African Journal of Emerging Issues
Peer reviewed | Double blind | Interdisciplinary

African Journal of Emerging Issues
(AJOEI)
Online ISSN: 2663 - 9335
Available at: https://ajoeijournals.org

STRATEGIC MANAGEMENT

INDUSTRY COMPETITIVENESS AND ITS EFFECT ON PERFORMANCE OF SOFT DRINKS MANUFACTURING FIRMS IN KENYA: AN EMPIRICAL ANALYSIS

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Publication Date: September 2025

ABSTRACT

Purpose of Study: The study assessed the extent to which industry competitiveness affects performance of soft drinks manufacturing firms in Kenya.

Problem Statement: Nairobi Bottlers, despite using depots and sub-depots for distribution, continues to face frequent stock-outs and delays. These challenges, linked to weak service timelines, limited product availability, and reduced flexibility, undermine customer satisfaction. As a result, the company has lost part of its market share despite being an affiliate of Coca-Cola East Africa.

Methodology: Target population was 2345 people who include distribution department, whole sellers as well as retailers in the company. The study used stratified sampling technique to select groups of its subjects. Simple random sampling method was then used to select a sample size of 341 respondents. A pilot test was conducted to ensure validity and reliability of the data collection instrument. Data analysis was done using descriptive as well as inferential statistics. This was done via Statistical Package for Social Sciences (SPSS).

Result: Industry competitiveness had a positive and significant influence on the performance of Nairobi Bottlers in Kenya (β =.206, p=.000<.05).

Conclusion: The study concludes that through competition, the company has come up with new products which are capable of providing end users with a greater selection. Industry competitiveness therefore ensures companies come up with products that are attractive and have quality for them to be competitive.

Recommendation: Nairobi bottlers' management should also train their staff further on impact of distribution logistics on performance of the company. This is to enable them achieve effective means of ensuring industry competitiveness and hence increase further the performance of the company.

Keywords: *Industry competitiveness, Firm Performance, Soft Drinks Industry, Resource-Based View Theory, Nairobi Bottlers Company*

INTRODUCTION

Distribution logistics is fundamental in production industry as it is key to success in the integration and distribution structure which ensures that customers receive required products and services in the right time and place (Tarigan, Jiputra & Siagian, 2021). In a case where product cannot reach its intended destination in good time then this damages the competitive advantage which in turn also damages customer retention. Today, the issue of distribution is becoming more and more important for the managers, based on the systems of distribution logistics and its management, where the cost and cooperation between the analysis, planning, and the control in the level of services are physical duties though managing the distribution is also important. Production companies have to have industry competitiveness through strategic management of distribution logistics (Alexandrou, Panayides, Tsouknidis & Alexandrou, 2021).

Majority of firms operate in an environment that is characterized by low margins and with intense rivalry for market share by local and international participants. According to there is pressure for firms to drive down costs in order drive profit margin protection and at the same time offer competitive pricing to customers to as to reduce the prospect profit erosion. This has led to profit erosion as a result of the changes in production environment, firms need to innovate and this has given up research and innovation costs and at the same time led to short brand life cycles. Chikán, Czakó, Kiss-Dobronyi and Losonci (2022) contend that production firms need to position themselves in their environment with unique value in order to build a sustainable competitive advantage. Industry competitiveness is thus a firm's administration trade policies which aim to make it perform so as to defend its business interests.

Sahoo, Le and Rath (2021) contend that industry competitiveness is brought about by productivity activities which enlarge the level of rivalry among distribution logistics firms. Distribution logistics flourish on certain conditions which include application of information technology. Information technology is the use of computers and computer networks and other physical devices and processes to create process, store, acquire and exchange all forms of electronic data (Sahoo, Le & Rath, 2021). It is the commercial use of information technology. When production wants to respond with success to the competitive forces within the in industry, then a high level of technology has to be applied (Hassanzadeh, 2021). Any firm that adopts technology attains a competitive edge which makes it strategically locate its processes for competitive advantage. It therefore means that the competitiveness of a firm require application of information technology (Czakó et al., 2022).

The soft drink industry is one of the very competitive industries in the market (Angira, 2021). Kenya has both local and multinational soft drink companies thus making it one of the very competitive industries. The soft drink industry is classified into; the carbonated soft drinks, the ready to drink juices and the mineral water. In Kenya the soft drink industry consists of Coca cola Kenya which has six strategically located bottling companies in the country (Company's Global Financial Report, 2019). The major brands of coca cola Kenya and to be specific (Nairobi bottlers) are Coke, Fanta, Sprite, Krest, Stoney and Dasani with Coke being their flagship brand. Coca-Cola originated as a soda fountain beverage in 1886 selling for five cents a glass. Early growth was impressive, but it was only when a strong bottling system developed that Nairobi bottlers became the world-famous brand it is today. It was however until 1948 that the Nairobi bottlers Company founded Nairobi Bottlers in Kenya.

Distribution logistics firms have over the years become important specifically in their role in logistics operations in production firms (Raihan, Ali, Roy, Das, Kabir & Paul, 2022). A strong distribution logistics is fundamental as it provides a competitive edge over competitors by providing customers with a higher level of order accuracy in a shorter period of time. It also ensures the right amount of raw materials is available to produce the right amount of finished products available at the right time for sale to customers (Raihan et al., 2022). Reliable distribution logistics ensure good tracking of inventory and monitoring of transportation as well as coordinated storage so as to meet firm's needs. Control of the flow of products from the point of production to the final shipment is important and ensures the desired level of customer satisfaction. Firms therefore see distribution logistics management as one that is influenced more each day through technological advancement already available. This has brought about enormous pressure to the performance of many production firms across countries (Panya & Marendi, 2021).

Parfenov, Shamina, Niu and Yadykin (2021) opine that there are factors which aid the product down the distribution logistics chain to the next destination before it finally reaches the consumer. This process is known as the distribution logistics. Each of the elements in the distribution logistics has its own specific needs, which the producer must take into account, along with those of the all-important end user (Choudhury, Behl, Sheorey & Pal, 2021). A number of these factors include: Nature of the firm's product/service, nature of the firm's organizational resources, industry competitiveness and the firm's distribution structure to mention but a few.

Performance is the accomplishment of any given task that can be measured against known standards of accurate completeness, cost and speed (Zhang, Ding & Liu, 2021). In marketing perspective, performance of distribution logistics is made up of people, processes and systems working together to support efficient and effective delivery of services (Zhang et al., 2021). Distribution logistics performance can be measured through on time delivery of goods and services. This determines whether a perfect delivery has taken place or not. It has the following measures which makes it successful; delivery to commit date, delivery to request rate, order fill lead time and goods in transit. The quality of information exchange can also be used to determine performance of distribution logistics in most cases (Moons, Waeyenbergh & Pintelon, 2019).

Nairobi Bottlers Company currently operates between Nairobi province, Machakos up to Mutito Wandei, and Nakuru regions. The company has had to do more than design a good distribution logistics which they have set in motion. The system has required periodic modifications to meet the new conditions in the market place (Company's Global Financial Report, 2016). Modification becomes necessary since consumers buying patterns have changed, market have expanded, product have matured through the product lifestyle, new competition have arisen and innovative distribution strategies emerged. The most difficult decision has involved revising the overall distribution strategy. The company has even considered replacing independent dealers with company owned dealers or local franchised dealers with centralized operations and direct sales.

STATEMENT OF THE PROBLEM

Production firms such as Nairobi bottlers which is an affiliate of Coca Cola East Africa need to be in a position of ensuring that no risk reoccurs in their distribution logistics cycle through establishment of contingent plans that is capable of reducing the any negative impact in case an event of this nature occurs. Nairobi Bottlers Company use indirect distribution system through its depots and sub depots (Coca-Cola, FEMSA, 2020). In spite of the use of depots in the distribution logistics process, there are still instances of product stock outs which according to the company management has been attributed to its dwindling distribution service timelines, product availability, service quality, distribution service flexibility among others and this has significantly affected customer satisfaction and led to the company losing some of its market share.

The company which had early designed a good distribution logistics system has often required periodic modifications to meet the new market trends (Coca-Cola FEMSA, 2019). This is attributed to lack professional who are conversant with this system. This has become a norm and problematic as the company has seen some of her professional either leave as a result seeking for green pastures or moving to private business (Coca-Cola Company President Report, 2016). The company is also facing stiff competition especially from the juice manufacturing companies that have been coming up in the recent past (Angira, 2021). It is also expecting stiff competition from PepsiCo which is building a new plant in Kenya and SABMiller which has taken control of family owned Crown Foods, the bottlers of Keringet brand of drinking water.

Consumers have become more health conscious and are slowly moving away from carbonated soft drink which is the largest percentage of Coca-Cola products. The most difficult decision the company has undergone is a continuous revision of the overall distribution strategy (Coca-Cola Company President Report, 2019). From the above information, it is evident that Nairobi Bottlers Company is undergoing tough times in its distribution strategy so as to retain its market share. This inspired the researcher in the study to find out the influence of nature of product on performance soft drinks manufacturing firms in Kenya.

RESEARCH OBJECTIVE

To assess the extent to which industry competitiveness affects performance of soft drinks manufacturing firms in Kenya.

RESEARCH QUESTION

What is the influence of industry competitiveness on performance of soft drink manufacturing firms in Kenya?

SIGNIFICANCE OF THE STUDY

The study was to find out the influence of distribution logistics functions on performance of soft drinks in Kenya. It was important because it assists policy makers who include the government of Kenya in the formulation and strengthening of policies that help in the management distribution of soft drinks in the country. The study goes a long way in creating reference source for future academicians. It also contributes additional knowledge on the subject of soft drink distribution not only locally but also internationally. It study will contribute to filling knowledge gaps identified early in this subject.

Soft drinks producers also benefited from this study as its findings are of important as it informs on new and reliable distribution strategies. This therefore enables a reduction in the distribution challenges. It is important to note that through the study, the general reputation distribution logistics in Kenya can be internationally recognized and hence this helps attract foreign direct investment which in turn boosts a country’s economic development.

THEORETICAL FRAMEWORK

The study was underpinned by Systems Theory. Systems Theory was propounded by Katz and Kahn (1966). The theory views organizations as open social systems that have to interact with their environment for them to survive. According to Cutlip and Broom (2006), organizations rely on their environment for various important reasons which include customers to come to buy products or services to suppliers who are in position to provide materials, employees who are capable of providing labour and management, shareholders who invest and the government who provide policies and regulations. It is also important to note that public relations play a fundamental role in helping organizations adapt to organizational changes.

From the above explanations, as a system of components are linked together for the efficient movement of products in soft drinks industry. This theory applies to the dependent variable Performance of Distribution Logistics of Soft Drinks" where four independent variables of nature of product, organizational resources, industry's competitiveness and distribution structure have been applied for distribution logistics to effectively perform. Using a system approach to describe physical distribution, the components include; customer service, transportation, warehousing, order processing, inventory control, protective packaging and materials handling (Miles, 1965).

This theory views an organization and its members as a collective, linked through networks of relationships. Within the system, individuals engage in patterned activities in the form of networks of relationships, which in turn results in the construction and enactment of the whole organization. The systems tradition seeks a holistic understanding of organizational phenomena. The researcher in this study therefore follows that multiple levels must be considered in the investigation of organizational performance where systems must be aligned to distribution logistics that are in existence.

This theory addresses variables of nature of product and industry competitiveness. The interrelation of sub components means decisions made in one area affect the relative efficiency of others. For example, a small business that provides customized personal computers may transport finished products by air rather than by truck, as faster delivery times may allow lower inventory costs, which would more than offset the higher cost of air transport. Viewing physical distribution from a system's perspective can be the key to providing a defined level of customer service at the lowest possible cost in Nairobi Bottlers.

CONCEPTUAL FRAMEWORK

According to Kothari (2014) a conceptual is a figure that depicts the relationship between the dependent and the independent variables within a study. This figure relates the research subject and the relevant objectives as shown in Figure 1.

Independent Variable

Industry Competitiveness

- Technology adoption
- Relevant skills
- Business associations
- Rivalry determination

Dependent Variable

Performance of Distribution Logistics of Soft Drinks

- Timely delivery
- Increased product usage
- Competitive advantage
- Quality product /service
- Cost reduction

Source: Researcher (2021)

EMPIRICAL REVIEW

Competition is the act of striving against another force for the purpose of achieving dominance. It is also about attaining a goal. According to Kariuki and Murimi (2015), competition causes production companies to develop new products, services, and technologies. This provides end users with a greater selection and better products. The greater selection typically causes lower prices for the products either creating a bigger market share for the company or make it smaller. Industry competitiveness ensures companies such as Nairobi come up products that are attractive and have quality so as put the company a head of others. Industrial strategists turn its attention from diversification to optimization of company's competitive strategies and optimization of the company's total portfolio when different markets of the organization have growth prospects (Saremi & Mosavi, 2014). Before further prospects can be estimated it becomes necessary to segment the company's environment into distinctive areas of threats, trends and opportunities. The complications, uncertainty and turbulence in the resource expertise and socio, political environment make it desirable to segment these environments into strategic resource areas, thus the essence of strategic industry competitiveness (Saremi & Mosavi, 2014).

Competition in production industry is rooted in its underlying economic structures and goes well beyond the behaviour of current competitors (Bowersox & Cooper, 2010). The level of rivalry or competition in the industry therefore is determined by the concentration ratio of industry. Rivalry is low if the larger proportion of market share is held by a few large organizations and high when the industry is fragmented. The most businesses must respond to five basic competitive forces that drive industry competition. according to Obaji (2011), the five forces are; threat of new entrants; threat of substitute products; bargaining power of suppliers; bargaining power of buyers and rivalry among current competitors. Existence of these factors; high exit barriers, slow market growth, high fixed costs, low buyer switching costs and low levels of product diversification intensify rivalry in an industry. These forces rival firms seek competitive advantage in ways that elicit to counter-response from rivals, reducing profitability and industry attractiveness (Awino, 2011).

Finkelstein (2004) Analyzed the Supply Chain in the Consumer Packaged Goods Industry in Brussels Belgium. The study attempts to delineate factors in the supply chain of InBev which are excellent. The study was conducted based on the effectiveness of its underlying operating activities and how they cohesively its competitive strengths. The findings of this study was that the operations in Brussels, Belgium do not comprise an excellent supply chain and consequently lack an activity system which supportive of the business practices. The study found out that Belgium has no competitive advantage at all, but only a distinction in their production methods. Some degree of consistency is also apparent, but the chain lacks solid first-and second order fit (Finkelstein, 2004).

Kenya has a study done by Aira and mise (2012) examined the impact of channel strategy on consumer value in Kenya where they assessed the demand side issues for customers of Kenyan soft drink companies. The study used three objectives of assessing the relationship between order cycle time, stock availability sales gave the impact of description strategy on customer value. The study used structured cross sectional survey to collect data from respondents. There was a high positive correlation between stock availability and sales and a weak positive correlation between satisfactory delivery speed and sales. The correlation between order cycle time and sales were negative though weak. 53% of the variance in sales was explained by stock availability which significantly determined customer value. The results also indicated that if sales were to be increased, it was necessary to increase stock availability. This implied that management needed sufficient stock availability to meet customer needs and achieve the desired customer value levels (Aira & Mise, 2012).

As production industry is dynamic and unpredictable with high costs, low consumption and increased security, Nairobi Bottlers should be flexible, reading insight as the trends require and also trying to get out of every situation and being proactive to competitive forces (Obaji, 2011). With the knowledge of intensity and power of competitive forces, Nairobi bottlers can develop options to influence them in a way that improves their own competitive position. The result could be a new strategic direction, new positioning, strategic partnerships, collaboration or strategic alliances (Bosire, 2011).

RESEARCH METHODOLOGY

The study adopted descriptive survey design to examine the relationship between the independent and dependent variables. The design helped the researcher to obtain information concerning the current status of the problem under study and describes it with respect to its variables. This study was conducted within Nairobi Bottlers Company in Nairobi County. This location was chosen as Nairobi County is the capital city of Kenya, meaning the number of people doing living and business is high. It involved distribution and logistics stakeholders of the company. The study population in the research included all stakeholders currently involved in Nairobi bottlers' distribution logistics. These included; company employees, wholesalers and retailers who ensure distribution logistics function was complete. According to information from the company, there are 2345 people behind the success of distribution logistics of the company.

This study applied stratified sampling method to identify the various respondent groups from which data was collected. This was because the population responsible for the study was scattered. First the researcher brought together distribution stakeholders with the same characteristics together, in this case employees of Nairobi Bottlers, wholesalers as well as retailers. They were grouped into three strata totaling to 2345 people. This number was then subjected to simple random sampling technique. Population was then subjected to Yamane 1967 formula for calculating the actual respondents from each stratum. This was important as it helped achieve the best desired result from the target population of the study. Sample size was then arrived at using Yamane (1967). This formula was seen as important because of its nature and determination in collecting data capable of producing confidence level. The formula was as follows:

$$n = \frac{N}{(1 + Ne^2)}$$

Where:

n = minimum sample size

N = population

E = precision set at 95 % (5%=0.05)

Hence; n = 2345/1 + (2345 x 0.0025)

n = 341

The main instrument for data collection was the questionnaires. According to Kothari (2014), a questionnaire is a schedule containing various items on which information is sought from respondents. The use of questionnaire was to make it easier to approach respondents since they do not have any distribution bias as they do not show any particular preference or dislike for a certain individual. Questionnaires also helped avoid issues arising from any inhibition in answering questions of personal nature, and those that the respondent may hesitate to answer in the presence of the researcher. Since this research was descriptive survey design in nature, descriptive data was collected. After data collection, the questionnaires were checked for completeness and consistency and data obtained from completed questionnaire was cleaned, coded and entered into the computer software called Statistical Package for Social Sciences (SPSS) version 26.0 which aided the analysis process. Data analysis involved descriptive statistics. The specific descriptive included mean, standard deviation, frequency and percentage.

To ensure that the study remains ethical, the researcher requested for a permission letter from Africa Nazarene University for conducting the study. Consent was also sought from national commission for science and technology and technology and innovation (NACOSTI) which authorizes permission for conducting research. The researcher also sought permission from other stakeholders who included; the Nairobi Bottlers Company management. Information created by the study was sensitive and this meant that it may discredit stakeholder image, hence the right to confidentiality and privacy was observed.

FINDINGS AND DISCUSSION

Out of a sample size of 341 respondents who were identified to take part in this study, 301 questionnaires were duly filled and returned for analysis. 40 of the questionnaires were either wrongly filled or not returned at all. The returned questionnaires accounted for 88.3% response rate. The response rate is in line with Mugenda and Mugenda (2008) who posit that a response rate of 60% is good for a study, 88.3% is therefore considered as adequate enough to drive this study to conclusion.

Demographic information results revealed that out of 301 respondents who participated in this study, 62.1% of them were male while 37.9% of them were female. Majority of the respondents in Nairobi Bottlers Company's distribution logistics were aged between 26 and 35 years with 44.9%, followed by the age bracket of 36-45 years with 21.6%, then 18-25 years with 18.6%, 46-55 years was next with 11.3% and lastly 56 and above years with 3.6%. This was in the pretext that age describes experience earned by the respondent in their line of work. Majority of the respondents had college level of education with 55.4% of the total. Secondary school was second with 28.6%, and then those with university level of education with 14.0% and lastly those with primary level of education had 2.0%. This shows that majority of employees at Nairobi Bottlers Company were educated and this is important because education may be a measure of excellence in business. It was established that 168 respondents were lower level managers representing 56%, 84 of them were middle level managers with 27.9% while the remaining 49 respondents representing 15.1% were top level managers. Majority of the respondents (79.1%) had prior experience in the field while a few (20.9%) of them did not have any prior experience in the field of distribution logistics. This means that employees in the distribution logistics department at the Nairobi Bottlers Company had prior experience in distribution business before joining the company.

Descriptive Results

Industry Competitiveness

Respondents in this part were required to rate statements on the influence of industry competitiveness on performance of Soft Drinks Firms, Nairobi County. Specifically the study focused on how Nairobi Bottlers Company has put in place strategies aiding performance of its distribution logistics. Respondents were required to agree with statements rating to the influence of influence of industry competitiveness on performance of distribution logistics in the Company. The results in this section were as presented in Table 1.

Table 1: Industry Competitiveness and Performance of Soft Drinks Firms

Industry Competitiveness and Performance of Soft Drinks Firms	**VH**	**H**	**M**	**L**	**VL**	**Mean**	**SD**
Nairobi bottlers company regularly introduces new products	229 (76.1)	54 (18)	12 (4)	5 (1.6)	1 (0.3)	2.33	1.375
Introduction of new services is regularly witnessed in Nairobi bottlers company	92 (30.6)	79 (26.2)	102 (33.9)	21 (7)	7 (2.3)	1.50	0.764
Nairobi bottlers has adopted new production technology	178 (59.1)	49 (16.3)	67 (22.3)	7 (2.3)	0	1.83	0.899
Nairobi bottlers practices price regulation	54 (18)	139 (46.1)	78 (26)	17 (5.6)	13 (4.3)	2.50	0.928
The company hires skilled manpower	213 (70.8)	71 (23.6)	9 (3)	5 (1.6)	3 (1)	2.99	1.532
Composite Score						**2.231**	**1.099**

Source: Researcher (2021)

Five statements were analyzed to assess the extent to which industry competitiveness affects performance of distribution logistics at the Nairobi Bottlers Company. Firstly, results revealed that 76.1% of the respondents agreed that to a very high extent, Nairobi Bottlers Company regularly introduces new products and that this affects distribution logistics at the Nairobi Bottlers Company. 18% agreed with the statement to a high extent, 4% to a moderate extent and 1.6% to a low extent. Only 0.3% of the respondents agreed with the statement to a very low extent. The statement had a mean of 2.23 and standard deviation of 1.375 that was higher than the composite mean of 2.231, indicating that the statement has a positive effect on performance of distribution logistics, and that majority of the respondents agreed with the statement. Secondly, 30.6% of the respondents agreed that introduction of new services is regularly witnessed at the Nairobi Bottlers

Company, and that to a very high extent, it affects industry distribution logistics of the Company. 26.2% agreed with the statement to a high extent, 33.9% to a moderate extent and 7% to a low extent. 3% of the respondents agreed with the statement to a very low extent. This statement had a mean of 1.50 and standard deviation of 0.764 which was less than the composite mean of 2.231, indicating that the statement has no effect or it has a negative effect on performance of distribution logistics.

Thirdly, results revealed that 59.1% of the respondents agreed that to a very high extent, Nairobi Bottlers has adopted new production technology and that it affects distribution logistics at the Nairobi Bottlers Company. 16.3% agreed with the statement to a high extent, 22.3% to a moderate extent and 2.3% to a low extent. There was no respondent that agreed with the statement to a very low extent. The item had a mean of 1.83 and standard deviation of 0.899 that was slightly less than the composite mean of 2.231, indicating that the statement had no effect on performance of distribution logistics. Fourthly, 18% of the respondents agreed that Nairobi Bottlers practices price regulation and that it affects distribution logistics at the Nairobi Bottlers Company to a very high extent. 46.1% indicated that the statement affects distribution logistics to a high extent, 26% to a moderate extent and 5.6% to a low extent. 4.3% of the respondents were of the opinion that the statement affects distribution logistics to a very low extent. The statement had a mean of 2.5 and standard deviation of 0.928 that was higher than the composite mean of 2.231, indicating that the statement has a positive effect on performance of distribution logistics, and that majority of the respondents agreed with the statement.

Lastly, results indicated that 70.8% of the respondents agreed that the company hires skilled manpower and that to a very high extent, the statement affects distribution logistics at the Nairobi Bottlers Company. 23.6% agreed with the statement to a high extent, 3% to a moderate extent and 1.6% to a low extent. Only 1% of the respondents agreed with the statement to a very low extent. The statement had a mean of 2.99 and standard deviation of 1.532 that was higher than the composite mean of 2.231, implying that the statement has a positive effect on performance of distribution logistics, and that majority of the respondents agreed with it. Generally the research findings revealed that on average, majority of the respondents (76.9%) were in agreement with the statements on the influence of industry competitiveness on performance of soft drinks firms in Nairobi bottlers, while only 5.3% agreed with the statements to a low extent. 3.7% of the respondents had a moderate opinion on the statements. Results of this section were in agreement with a study by that of Kariuki and Murimi (2015) who found out that competition causes production companies to develop new products, services, and technologies which are capable of providing end users with a greater selection and better products. Industry competitiveness ensures companies to come up with products that are attractive and have quality so as a competitive edge.

Performance of Soft Drinks Firms

The study focused on how Nairobi Bottlers Company has put in place strategies which ensure performs in its distribution logistics. Respondents in this section were required to agree with statements rating to performance of Nairobi Bottlers Company. The results in this section were as presented in Table 2.

Table 2: Performance of Distribution Logistics

Performance of Distribution Logistics	VH	H	M	L	VL	Mean	SD
Nairobi bottlers offers quality products	271 (90.1)	23 (7.6)	7 (2.3)	0	0	2.12	1.275
There are reduced prices on products in Nairobi bottlers	77 (25.6)	121 (40.2)	83 (27.6)	19 (6.3)	1 (0.3)	1.61	0.767
There is increased product usage in Nairobi Bottlers	101 (33.5)	39 (13)	129 (42.9)	31 (10.3)	1 (0.3)	1.75	0.828
There is timely delivery of goods and services	217 (72.1)	71 (23.6)	11 (3.7)	0	2 (0.6)	2.52	1.985
Nairobi bottlers has products that pose a competitive edge	174 (57.8)	92 (30.6)	33 (11)	1 (0.3)	1 (0.3)	1.84	1.521
Composite Score						**1.968**	**1.275**

Source: Researcher (2021)

Results of the study revealed that majority of the respondents (90.1%) agreed to a very high extent that Nairobi Bottlers offers quality products. 7.6% of the respondents agreed with the statement to a high extent, while only 2.3% agreed with it to a moderate extent. No respondents agreed with the statement to a low or to a very low extent. This statement had a mean of 2.12 and standard deviation of 1.275 which was higher than the composite mean of 1.968, indicating that the statement has a positive effect on performance of distribution logistics, and that majority of the respondents agree with the statement. On the other hand, 25.6% of the respondents agreed with the statement that there are reduced prices on products at the Nairobi Bottlers Company and that to a very high extent, the statement affects distribution logistics. 40.2% agreed with the statement to a high extent, 27.6% to a moderate extent and 6.3% to a low extent. Only 0.3% agreed with the statement to a very low extent. The statement had a mean of 1.61 and standard deviation of 0.767 that was less than the composite mean of 1.968, indicating that the statement has a negative or no effect on performance of distribution logistics.

Additionally, 33.5% of the respondents agreed to a very high extent that there is increased product usage at the Nairobi Bottlers. 13% agreed with the statement to a high extent, 42.9% to a moderate extent and 10.3% to a low extent. Only 0.3% agreed with the statement to a very low extent. The statement had a mean of 1.75 and standard deviation of 0.828 which was less than the composite mean of 1.968, indicating that the statement has a negative or no effect on performance of distribution logistics and that majority of the respondents did not agree with the statement. Further, results of the study revealed that majority of the respondents (72.1%) agreed to a very high extent that there is timely delivery of goods and services at the Nairobi Bottlers. 23.6% of the respondents agreed with the statement to a high extent, 3.7% agreed with it to a moderate extent while only 0.6% agreed with the statement to a very low extent. No respondent agreed with the statement to a low extent. The item had a mean of 2.52 and standard deviation of 1.985 which was higher than the composite mean of 1.968, indicating that the statement has a positive effect on performance of distribution logistics, and that majority of the respondents agree with the statement.

Lastly, 57.8% agreed that to a very high extent that Nairobi Bottlers has products that pose a competitive edge and that the statement affects distribution logistics. 30.6% of the respondents agreed with the statement to a high extent, while 11% agreed with it to a moderate extent. Only 0.3% agreed with the statement to a low extent as well to a very low extent. This statement had a mean of 1.84 and standard deviation of 1.521 which was slightly lower than the composite mean of 1.968, indicating that the statement has a negative or no effect on performance of distribution logistics, even though majority of the respondents agree with it. Generally the research findings revealed that majority of the respondents (78.8%) were in agreement with the statements on performance of soft drinks, while only 0.6% of the respondents disagreed with the statement. 11% of them were of moderate agreement with the statements.

CONCLUSION

Results of assessing the extent to which industry competitiveness affects performance of soft drinks in Nairobi Bottlers Company saw majority of the respondents agreed with statements where it was found out that industry competitiveness has a significant relationship with performance of Nairobi Bottlers Company. Through competition, the company has come up with new products which are capable of providing end users with a greater selection. Industry competitiveness therefore ensures companies come up with products that are attractive and have quality for them to be competitive.

RECOMMENDATIONS

The study recommends that Nairobi Bottlers Company should strengthen its competitive strategies by consistently introducing innovative products and adopting advanced production technologies. Since product innovation was found to positively influence distribution logistics, the company should invest more in research and development to understand changing consumer needs. Additionally, continuous upgrades in production systems will not only improve efficiency but also enhance product quality, ensuring that the company remains ahead of competitors in the soft drinks industry.

Secondly, the company should leverage pricing strategies and skilled manpower as key tools for sustaining competitiveness and improving performance. Price regulation, when carefully managed, can enhance customer loyalty and protect market share without compromising profitability. Furthermore, recruiting and retaining highly skilled employees will enable the company to deliver quality services, manage distribution challenges effectively, and respond flexibly to dynamic market demands. Training programs should also be expanded to ensure employees remain updated with industry trends and technological changes.

Nairobi Bottlers should prioritize service delivery aspects such as timeliness, product availability, and distribution flexibility, since these were highlighted as factors that significantly influence performance. Investment in stronger logistics infrastructure, real-time tracking systems, and contingency planning will minimize stock-outs and delays that often reduce customer satisfaction. By combining product innovation, fair pricing, skilled manpower, and reliable logistics, the company can build a stronger competitive edge, sustain market leadership, and enhance long-term performance in Kenya’s soft drinks industry.

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