed at which each task in the sales process is performed.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter will be divided into four sections namely; theoretical review, conceptual review, actual literature review, and finally summary of the literature review.

2.2 Theoretical review

Understanding the theory behind creating and maintaining these marketing channels gives some control over how the marketplace can be approached and how quickly products can move to customers (Vibhash & Lakshmi, 2008). The theory behind marketing channels also enables sellers to learn how to time their marketing so that they do not offer products that haven't arrived in the customers' areas yet (Bucklin, 1966; Gaski, 1984; da Silva, 2008). Marketing channels can be defined as the set of external organizations that a firm uses to achieve its distribution objectives (Mehta, Rosenbloom & Anderson, 2000). Essentially, a channel is the route, path, or conduit through which products or things of value flow, as they move from the manufacturer to the ultimate user of the product (Metha et al., 2000). Actors in the marketing channels include; agents, wholesalers, and retailers. By performing a variety of distribution tasks, marketing channels play a significant role in the flow of products from producers to consumers and on company profitability (Coughlan et al., 2005). Like other areas of business, marketing channels require careful administration, as superior channel management policies and strategies help a firm attain a differential advantage. Marketing channel management refers to the process of analyzing, planning, organizing, and controlling a firm’s marketing channels (Stern et al 1996).

As discussed in numerous articles and textbooks, it comprises seven decision areas: (1) formulating channel strategy, (2) designing marketing channels, (3) selecting channel members, (4) motivating channel members, (5) coordinating channel strategy with channel members, (6) assessing channel member performance and (7) managing channel conflict (Rosenbloom 1987; Rosenbloom 1999). All seven areas are critical to superior market performance and long-term customer loyalty (Mehta et al 2000). Manufacturers differ on how they distribute their products to the consumer, with some preferring shorter channels and others longer channels depending on the context of the buyers. Some of them distribute intensively (using a lot of intermediaries) or exclusively (directly to the consumer) (Vibhash & Lakshmi, 2008). Stern & El-Ansary (1982) and Pelton et al, (2001) affirm that a channel is not easy selected; there are some constraints such as the availability of good middlemen, traditional channel patterns, product characteristics, company finances, competitive strategies, and customer dispersion question. It is the same idea of Mcvey (1960) who stated that channel networks were not necessarily designed under the control of one type of organization and that an organization faces limited choices in designing the channels for its products. The author asserts that the choice of a channel is not open to any firm unless it has considerable freedom of action in matters of marketing policy. According to this approach, the producer has a variety of limitations such as limited choice of types of middlemen, customers and locations of trading areas. Some logistics authors say that the channel choice is a cost and financial decision (Lambert 1981; Bowersox 1969). Otherwise Lilien et al. (1992) say that the channel select decision is not only an economic decision but is also dependent on the control aspects of channels and their adaptability. Several theories have been advanced to explain / predict marketing channel dynamics and their management.

These include but are not limited to; Coalition theory, Bargaining theory, Theory of power and conflict in marketing channels and Theory of distribution channels.

The Coalition theory explains that weaker (smaller) channel members are prone to dominance by more powerful channel entities (Harvey, 1975). Channel members may band together in an attempt to decrease conflict among themselves or to protect themselves against more dominant power figures in the channel of distribution. This theory indicates that with increased power, marketing flows are controlled and therefore goal attainment (sales performance in this case) is more likely to occur (Harvey, 1975). The Bargaining theory states that a critical factor in channel relationships between manufacturers and retailers is the relative bargaining power of both parties (Iyer & Villas-Boas, 2003). Bargaining the terms of trade in a marketing channel consists of a manufacturer that produces the product and a retail intermediary that takes a market action (e.g., setting the retail price) and sells the product to the consumer market. Relationships between manufacturers and their retailers often hinge on the importance of negotiation and its effects on each party's share of the pie, as well as on channel coordination parties (Iyer & Villas-Boas, 2003). Lastly, the theory of distribution channels states that each company in the channel must charge enough to pay expenses and leave a profit (Bucklin, 1966). According to this theory, knowing where you are in the channel helps you understand your costs and mark-up needs. If you are near the end of the channel, you will pay the most for a product, because it has been marked up on its way to you. If you're near the beginning, you may be expected to charge what are commonly called wholesale prices, because your buyers understand you incur less expense at the start of a channel (Bucklin, 1966).

The dynamics within the marketing channels are dependent on the power of each intermediary; therefore the researcher will use the Bargaining theory as the guiding theory for the study.

2.3 Conceptual Review

2.3.1 Channel Design

A firm can design any number of channels they require. Channels are classified by the number of intermediaries between producer and consumer (Kotler, Keller & Burton, 2009). Designing a marketing channel calls for analyzing customer needs, establishing channel objectives, and identifying and evaluating the major channel alternatives (Kotler, Keller & Burton, 2009). In designing the marketing channels, the marketer must understand the output levels desired by the target customers. Channels produce five service outputs, these include; *Lot size* - the number of units purchase on/in one occasion, *Waiting time* - the average time customers of that channel wait for receipt of the goods, *Spatial convenience* - the degree to which the marketing channel makes it easy for customers to purchase the product, *Product variety* - the assortment breadth provided by the marketing channel; normally customers prefer greater assortment because more choices increase the chance of finding what they need and lastly, *Service backup* - the add-on services (e.g credit, delivery, etc) provided by the channel (da Silva, 2008).

According to da Silva (2008), channel objectives should be stated in terms of targeted service output levels. Channel objectives vary with product characteristics. The company's channel objectives are influenced by; nature of the product, company characteristics, characteristics of intermediaries, competitors' channel and environmental factors. *Nature of the product*, e.g. perishable products require more direct marketing to avoid delays and too much handling (Kotler, Keller & Burton, 2009). *Company characteristics*, e.g. the company's size and financial situation determine which functions it can handle, how many channels it can use, which transportation can be used.

Characteristics of intermediaries, intermediaries differ in their abilities to handle promotions, customer contact, storage and credit e.g. the company's own sales force is more intense in selling. *Competitors' channel*, some companies may prefer to compete in or near the same outlets that carry competitors' products, some may not (e.g. Daily Monitor newspaper wants to locate near the New Vision newspaper). *Environmental factors*, economic conditions and legal constraints affect channel design decisions e.g. in a depressed economy, producers want to distribute their goods in the most economical way, using shorter channels (Kotler, Keller & Burton, 2009).

After the channel objectives have been determined, the company should identify its major channel alternatives in terms of; (1) types of intermediaries, (2) the number of intermediaries needed, and (3) the terms and responsibilities of each channel member (Kansal, 2011). The firms need to identify the different types of available intermediaries to carry on its channel work. Intermediaries are individuals or businesses that make it possible for the product to make it from the manufacturer to the end user, essentially facilitating the sales process (Kumar & Venkatesan, 2005). There are four basic types of marketing intermediaries, which include: agent, wholesalers, distributors and retailers. An *Agent* is an independent individual or company whose main function is to act as the primary selling arm of the producer and represent the producer to users. Agents take possession of products but do not actually own them (Kansal, 2011).

Agents usually make profits from commissions or fees paid for the services they provide to the producer and users. *Wholesalers* are independently owned firms that take title to the merchandise they handle. The wholesalers own the products they sell. Wholesalers purchase product in bulk and store it until they can resell it.

Wholesalers generally sell the products they have purchased to other intermediaries, usually retailers, for a profit. *Distributors* are similar to wholesalers, but with one key difference. Wholesalers will carry a variety of competing products, for instance Pepsi and Coke products, whereas distributors only carry complementary product lines, either Pepsi or Coke products. Distributors will take title to products and store them until they are sold. A *retailer* takes title to, or purchases products from other market intermediaries. Retailers can be independently owned and operated on a small scale or they can be part of a large chain. The retailer will sell the products it has purchased directly to the end user for a profit (Kansal, 2011).

After major intermediaries have been identified, the company should decide on the number of intermediaries to use. Three strategies available are; Exclusive distribution, Intensive distribution and Selective distribution (Kotler, Keller & Burton, 2009). *Exclusive distribution* involves a limited number of intermediaries with an exclusive dealing arrangement where the resellers agree not to carry competing brands. This strategy is appropriate for specialty products which are expensive, infrequently bought and require service or info to fit them to buyers' needs, such as Rolex watches, Mercedes-Benz and Rolls Royce vehicles (Kotler, Keller & Burton, 2009). In *Selective distribution* only selected available outlets in an area are chosen to distribute a product. The company does not have to dissipate its efforts over too many outlets, it enables the producer to gain adequate market coverage with more control and less cost than intensive distribution (Kotler, Keller & Burton, 2009). Kotler, Keller & Burton (2009) add that it is appropriate for shopping of products, which consumers are willing to spend more time visiting in several retail outlets to compare prices, designs, styles, and other features of these products. *Intensive distribution* is the use of all available outlets to distribute a product. It is suitable for convenience products such as soft drinks, bread, candy, newspapers, etc. because they have high replacement rate and require almost no service (Kotler, Keller & Burton, 2009). Multiple channels (i.e. convenience stores, service stations, supermarkets, discount stores) are used to sell these products.

Each channel alternative needs to be evaluated against; Economic, Control and Adaptive criteria. Vibhash & Lakshmi (2008) explain that under; a) Economic criteria, a company compares the likely sales, costs and profitability of different channel alternatives; b) Control criteria, the company must also consider control issues since using intermediaries usually means giving them some control over the marketing of the product, and some intermediaries take more control than others, and finally c) Adaptive criteria, the company must apply adaptive criteria because channels often involve long term commitments, yet the company wants to keep the channel flexible so that it can adapt to environmental changes. A channel involving long term commitments should be greatly superior on economic and control grounds (Vibhash & Lakshmi, 2008).

After the number of intermediaries needed have been identified, the terms and responsibilities of each channel member should be set (Kansal, 2011). Each channel member must be treated respectfully and given the opportunity to be profitable. The main elements are; 1) Price policy – price list, schedule of discount and allowances, 2) Conditions of sale – payment terms and producers' guarantees, 3) Distributors territorial rights – distributors' territories and the terms under which the producer will enfranchise other distributors, and 4) Mutual services and responsibilities - particularly in franchised and exclusively-agency channels. The franchiser provides promotional support, training, record keeping system, etc. (Kansal, 2011).

This study will endeavor to find out how Monitor Publications Limited has designed a marketing channel in terms of channel objectives, selection of agents / distributors and retailers, allocation of tasks to channel actors and how the constraints encountered are addressed in the course of distributing / selling the Daily Monitor newspaper.

2.3.2 Channel Administration

Like other areas of business, marketing channels require careful administration as superior channel management policies and strategies help a firm attain a differential advantage but concomitantly are difficult to duplicate (Shusterman, 2013). Marketing channel management refers to the process of analyzing, planning, organizing, and controlling a firm's marketing channels (Coughlan et al., 2005). As discussed in numerous articles and textbooks, it comprises seven decision areas: (1) formulating channel strategy, (2) designing marketing channels, (3) selecting channel members, (4) motivating channel members, (5) coordinating channel strategy with channel members, (6) assessing channel member performance, and (7) managing channel conflict (Mehta et al 2000). Hutt & Speh (2013) emphasize that the primary roles of channel administration are; selection of channel members and motivating channel members.

The process of selecting channel members / intermediaries is an ongoing process due to the fact that they tend to leave the channel from time to time, basing on different circumstances: market's changes, problem within their businesses, etc. (Hutt & Speh, 2013). Thus the process of choosing intermediaries should be very well managed in order not to reduce the cost of search to the minimum (Coughlan et al., 2005). The most important step to be made in order to fulfill the goal is to secure good intermediaries. The list of probable intermediaries can be reduced to a few by getting the information about the candidates from different sources: current partners, salespeople, potential and actual clients or through databases and professional communities (Coughlan et al., 2005). Nevertheless, it should be remembered that the process of choosing the intermediaries is not a one-way street at all, thus the company should bother about its reputation if it wants to have the opportunity to choose the best intermediaries (Kumar & Venkatesan, 2005).

After the channel members / intermediaries have been selected, they should be maintained by motivating them. According to Hutt & Speh (2013), if the company wants to build strong and beneficial relationships within its marketing channels, the company's strategies should be tied up to the capabilities and aims of its distributors, representatives and suppliers. The company's managers should constantly remind themselves that the intermediaries are independent and profit-oriented and thus as soon as they are not satisfied with the current state of affairs they will leave the marketing channel (Hutt & Speh, 2013).

The motivation of the channel members starts with the realization that every relationship within the channel is a partnership (Kumar & Venkatesan, 2005). The communication can be improved by product training, recognition programs, consultations with the manufacturer's representatives and informational meetings where the plans and strategies will be discussed in detail. The goal of joining the plans and strategy should be prioritized (Kumar & Venkatesan, 2005). Additionally, in order to enhance the performance of the channel, the manufacturer has to improve the information flow among channel's participants (Hutt & Speh, 2013). This can be made by setting periodical council's meetings among the representatives whose aim will be to review distribution policies, provide advice on marketing strategy and supply industry intelligence (Hutt & Speh, 2013). Motivation of channel intermediaries can also be enhanced by setting good commission policies since the main aim of the marketing channel's participants is to get profits (Coughlan et al., 2005). Lastly, manufacturers have to build trust between and among intermediaries. To be competitive, business marketers have to build effective networks and collaborations within channels, and successful cooperation exists only when the partners trust each other (Hutt & Speh, 2013).

2.3.3 Channel Management Technologies

Technological innovations facilitate the integration of structures, physical flows, and information within the same distribution channel (Tummala et al., 2006). Information and Communications Technologies (ICTs) are the main platforms on which inter and intra-firm channel management processes have been built (Closs & Xu 2000; Porter 2001). ICTs refer to technologies that people use to share, distribute and gather information, and to communicate, through computers and computer networks (ESCAP, 2001). Technological innovations improve the productivity of physical and information flows by improving the transportation network and logistics management. Some of the technologies used in marketing channels include; Electronic Data Interchange (EDI), Vendor Management Inventory (VMI), Collaborative Planning Forecasting and Replenishment (CPFR), Vendor Managed Category Management (VMCM) and Self-Service Technologies (SSTs)/ Point Of Sales (POS) technologies (Kaipia & Tanskanen, 2003; Musso, 2012). The EDI is the basic infrastructure for coordinating logistic processes among channel partners that has been defined as "tools which permit the automatic exchange of data between remote applications in situations where these belong to different organisations" (Martinez & Polo-Redondo, 2001). The principal attraction that EDI has for companies in marketing channels lies in the large number of references that are exchanged. For large retailers, as well as wholesalers, EDI means a big saving, because they work with a large number of suppliers (and/or customers) with a great quantity of references, and this means having to handle a vast amount of documents of different types. The EDI has been promoted because it eliminates the extremely burdensome task of reentering, collation and storing of all this data. Four groups of variables have influence in the spread of EDI: Network Factors, Innovation Factors, Intra-Organizational Factors, and Inter-Organizational Factors (Martinez & Polo-Redondo 2001).

Channel management technologies are also very important in joint management of supplying activities, through techniques such as Vendor Management Inventory (VMI) (Kaipia & Tanskanen 2003). Supplying activities include; assortment decisions, activities for reducing stock-outs, and the use of indicators to control and improve joint processes. In VMI, the supplier is able to smooth the peaks and valleys in the flow of goods, and therefore to keep smaller buffers of capacity and inventory (Kaipia & Tanskanen 2003). Buyers need not monitor the supplier performance by the service level provided by the supplier to the buyer. Successful VMI implementations in retailing can be found in the apparel industry. However, VMI has not gained large acceptance in the grocery supply chain.

The Collaborative Planning Forecasting and Replenishment (CPFR) and Vendor Managed Category Management (VMCM) technologies are used at a higher level of collaboration in marketing channels. The CPFR is used for jointly making sales forecasts and procurement schemes, and includes all activities that pertain to the management of assortments such as promotions and the introduction of new products. VMCM technologies are used for retail demand fulfilment. It combines the ideas of VMI, Category Management and Outsourcing (Kaipia & Tanskanen 2003). An additional front of technological innovation in vertical relationships between firms in the marketing channels is that of the management of supplies via the Internet (Risso 2009). Electronic business technological innovations impact the operational design of a channel system by increasing the degree to which the tasks and resources of members need to be integrated.

In particular, the proper utilization of software requires the integration of channel operations in terms of greater formalization, standardization, and centralization (Bello et. al. 2002). The most important fronts of technological innovation in the relationships with the final consumer are checkout technologies, electronic and mobile payment systems, distance selling (mainly on-line sales), and Self-Service Technologies (SSTs) such as vending machines and multimedia kiosks. Checkout or Point of sales (POS) technologies are applied to locations where a retail transaction occurs. The benefits of POS technology are in the possibility to better manage inventory by combining sales data with the amount and cost of the purchases. This enables the firm to analyze the profitability of individual products and manage inventory more accurately and quickly (Bergen et al. 2008). Related to POS-scanner technologies are electronic and mobile payment systems. Mobile payments are payments for goods, services, and bills with a mobile device (such as a mobile phone, smart-phone, or personal digital assistant (PDA) by taking advantage of wireless and other communication technologies (Dahlberg et al. 2008). Mobile payment systems are suitable for proximity and micro-payments hence are a great opportunity for mobile payments to reduce the number of small purchases paid with cash (Ondrus & Pigneur 2006).

Other forms of innovation in relationships with final customers are detectable in telephone and on-line selling. The main innovation potential in distance selling, however, comes from online sales, as part of e-commerce. Online shopping remains a small fraction of retail sales despite the well-known benefits of electronic commerce to consumers, including lower prices (Brynjolfsson and Smith 2000), greater selection and availability (Ghose et al. 2006), and greater convenience by eliminating travel costs and enabling purchases irrespective of geographic location.

There are many reasons for consumers' slow adoption of online shopping habits, such as: inspecting non-digital products is often difficult, shipping can be slow and expensive, and returning of products can be challenging (Forman, Ghose and Goldfarb 2009). That is, there appears to be a set of fixed disutility costs of buying online. These costs vary across products and retailers, and in some markets have created significant hurdles to the continued diffusion of electronic commerce.

The last face of technological innovation in dealing with the final consumer is that of Self-service technologies (SSTs), based on interacting technologies, like vending machines and multimedia kiosks. With consumers wanting quick and convenient access to competitively priced products, the vending industry has seen a great deal of growth over the last twenty years. Vending machines are continually updating with the latest technologies, as well as the variety of products that are being sold. One of the newest vending innovations is telemetry. Machines equipped with telemetry can transmit sales and inventory data to a route truck so that the driver knows exactly what products to bring in for restocking. Or the data can be transmitted to remote headquarters for use in scheduling a route stop, detecting component failure or verifying collection information (Courty and Pagliero 2008). Multimedia kiosks sometimes described as interactive kiosks or public access kiosks are computer workstations that are designed to provide public access to digital information and e-transactions. In retailing and other business environments such as travel, entertainment, advertising, property marketing and building, information kiosks are being used to provide information and services directly to customers. Kiosks are typically located in a store, or in a shopping centre or mall, or in other public environments such as railway stations, motorway service stations and airports (Rowley and Slack 2003). In this study the researcher will assess the adequacy of technologies used in the marketing channels of Monitor Publications Limited.

2.3.4 Sales performance

The term *sales* refer to transactions between two parties where the buyer receives goods (tangible or intangible), services and/or assets in exchange for money (Hutt & Speh, 2013). According to Dean (2015), no matter what industry, every manufacturer / supplier must improve sales performance, reduce the cost of selling, and ensure their survival. By analyzing sales performance, managers can make changes so as to optimize sales going forward (Farris et al., 2010). According to literature, sales performance is a combination of *sales effectiveness* - the ability of a company's sales professionals to "win" at each stage of the customer's buying process, and ultimately earn the business on the right terms and in the right timeframe and *sales efficiency* - the speed at which each task in the sales process is performed (Farris et al., 2010; Treace, 2012; Rogers, 2014; Dean, 2015).

Farris et al (2010) posits that sales effectiveness is not just a sales function issue; it's a company issue, as it requires deep collaboration between sales and marketing to understand what's working and not working, and continuous improvement of the knowledge, messages, skills, and strategies that sales people apply as they work sales opportunities. On the side of sales efficiency, companies need to examine their sales process for weaknesses so as to maintain favourable speeds at which each task in the sales process is performed (Treace, 2012). For example, if intermediaries are spending too much time on some tasks, the company might automate those tasks so as to allow sales representatives to spend more time selling (Treace, 2012).

According to Cournoyer (2014), marketing channels put partner representatives in the best possible position to sell. Cournoyer suggests tips to consider to in optimizing sales performance (Cournoyer, 2014); 1) Provide resources that communicate your message, create a common sales toolkit for partners so that you're doing everything possible to enable them to communicate your value proposition and accelerate sales growth; 2) Modularize your packaging for each stage of the buying process. Packaging stock into smaller, more manageable 'chunks' or 'bits' makes moving of stock more practical for channel partners at the time and place they choose; 3) Keep the lines of communication frequent and open. Alexander (2013) advises that the producer should call each of channel partners on a regular basis so as to offer any assistance that may be needed; 4) Get on board with social media. According to Offenberger (2011) it is important to network with channel partners through social networks like Facebook, LinkedIn, Twitter and others. Social networks enable more authentic, personal and regular interactions leading to positive partner interactions and more partner sales (Offenberger, 2011); and 5) Measure the relationship early and often. James (2011) explains that there are two reasons to measure. First, the key to the channel relationship is trust, which means that you need to be flexible in making adjustments that improve performance. That's only possible if you know what's happening. Second, when a channel partner is not performing (i.e. consuming more resources than the revenue they create), you need to know quickly so that you can either fix the problem or cut the partner from your programs.

2.4 Effect of channel design on sales performance

For companies focused on growth, one of the biggest opportunities is making sales more productive (Palmatier et al., 2008). When a company's sales channels realize their full potential, they not only boost revenue and share but also create a high performance organization pulling together for breakthrough financial results (Palmatier et al., 2008). Kotler et al (2009) opines that for a company to design channels that can guarantee good sales, the company must analyze customer needs, establish channel objectives, and identify and evaluate the major channel alternatives (Kotler, Keller & Burton, 2009). Excellent progress has been made in our understanding of how firms may effectively design and manage their channels of distribution (Frazier and Lassar 1996; Vinhas et al., 2010). Literature has also indicated that producers have to develop strong, long-term relationships with their channel partners since these affect firm performance, and sales performance in particular (e.g., Anderson and Weitz 1992; Heide and John 1992; Morgan and Hunt 1994). Moreover the channel partners provide the route, path, or conduit through which products or things of value flow, as they move from the producer to the ultimate user of the product (Metha et al., 2000). Today's distribution channel systems are increasingly complex. Producers often serve end-user markets through multichannel systems where diverse channel types (e.g., telemarketing, sales force, and e-commerce operations) and/or diverse entities (e.g., the manufacturer and different independent firms) are involved in the performance of the main distribution functions to optimize sales (Vinhas et al., 2010). The complexities in the marketing channels (especially for newspapers in Uganda) provides a research opportunity on how to design marketing channels that can enable the producer to utilize different channel types to create customer value and optimize sales.

2.5 Relationship between channel administration and sales performance

Emphasise that most manufacturers, success or failure is determined by how effectively and efficiently their products are sold through their marketing channel members (Behan & Lamoureux, 2015). In an era of increased emphasis on customer relationship management and hybrid marketing channels, there has been growing concern regarding how channel relationships are managed (Mehta, Dubinsky & Anderson, 2002). The prominence of channel management is premised on the fact that marketing channel partners play a significant role in the flow of products from producers to consumers and on company profitability (Kotler et al., 2009). According to Behan & Lamoureux (2015) channel management affects sales performance by helping to protect brand value, allowing vendors to sell their products at a premium, while enabling the channel to up-sell the proper services and support offerings that meet the customer's needs. Channel management can also control price reductions, which can slow price erosion. In addition, it can extend a vendor's visibility over products and services through the channel to prevent diversion and the risk of gray marketing, where products are leaked or diverted outside of the authorized channel. Strong channel management helps create and maintain customer loyalty while strengthening the channel partner relationship by protecting the investment in the vendors' products and the partners' post-sales service and support (Behan & Lamoureux, 2015). Behan & Lamoureux (2015) mention the KPMG's proprietary Channel Management Model that outlines the steps in the channel life cycle that vendors can use to strengthen channel relationships, enhance value, reduce gray and counterfeit marketing, and ultimately enhance sales revenues and margins. Four key steps to effective channel management include: a) Channel strategies and programs, b) Partner onboarding, 3) Transactions reporting and incentives and 4) monitoring (Behan & Lamoureux, 2015).

2.6 Effect of Channel management technologies on sales performance

In the last ten years, ICT has become an important element in company processes, in products and services distributed to the market, in enabling strategic and organizational change projects and in the re-definition of business models (Balocco, Ghezzi, Rangone & Toletti, 2012). Professionals who have contact with customers are now "touching" with technology. With each passing day, sales, marketing, and even customer service positions are becoming increasingly focused on technology (Vilaseca-Requena, Torrent-Sellens & Jiménez-Zarco, 2007). Technological innovations facilitate the integration of structures, physical flows, and information within the same distribution channel (Tummala et al., 2006). Information technology and telecommunications technologies are the main platforms on which inter and intra-firm channel management processes for have been built (Closs & Xu 2000; Porter 2001). ICT use has brought about a fundamental transformation in the marketing function and distribution channels have been one of the main beneficiaries. Some of the technologies used in marketing channels include; Electronic Data Interchange (EDI), Vendor Management Inventory (VMI), Collaborative Planning Forecasting and Replenishment (CPFR), Vendor Managed Category Management (VMCM) and Self-Service Technologies (SSTs)/ Point Of Sales (POS) technologies (Kaipia & Tanskanen, 2003; Musso, 2012). These results suggest that ICT could offer companies a competitive advantage, allowing them to differentiate themselves in the marketplace. In addition, as Pine et al. (1995) and Prasad et al. (2001) suggest, ICT endow marketing with an extraordinary capability to target specific groups of individuals with precision, and enable mass customization and one-to-one strategies by adapting communications and other elements of the marketing mix to consumer segments.

2.7 Synthesis of the literature review

The reviewed literature has shown that essentially, marketing channels are routes, paths, or conduits through which products or things of value flow, as they move from the manufacturer to the ultimate user of the product (Metha et al., 2000). Marketing channels are mainly comprised of four basic types of marketing intermediaries, which include: agent, wholesalers, distributors and retailers (Vibhash & Lakshmi, 2008). When designing channels, producers should consider five service outputs, these include; the number of units purchased on/in one occasion, the average time customers of that channel wait for receipt of the goods, the degree to which the marketing channel makes it easy for customers to purchase the product, product variety, the add-on services (e.g. credit, delivery, etc) provided by the channel (da Silva, 2008). Like other areas of business, marketing channels require careful administration, as superior channel management policies and strategies help a firm attain a differential advantage (Shusterman, 2013). When administering effective marketing channels, producers should consider a) Channel strategies and programs, b) Partner onboarding, 3) Transactions reporting and incentives and 4) monitoring (Behan & Lamoureux, 2015). Lastly, the other aspect of marketing channels reviewed is technological innovations which facilitate the integration of structures, physical flows, and information within the same distribution channel (Tummala et al., 2006). From the literature reviewed, it is very clear that there is insufficient information about newspaper marketing distribution channels and how they are managed especially in the Ugandan context. In this study the researcher will endeavor to investigate how marketing channel design, administration and the technologies used by channel intermediaries affect sales performance of Monitor Publications Limited.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter presents the research design, study population, sample size and selection, data collection methods, data collection instruments, validity and reliability, procedure of data collection, data management and analysis and measurement of variables.

3.2 Research design

A cross-sectional co-relational survey design will be adopted. A cross-sectional study (also known as a cross-sectional analysis, transversal study, prevalence study) is a type of observational study that involves the analysis of data collected from a population, or a representative subset at one specific point in time (Amin, 2005). This research design will enable the researcher to capture data and information from the staff, agents, distributors and retailers of Monitor Publications Limited in Kampala district.

3.3 Study population

The study population will include:

Population category	**Population**
Field sales supervisors	10
Agents	35
Distributors	2
Retailers/Vendors	2,500
Customers	20,000
Total	**22,547**

3.4 Determination of Sample size

According to Mugenda and Mugenda (2003), it's impossible to study the whole targeted population therefore the researcher will use a specific method to scientifically arrive on an appropriate sample size to be used in the study. The sample size of the study will be determined using Krejcie and Morgan (1970)'s formula to select respondents. From a population of 22,547 a sample size of 412 will be selected as shown in table below:

Table 1: sample size

Population category	**Population**	**Sample Size**	**Sampling technique**
Field sales supervisors	10	10	Purposive
Agents	35	35	Purposive
Distributors	2	2	Purposive
Retailers/Vendors	2,500	335	Simple random
Customers	20,000	30	Convenience
Total	**22,547**	**412**	

3.5 Sampling techniques and procedure

Sampling techniques

Purposive sampling will be used to select staff of MPL as well as agents and distributors of the Monitor newspaper. Purposive is a non-probability sampling technique that will enable the researcher to select respondents based on who has the required information; that is key informants (Sekaran, 2003).

Simple random sampling technique will be used to collect information from vendors of the Monitor newspaper. This technique has high generalizability of findings; hence it will be suitable for a large study population (Mugenda and Mugenda, 2003). The researcher will allocate a number to every agent of the accessible population, place the numbers in a container then picked numbers at random. The subjects corresponding to the numbers picked will be included in the sample (Mugenda and Mugenda, 2003).

Procedure

The researcher will seek authorization from Monitor Publications Limited before collecting data. The researcher will present an introduction letter from the University indicating that the study is purely for academic purposes.

3.6 Data collection methods

The researcher will use a questionnaire survey method to collect primary data from MPL staff, agents, distributors and retailers. The questionnaire will be used because respondents can read and write the answers. The respondents possess the information required to answer the questions and are willing to answer the questions honestly and it is also less expensive for data collection (Amin, 2005). The respondents will record their answers within closely defined alternatives on a Likert scale. In this study, the questionnaires will be hand delivered to the respondents.

3.7 Data collection instruments

A questionnaire will be used to collect quantitative data from the respondents. A questionnaire is a written set of questions that will be used to obtain information about the study objectives from the selected respondents (Amin, 2005). A questionnaire will be used because it helps to investigate motives and feelings in Likert scaling (Creswell, 1994). The questionnaire will have closed-ended questions divided into sections that represent the different variables of the study.

3.8 Measurement of variables and instruments

The variables will be measured by operationally defining concepts. For instance, the questionnaire will be designed to ask responses about how marketing channel design, administration and the technologies used by channel intermediaries affect sales performance of MPL. The variables will be operationalised into measureable elements to enable the development of an index of the concept. A five point Likert scale {(5) strongly agree, (4) agree, (3) not sure (2) disagree, (1) strongly disagree} will be used to measure both the independent and dependent variables.

3.9 Validity and Reliability

Validity refers to the extent to which questions in an instrument accurately measure the variables therein (Hair et al., 2003). In other words, validity is the accuracy and meaningfulness of inferences, which are based on the research results (Mugenda and Mugenda, 1999). The questionnaire will be subjected to expert face validity and theoretical content validity tests.

A Content Validity Index (CVI) is an indication of the degree to which the instrument corresponds to the concept it is designed to measure. Amin’s (2005) recommended minimum CVI of 0.7 which will be employed.

Reliability refers to the degree to which a set of variables are consistent with what they are intended to measure (Amin, 2005). When the items on an instrument are not scored right versus wrong, Cronbach's alpha is often used to measure the internal consistency which is often the case with attitude instruments that use Likert scale (Barifaijo, Basheka & Oonyu, 2010).
Mugenda & Mugenda, (2003) stresses that a coefficient of 0.80 or more implies that there is a high degree of reliability of the data and that's what the researcher will adopt.

3.10 Data Analysis

The data collected will be edited, coded and later analyzed using SPSS computer program. Quantitative data will be presented in form of descriptive statistics using mean and standard deviations for each of the variables used in the study. Correlation and regression technique will also be used to measure the relationships between the variables of the study. The correlation technique will be based on Pearson's coefficient (+ or – to show the direction of the relationship between the variables) and significance tested at 99% and 95% confidence levels based on two tailed correlation and significant more than or equals to 0.05. A positive correlation indicates a direct positive relationship between the variables while a negative correlation indicates an inverse relationship between the two variables. The regression analysis will use the adjusted R2 values and significance values to determine the magnitude of the influence of the independent variables on the dependent variable (Amin, 2005).

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APPENDICES

Appendix 1: Table for ddetermining sample size from a given population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Source: *Krejcie and Morgan (1970)*

Appendix 2: Time frame

Activity	**April**	**May**				**June**				**July**	
	Wk4	Wk1	Wk2	Wk3	Wk4	Wk1	Wk2	Wk3	Wk4	Wk1	Wk2
Proposal drafting											
Proposal submission											
Data collection											
Data entry and analysis											
Report writing											
Submission of first draft											
Submission of 2nd draft											

Appendix 3: Budget

Item	**Quantity** (PCS)	**Unit price** (UGX)	**Estimated cost** (UGX)
Memory stick	1pcs	80,000	80,000
Pens	5 pcs	500	2,500
Note book	3pcs	1,000	3,000
Stapler	1 pc	20,000	20,000
Stapling wires	2 packets	30,000	60,000
Transport facilitation	Fuel and vehicle maintenance		2,400,000
Meals	For 28 days	20,000	560,000
Data analysis	I data set	300,000	300,000
Printing questionnaires		400,000	400,000
Binding		100,000	100,000
Miscellaneous		300,000	300,000
Total			**4,225,500**

QUESTIONNAIRE

Dear Respondent,
My name is **Timothy Ntale**. I am conducting research on the effect of marketing channels on the sales performance of Monitor Publications Limited in Uganda. There are different aspects regarding the marketing channels of the Daily Monitor newspaper, in respect of which I would like to get your opinion. I kindly request you to spare some time and fill this questionnaire so that I can accomplish this task. I will keep this data confidential and use it strictly for academic purposes only. The questions require filling in short answers or ticking (✓) the most appropriate options. I am grateful for your assistance.

PART I: BACKGROUND INFORMATION

Gender of respondent

Male ☐ Female ☐

Age of respondent

20-25 years ☐

26-30 years ☐

31-35 years ☐

36-40 years ☐

41years and above ☐

Level of education

None ☐ Primary ☐ Secondary ☐ Tertiary☐ Others...............

Occupation……………………………………..………………………………………………..

Workplace location ……………………….……………………………………………………..

How long have you been involved in selling / supporting sales of the Daily Monitor newspaper?

Less than 1 year ☐ 1-5 years ☐ 6-10 years ☐ 11-15 years ☐ Above 15 years ☐

PART II: VARIABLES

Channel Design	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
1. The newspaper is easy for customers to purchase					
2. There are various ways in which customers can access the newspaper					
3. MPL is flexible on methods of paying for the newspaper					
4. MPL is flexible on methods of delivering the newspaper					
5. MPL prefers to locate Daily Monitor newspaper near other newspapers (like the New Vision newspaper).					
6. It is easy to transport the Daily Monitor newspaper					
7. MPL has made good progress in understanding how to effectively design channels for distributing the Daily Monitor newspaper					
8. MPL first analyzes customer needs before deciding distributing the Daily Monitor newspaper					
9. MPL deals with agents / retailers / distributors respectfully and treats them well					
10. MPL's payment terms give an opportunity to agents / retailers / distributors of the Daily Monitor newspaper to do business profitably					

Channel Administration	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
1. MPL has the best commission policies in Uganda's newspaper industry					
2. There is good communication between the retailers / distributors and MPL					
3. MPL frequently trains retailers / distributors on customer management					
4. I am satisfied with the recognition programs for retailers and distributors who meet or exceed their sales targets					
5. MPL has made good progress in understanding how to manage the process of distributing the Daily Monitor newspaper					
6. MPL organizes periodical meetings with retailers and distributors to review its distribution policies to protect distributors and retailers					
7. MPL shares newspaper industry intelligence information with retailers / distributors to boost Daily Monitor newspaper sales					
8. MPL offers sales support to strengthen the channel partner relationship with retailers and distributors					
9. The way MPL manages the distribution channel of the Daily Monitor newspaper has played a significant role in meeting the customer's needs					

10. The way MPL manages the distribution channel of the Daily Monitor newspaper has had a significant impact on its sale performance					

Channel Management Technologies	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
1. The staff of MPL have been provided with technologies to enable them share, distribute and gather sales information with retailers and distributors					
2. Technologies have improved the physical movement of the Daily Monitor newspaper among retailers and distributors, and to customers					
3. Some staff, retailers and distributors have not fully embraced use of communication technologies to sell the Daily Monitor					
4. Technologies have improved information flow among MPL staff, retailers and distributors					
5. Technologies have helped to manage inventory more accurately and quickly reducing stock-outs at retailers and distributors hence improving sales					
6. The electronic business technological innovations have increased integration of retailers' and distributors' tasks which has improved the cost of selling the Daily Monitor newspaper					
7. MPL uses newspaper racks on sidewalks to sell its newspapers					
8. MPL uses newspaper vending machines to distribute its newspapers					
9. The sales technologies used by MPL enable it to analyze the profitability of the Daily Monitor newspaper					
10. MPL optimizes sales by using social media (Twitter, Facebook, YouTube, etc.) to show stories and news that is published in the Daily Monitor newspaper					

PART III: PERFORMANCE IMPLICATIONS

For the sections that follow indicate your opinion on how each of the following characteristics in the marketing of the Monitor newspaper is related to its performance. Indicate 5 for the highest extent and 1 for the lowest extent.

Relationship with different performance attributes	Indicate the importance of this relationship on the scale of 1 to 5.				
	Sales cycle timeliness	Customer satisfaction	Volume of sales	Cost of sales	Total profit generated
Channel Design					
1. The current level of easiness which the customers purchase the paper affects					
2. The various ways in which customers can access the newspaper promote					
3. MPL's flexibility on methods of paying for the newspaper improves					
4. MPL's flexibility on methods of delivering the newspaper improves					
5. The location of Daily Monitor newspaper near other newspapers (like the New Vision newspaper) affects					
6. The means used to transport the Daily Monitor newspaper affect					
7. Dealing respectfully with the Daily Monitor agents / retailers / distributors determines					
8. Payment terms for agents / retailers / distributors of the Daily Monitor newspaper play role on					
Channel Administration					
9. MPL's commission policies have led to high					
10. The good communication between the retailers / distributors and MPL affect					
11. MPL frequently trains retailers / distributors on customer management to improve on					

Relationship with different performance attributes	Indicate the importance of this relationship on the scale of 1 to 5.				
	Sales cycle timeliness	**Customer satisfaction**	**Volume of sales**	**Cost of sales**	**Total profit generated**
12. Recognizing retailers and distributors who meet or exceed their sales targets affects					
13. MPL's understanding of how to manage the process of distributing the Daily Monitor newspaper has led to increase in					
14. MPL sharing newspaper industry intelligence information with retailers / distributors boosts					
15. Sales support offered by MPL to strengthen the channel partner relationship with retailers and distributors has led to improvements in					
Channel Management Technologies					
16. Technologies used by staff of MPL to share, distribute and gather sales information with retailers and distributors have improved					
17. Technologies have enabled MPL staff, retailers and distributors to easily reach customers which has improved					
18. Technologies have helped to manage inventory more accurately and quickly reducing stock-outs at retailers and distributors hence improving					
19. The electronic business technological innovations have increased integration of retailers' and distributors' tasks which has improved					
20. Using social media (Twitter, Facebook, YouTube, etc.) to show stories and news published in the Daily Monitor newspaper MPL has optimized					

Thank you for your cooperation!
Student: Timothy Ntale
Telephone: 0782104504

INTERVIEW GUIDE

Effect of marketing channels on the sales performance of Monitor Publications Limited

i) How do you access the Daily Monitor newspaper?

ii) How do you find the experience of accessing the Daily Monitor newspapers?

iii) How can Monitor Publications Limited make access to its newspaper more convenient?

iv) What should MPL do to improve the distribution process of the Daily Monitor newspaper?

v) How have modern technologies facilitated your access to the Daily Monitor newspaper?

Thank you for your cooperation!