

Influence of Physical Distribution Strategies on the Performance of Service Firms in Kenya: A Survey Study of Print Media Distribution in South Nyanza Region, Kenya

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Abstract

Digital media introduced to the market the quickest form of print content distribution man has ever seen; since its inception the print media industry is under several challenges. The current physical distribution efforts and sales results are not satisfying in the print media industry. Stiff competition exists among the media service providers and players where the print media is under a threat by the digital media as its market share is shrinking at a margin of 27% daily. The purpose of this study was to assess the influence of the distribution strategies on the performance of service firms in Kenya with particular interest on Print Media Industry. The study adopted a survey design. The target population was 53 respondents selected using Census sampling technique. A structured questionnaire was used. Data was analyzed using descriptive statistics which involved the use of percentages and frequency tables. Simple regression analysis was used to assess the degree of association between the variables under investigation and ANOVA for the level of significance between physical distribution strategies and performance of print media in the region. The findings were: customer service strategy and transport logistics strategy were the major physical distribution strategies adopted and had a mean weight of 4.5094 in a 5 point loaded scale; this result showed that their use in the industry was of high significance in contributing towards performance of the print media industry; a strong and positive correlation existed between physical distribution strategies and performance of the print media industry ($R = 0.971^a$; and $R^2 = 0.943$); the ANOVA results indicated a significant relationship between the predictors (independent variables) and the dependent variable ($F = 271.918$; $p < 0.05$); customer service strategy has a positive contribution to the performance of the print media industry; the adopted regression model showed that $\text{Performance} = -1.230 - 0.011 \text{ TLS} + 0.784 \text{ CSS} + 0.074 \text{ RLS}$; hence increase in use of customer service strategy as physical distribution strategy causes a positive increase in performance of the print media industry in the area under study.

Keywords: Distribution Strategies, Transport Logistics, Print Media, Performance

1. Introduction

The global publishing industry is going through a period of turmoil as a broadband penetration rises and new devices for delivering news and content arrive on the scene. For example, devices such as internet has taken over information or news dissemination to the extent that media industry hard copy production and circulation vibrancy has been threatened (Fenez et.al., 2009). 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, this has forced some to switch from buying hard copies to internet usage, radio listening and television watching (Wan, 2010). Further to this, the penetration of mobile internet on peoples handset phones has risen close to 80% of the world's population among which half of the mobile phones are WAP capable (Rammile and Nel, 2012), a sign that they use the WAP services to access any information; all these have paused a challenge to the survival of the print media industry. This calls for innovativeness, first moving and sensitiveness on the consumer demands and behaviour in order to survive the turbulent environment to achieve improved performance (Kabadayi and Ermurat, 2012). According to Fenez et al. (2009) improved industrial performance is achieved by consumer purchasing a copy, which is dependent on the reader ability, stimulated by the content of the newspaper, plus its availability, navigability and visibility. A strong market of potential in selling indulgences, the slips of paper offering written dispensation from sin that the Church sold to fund crusades, new buildings and other projects devoted to expanding its dominance increased. The production and distribution of an expanding variety of texts quickly became too widespread to contain. Printed copies of Martin Luther's theses for example, were widely and rapidly disseminated. They prompted far-reaching discussions that became the foundation for mounting opposition to the Church's role as the sole custodian of spiritual truth. Bibles printed in vernacular languages rather than Latin fuelled the Protestant Reformation based on the assertion that there was no need for the Church to interpret scripture; an individual's relationship with God could be, at least in theory, direct and personal. In 1476, William Caxton set up England's first printing press; as a prolific translator found the printing press to be a marvellous way to amplify his mission of promoting popular literature.

Communication is a very instrumental and fundamental aspect of human life that has played a great role in the process of development. According to James (2000), communication is the social nexus where

interpersonal relations and technological innovation, political, economic incentives and socio-cultural ambitions, light entertainment and serious information, local environment and global influences, form and content, substance and style all intersect, interact and influence each other. For example, the existence of absolute press freedom has been an issue in many countries for a very long period (Eribo & Tanjong 2005). According to Nyamnjoh (2002), repression of the press was common until the 1990's when the waves of liberalism swept through Africa and hit many countries including Kenya; thereby enabling the passing of laws which led to freedom of mass communication. Every day, journalists write thousands of news items about events, ideas and situations that occur in the world but only a handful get into the newspapers. Media and communication scholars and practitioners reason that the news stories which get into the newspapers go through a gate keeping process during which news people assess their newsworthiness using news values. In a classical study, Galtung and Ruge (1965) proposed a list of news values that can be used to assess the newsworthiness of news items. Although international politics was the subject matter for which these scholars developed the news values for, the list has been applied to other types of news and proved to be empirically and theoretically valid and important. Such studies include those done by O'Neil & Harcup (2001) and Peterson (1979) in the United Kingdom.

The printing industry which encompasses all phases of the graphic communication process beginning with idea generation, through production, finishing, and distribution is undergoing both cyclical and structural changes. The years between 1980 and the early 2000s were a period of digital revolution for the world's US \$150 billion printing industry. Forced by non-traditional media (notably the Internet) to assimilate technology or to throw in the towel, printers had to find their place in a new era of information delivery. The industry's habitually fierce competition has made innovative printers hungrier than ever for the benefits of new technology to keep printing competitive (Encyclopedia of Global Industries, 2005). Business firms need to find a way to serve their customers, wherever they are located by selecting a distribution channel that is important in building a competitive advantage for businesses. Distribution channels include firm's direct sales force, retailers, distributors and the Internet. The right distribution channel ensures that customers in different locations around the country, or around the world, where they can buy the firm's products as they get the right level of service. According to McCarthy (1960), Perreault and McCarthy (1999), a firm develops its physical distribution strategies by first identifying the target market for its products or services. It then develops a marketing mix of a particular combination of product, price, promotion, and place while taking in account the distribution and delivery functions in the supply chain which must be designed to enhance sales to the target market. A unique mix of these elements in a given industry allows firms to compete more effectively, thus ensuring profitability and sustainability. According to Porter (1980, 1985), Porter and Millar (1985), a firm develops its business strategies in order to obtain competitive advantage to increase profits over its competitors. It does this by responding to five primary forces: first, the threat of new entrants, secondly, rivalry among existing firms within an industry, thirdly, the threat of substitute products or services, fourth, the bargaining power of suppliers, and finally, the bargaining power of buyers. A company assesses these five competitive forces in a given industry, then tries to develop the market at those points where the forces are weak (Porter 1979). The nation media company over time it is trying to position itself so as to be least vulnerable to competitive forces while exploiting its unique advantage service leadership in the print media service provision. Firms increase bargaining power over their customers and suppliers by increasing their customers' switching costs and decreasing their own costs for switching suppliers. The nation media group in the provision of print media services inform of newspapers applies various distribution strategies to influence its customers and lure them to like the news presented in their products: daily nation and standard newspapers. Therefore the five competitive forces model provides a solid base for developing business strategies that generate strategic opportunities. A firm must create value for its buyers if it wishes to pursue the strategy of cost leadership through economics of scale, proprietary technology, cheap raw material, etc. The strategy of differentiation involves offering a different product, a different delivery system, or using a different marketing approach. Therefore it is up to the management of the company to decide which factors it wants to emphasize in order to gain competitive advantage (Porter, 1987).

Distribution of printed materials involves the movement of products from production to an internal location (e.g., a warehouse) or external location (e.g., the customer) (Cummings & Chita, 2004). Marketers define distribution as getting the right product to the right customer in the right place at the right time (Armstrong & Kotler, 2005). Distribution (sometimes known as logistics) involves planning, implementing, and controlling the physical flow of goods, services, and other related information from the point of origin to its intended target market. Distribution in the printing industry addresses not only outbound distribution (getting products out of the plant), but also inbound (ordering raw materials and supplies) this involves logistics strategies; involving the physical movement of printed materials, as well as the electronic distribution of files.

The major distribution functions include shipping or delivery, mailing, warehousing, and inventory management. Some printed products leave the plant in final form and take a direct route through the postal system to the consumer mailbox. Others are routed to manufacturing facilities where they are combined with other product components and are shipped through a third-party distribution system. In either case, there are

critical timing and coordination issues that arise from distribution functions. "The distribution of printed products must also often be coordinated with the timing of broadcast events" (Cost, 2005). The successful launch of a new product into the marketplace requires precise coordination of actions and events that must work together to maximize the volume of sales. "The more timely the messaging carried by the print, the more critical the timing of deliveries must be" (Cost, 2005). Most importantly, customers are demanding distribution services from print media service providers. The trends and issues in supply chain, logistics, and transportation, confirms customers' desire to reduce distribution cost. The 52% of print media users argue that logistics is more of a cost center than a strategic component of their business, such that by streamlining their operations and consolidating suppliers, customers are able to save money on postage, transportation, and taxes (Bates, 2004). Also, supplying directly from the print facility to vendors and distribution agents makes it possible to optimize for the lowest possible costs. The general rule governing bulk distribution costs is that less work the distributor has the lower the cost (Cost, 2005). Digital media is known to be efficient and cheap to the consumer. Its popularity has increased its market share exponentially in recent years; to capitalize on this market share within the industry, there is a need for traditional print media industries to re-invent their existing business models by offering the tangibility and quality of the printed media and complementing it with the affordability and portability of the digital media for the consumer. In the most basic sense, a business model is the method of doing business by which a company can sustain itself that is, generate revenue. The business model spells-out how a company makes money by specifying where it is positioned in the value chain (Chesbrough, 2008). 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It is created by stepping back from the business activity itself and studying the underlying characteristics that make commerce in the product or service possible. Study by Hedman and Kalling (2002) asserted on the use of Porter's chain of causality as the determinants of success in a distinct business; where the cost and differentiation advantages firms enjoy on the product market are driven by initial conditions and managerial choices. Therefore same applies to the type of distribution strategies adopted in a firm; in this case the print media service providers are not an exception. Porter states that initial conditions of a firm are the first determinants of success in a business, firms that may have pre-existing reputation and skills as a result of their history. These conditions would clearly influence the business direction. Another alternative are the management decisions which according to Porter affect key drivers that make up the activities that enable low cost production and product differentiation, both of which contribute to the success of the firm. Porter concludes according to Hedman and Kalling that initial conditions and managerial choices ultimately determine success because these events are the original factors that are moving business in a specific direction (Hedman and Kalling, 2002). The media industry has started to digest the needs of the consumers more than ever before to survive financially. This is because; media companies are increasing in number and provide similar products with more or less similar content, quantity and charge same price on the market. This has been worsened by the penetration of technological advancements such as online versions, free to air television services and radio in rural areas at cheaper cost which have exerted pressure on the media companies who no longer have monopoly over news and advertisements that the public buy (Kabadayi et al., 2012). A critical area of the supply chain of print media products is reverse logistics. Traditionally defined as the process of moving product from its point of consumption through channel members to the point of origin to recapture value or ensure proper disposal. Reverse logistics includes activities to avoid returns, to reduce materials in the forward system so that fewer materials flow back, and to ensure the possible reuse and recycling of materials. Returns can affect every channel member from consumers, retailers and wholesalers to manufacturers. Returns are caused by different reasons depending on who initiates them. According to Stock et al (2001), reverse logistics costs are as high as 4 % of total logistics costs, which amounts to an estimated \$35 billion in 2001 for the US alone. According to a survey of 311 logistics managers in the US in 1998, average consumer returns across retailers are 6 per cent. In Kenya the print media industry, the reverse logistics is investable if distribution strategies are inadequate.

1.2 Statement of the Problem

Digital media has introduced the market to the quickest form of content distribution man has ever seen. Internet has impacted many businesses worldwide by giving them an opportunity to evolve and bring innovation to their business direction to offer a balanced value proposition to the consumer and the firm to gain competitive

advantage in the market; since the inception of digital media, the print media industry has been going through several challenges to re-engineer their business for better profitability. The current distribution efforts and sales results are not satisfying in the print media industry. The print media products are highly affected by seasonality thus sales are higher during holiday seasons, unique political movements, events and disaster situations; therefore despite a growing demand for print media it is not clear the extent to which this service provider adequately utilized the physical distribution strategies to influence its market share. There is stiff competition among the media service providers and players; the print media is under a threat by the digital media as its market share is shrinking at a margin of 27% daily (Rammile and Nel, 2012); therefore the revenue generated from print media services is decreasing with increasing reverse logistics costs on the unsold newspapers. This trend indicate need for physical distribution logistics strategies to shift focus from building a customer base to adoption of strategies that provide a clear path to growth and profitability. About 49% of Kenyan population do not access the print media, but it is not clear the extent to which this may be attributed to physical distribution strategies. Therefore this study proposes to assess the influence of the physical distribution strategies on the performance of service firms in Kenya with particular interest on Print Media Industry.

1.3 Objectives of the Study

The main objective of the study was to assess the influence of the distribution strategies on the performance of service firms in Kenya with particular interest on Print Media Industry. The study was guided by the following specific objectives:

- i) To establish the transportation logistic strategies adopted by the Bulk Vendors and Agents in the circulation and distribution of Print Media services in south Nyanza region.
- ii) To establish the extent to which the customer service strategies are used by the Bulk Vendors and Agents in the circulation and distribution of Print Media services in south Nyanza region.
- iii) To find out the extent to which reverse logistic strategies influence performance of print media firms in south Nyanza region.

2.1 Theoretical Concepts on Distribution Strategies in the Print Media Industry

Strategic management is defined by Lamb(1984) as an ongoing process that evaluates and controls the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses each strategy regularly to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment new social, financial, and political environment. As a marketing mix element (near product development and management, pricing and promotion policies), distribution policy means a strategic decisions assembly concerning channels management, physical distribution, relationships between business partners: manufacturers, wholesalers, retailers, sales representatives and the like. All these decisions affects not only the marketing costs but the whole organization efficiency and influence the consumers needs satisfaction' level. Because of global changes in business environment, now becoming a strategic imperative for economic organizations to address the management of the distribution function in general and in particular to device a channel strategy which gains them access, coverage, representation in the market place. Initially, physical distribution" terms was used to describe the physical movement of products from their' origin point to the ultimate consumer. Physical distribution concept involves materials and products planning, implementation and physical control, from their origin point to the consuming points, as to satisfying consumer's needs and getting profit for the organization.

Chandler (1962), Selznick (1957), Ansoff (1965) and Drucker (1954) have proved that strategic management is a key resource to pursue competition advantages fifty years ago. Scholars have explained the importance of strategic management from their own angles. The first theory is gaining core competence. Hamel and Prahalad (1990) proposed that it is very important to know core competency of the company, get one or two key things that your company does better than the competition. Kay (1993) improved core competence with value chain. He believed that value adding is the central purpose of all business activities. Companies can seek for competitive advantages and value added by three ways: innovation, reputation, and organizational structure. Based on core competence and other scholars' work, Ries and Trout (1981) clearly proposed the widespread accepted positioning theory. Strategies should not be defined by companies' internal factors but their customers and competition environments. Several research methodologies such as Perceptual mapping, multidimensional scaling, discriminate analysis, factor analysis, conjoint analysis, Preference regression can be used to identify the factors affecting company's competitiveness and competition environment. Porter (1979) combined the core competence theory, value chain theory and position theory effectively. The five forces analyses were widely used to describe competition environment. The Concept of Blue Ocean strategy was introduced to economy field purposely to pursue competitive advantage in the existing market. Kim and Mauborgne (2005) divide the market universe into two parts: red oceans and blue oceans. "Red oceans" is described as all the industries in existence

today which is the known market space. “Blue oceans” refers to all the industries not in existence today which is the unknown market space. In red oceans, the market boundaries is clearly identified, the market space gets crowded, prospect for profits and growth are limited, competition in red oceans turns to be bloody. In contrast, blue oceans are defined as a new space in which market boundaries and industry structure are not given and can be reconstructed. In blue oceans, competition is irrelevant since the rules of the game haven’t been set. Blue ocean strategy has been treated by many scholars as a good strategy for companies to create uncontested market in which competition irrelevant. Dahl (2005) proves that blue ocean strategy is widely used by successful companies. Abraham (2006) suggests that correctly defining the market space of companies help companies find an industry they monopoly in. Madden (2009) compares blue ocean strategy and simply better approach and find Blue Ocean has advantage in identifying a more clearly market since simply better approach is lack of thinking of impacts from consumers’ demands. Sheehan and Vaidyanathan (2009) state that blue ocean strategy enable managers to capture unique value for consumers. The media industry’s market is with unknown market space. The strategies applied today have not exhausted all the markets in Kenya as some parts have not been covered.

Research indicate that there is a mutually reinforcing relationship between Blue Ocean strategy and innovation of strategies for competitive advantage. Colman and Buckley (2005) advise that companies create Blue Ocean through value innovation. Meyer (2005), Kim and Mauborgne (2005) finds that blue ocean strategy help organizations to innovate and bring new products to market. Leavy (2005) proves pursuing blue ocean leads companies to create more value. Sushil (2006) proposes the existence of blue ocean force enterprises to change. Moyer (2006) finds refining and enhancing existing products keeps companies in the existing market. By innovating or even making small changes can bring companies to Blue Ocean where no one else is and build competitive advantages for companies. Morris (2007) demonstrates organizations using blue ocean strategy to meet the challenge of innovation will bring themselves substantially advantages with their innovation.

Some studies of Blue Ocean strategy focus on its impacts on corporate supplying high quality services and products. Lewis (2005) uses blue ocean strategy to define industry and propose its contribution of the competition on the quality of products and services. Yang, Kim and Kim (2007) apply blue ocean strategy in Korean power market and develop the value added services successfully. Chang (2008) does a case study of Samsung Total and find Samsung apply their strategy by developing new products to create new electronics markets in China. Many scholars prove that applying Blue Ocean strategy can make corporate more profitable while improving cost structure. Snell (2008) studies the case of Anheuser-Busch using blue ocean strategy to save their costs. Wanless (2009) studies a case of a bank Pender Financial Group which uses blue ocean strategy to create a new market space and make it more profitable. Some researchers have done some attempts to apply Blue Ocean strategy to some specific industries. Menon (2008) researches Indian software as Service business and suggests companies in the industries to make their services wider. His study contributes a lot to other businesses in the country. Motley (2008) applies blue ocean strategy to bank industry and finds they can reduce costs of operations and increase profits by entering different market segment without competitors. Savage and Brommels (2008) explore how to create a blue ocean for medical education in Sweden. Shen and Zhang (2008), Kim, Yang and Kim (2008) demonstrate that blue ocean strategy help third party logistics strengthen their core competitiveness and lower their costs. Becher (2008) explores the relationship between Chaos Theory, the blue ocean theory and their foundations. Mietnka (2006) proposes the First World can use blue ocean strategy as the way to compete in the global economy. Butler (2008) analyzes the differences of blue ocean strategy formulation between the firms of different size. The channel of distribution is a system that helps in bringing products from manufacturer to final customer; today companies use distribution channels to ensure that their product reach customers at the right time and convenient location. These distribution channels involve intermediary organizations that help in a process to deliver products to end customers; the nation print media is not an exception to this situation. Further, companies use intermediaries to add value to their products and to ensure that these products are closer to target market in terms of tastes and preferences. Therefore; Intermediaries have sales experience, networks and customer skills that offers the company more value than can be achieved by doing everything on their own. Intermediaries play important roles in matching supply with demand by taking on larger quantities of similar goods from producers and breaking them into amounts desired for customers, providing them to customers in right time and location. (Kotler et al. 2008. The print media over time it has provided its customers information at right time and location; this is tied to adoption of strategies that are geared towards success of the business firm. Physical distribution involves planning, implementing and controlling of processes for getting the final product to customers in the right place and at the right time. The focus in marketing logistics is shifted from trying to find the most cost efficient solutions to bring goods to customers; customer-centered logistics focuses on satisfying demand in the market and creating customer value by fast delivery, improved service and reasonable prices. (Kotler et al.2008). Print media channel members adopt distribution strategies with certain roles to ensure in order to manage and control channel conflicts. In conventional marketing system each channel member works independently and seeks to maximize own profits. Therefore there is no certain control system in this channel to solve common conflicts. Conventional marketing system is highly ineffective

and unproductive method; conventional channel gives one intermediary a privilege to control others by use of power and resources. Channels are controlled by authoritative control mechanism, meaning that the most powerful members have the right to control and make decisions. In vertical marketing system, producers, wholesalers and retailers act as an integrated system where members depend on one another and cooperate together for common interests. Vertical marketing has three types of systems corporate, contractual and administered channel. Selling through internet, catalogues and telesales saves costs of maintaining retail stores and utilities and improves speed of delivery and logistics functions within the channel; the question in what is the future of the distribution strategies and their benefits to the customer for print media. Direct distribution gives a company better access to buyers and selling through internet (Kotler et al. 2008).

2.2. Empirical Literature

The traditional publishing landscape has changed decidedly during the past decade. Technological and demographic developments, deregulation and the convergence of different information and communications markets have left an important mark on the configuration of the traditional publishing industry (Wirtz, 2001; Picard, 2003). Not only have these developments pose threats to the industry, but also create new opportunities for publishing companies to engage in profitable new ventures and businesses. While the performance and survival opportunities of traditional publishing companies, in particular the newspaper publishing companies, have been poor over the last decade it is expected that these companies will encounter serious problems to create strategies that will be able to benefit from the forces currently changing the traditional publishing landscape (Picard, 2003). Even if traditional newspaper publishing companies on average have been profitable in the last decades, their real competitive strength has been questioned. It is possible that the publishing company shows sign of above-average performance but do so without having a sustainable competitive advantage. Studies have pointed at the spiral of decline in the traditional publishing industry, in particular newspapers, due to destabilizing force of such factors as new entrants from outside the industry, innovations from existing information and communications companies and changes in customer behaviour.

The term "distribution" is used by many industries to describe the various paths that products take from the manufacturing plant to the end-user. Distribution of printed materials in some cases is similar to the distribution of consumer products. In a simplified workflow, a printer produces the product and delivers it either directly to the customer, to a mail house, to a distribution center, or to the end-user of the product. A majority of the merchandise that is found in Wal-Mart stores goes through a Wal-Mart distribution center first; the firm has the most sophisticated distribution systems among all retailers in the world, the heart of their distribution system is its distribution center (Stone, 1991). Cagle (2003) asserts that mailing capabilities is a value-added bonus service; companies who do not offer transport services will find themselves in an unenviable minority. Heller et al. (2003) suggest that transport service is more important today; such that as the industry continues to evolve, service providers who have not adapted their business models to reflect current industry trends will constantly face price pressure, competition, and commoditization. The capability to offer shipping or delivery, mailing, warehousing and inventory management will become distinctively advantageous.

Kawamoto, (2003) study on "FedEx Kinko 's Effect" observed that one of the biggest developments over the years in terms of supply chain management has been the emergence of vertical systems where one or more vendors act as a unified system. The system integrates successive stages of production and distribution under single ownership and sometimes under one roof (Armstrong & Kotler, 2005). The "FedEx Kinko 's Effect" refers to affirm which offers a range of services from online printing to Wi-Fi access, to provide a total solution to the company's customers. The print media industry is no exception to this as it operates like unified system. This study proposes to look into distribution strategies and their influence on performance of the print media industry.

A study on Cap Gemini Ernst & Young limited a multinational professional services firm in 2002 indicate trends and issues on supply chain, logistics, and transportation analyzed six drivers that are necessary for achieving logistics and supply chain management excellence These drivers include collaboration, optimization, connectivity, execution, speed and visibility are the key components of a successful supply chain. The research indicated that customer demand and technology advances would result in greater visibility and control in supply chain, transportation, and distribution activities. "Print is a medium that must be physically delivered from originator to consumer" (Romano, 2002). Traditionally produced print workflow is from creative to file prep, to plate-making, to production, and to physical distribution. With few exceptions, the entire print run is produced at a single location. Following print and binding, printed materials can be entered directly into one or several distribution channels. Product could be delivered to end-user, warehoused for later distribution, or entered directly into the postal stream. This traditional workflow is the print-then-distribute (Lamparter, 1998; Cost, 2005). These activities include shipping or delivery, warehousing, inventory management, and mailing.

Printing Industry Center research study by Romano (2002) reports that 46% of all printed products are distributed by mail. Major categories include periodicals, catalogs, direct mail, and transaction materials; also, 26%

of all print is distributed through retail locations. Major categories include periodicals, books, packaging, and greeting cards. Then, 6% of all print (primarily newspapers, periodicals, and some books) is distributed through non-store newsstands. The remaining 22% of all print is distributed by other methods, such as home delivery and direct-to-business private services. Although the subject of distribution of print is not one of the most highly published topics in printing industry literature, it is not without its issues and challenges (Cummings & LeMaire, 2005). Some of the key issues and challenges facing today's print service providers in the area of distribution are: first, postal issues for instance in the U.S. Postal Service estimates that about 45% of print volume ends up in the mail. Lack of meaningful postal reform could have dreadful consequences on printers, their suppliers, and customers (Cagle, 2005).

Rising Shipping Costs "the key issue for an industry as highly competitive as ours is how printing companies will deal with rising costs," (Paparazzi, 2004). Rising shipping costs can partially be attributed to two major factors: increase in fuel prices and truck driver shortage. Coping with higher costs of operations including fuel is a challenge for every industry and every company (Kilcarr, 2004). Some shipping firms and carriers have responded by charging more for their services. Rising fuel prices have had a great impact on many industries, including the printing industry that depends on it. Some trucking companies have been forced to increase their prices while others "have simply parked their rigs" (Temple, 2005). In the trucking industry, fuel represents one of the largest operating expenses, roughly 10% to 20% of the cost of doing business. Truck Driver Shortage is another challenge that is contributing to rising shipping cost is the shortage of truck drivers (Kilcarr, 2004). "The long-haul trucking industry is facing a critical shortage of 20,000 drivers, according to the American Trucking Associations (ATA)". The print media in Kenya is not an exception to this problem as the need for drivers for physical distribution of print extends beyond long haulers. Factors contributing to the shortage include the retirement of older drivers and to remain competitive. The cost of distribution can have consequences on the printing and mail industries. The more pieces a customer prints, the lower the production cost; however, there is no postal discount based on volume. For the first time in history, in the year 2002 and continuing in the years after, it sometimes costs more to mail than to print. If the cost of distribution continues to increase at a rate that cannot be sustained, some print buyers will seek alternative means to communicate with end-users (Romano, 2002).

According to Fenez et al. (2009) improved industrial performance is achieved by consumer purchasing a copy, which is dependent on the reader ability, stimulated by the content of the newspaper, plus its availability, navigability and visibility. The global concern of hard paper copy sales came to limelight by the WAN Strategy Report December (2011), World Association of Newspapers Report (2012) that newspapers revenue in 2010 and 2011 was in the free fall from 10.6 to 9.6%, hitting European and American continents hardest followed by Africa and Asia. The main reason is that consumers have begun to assume a more powerful and decisive role in the price charged and content on the copies produced and even determine where to get a copy from (Farris and Ailawadi, 1992). However, the media industry has down played these important factors and is struggling to change the balance of power in their favour by entering into a distribution cartel and increasing the cover price to disadvantage the consumers who now face a double edged sword; price increase not coupled with improved content quality that benefits media companies through monopolistic tendencies. In addition, copy sales may increase and certainly leads to improved financial performance. On the other hand, the current global technological advancement companies such as Google, YouTube and Face book have been able to profit from these developments and captured media time from traditional providers (Fenez et al., 2009). Most studies have addressed media performance in relation to advertising and copy sales, for example the economics of media markets by Dewenter (2003), transition of the news paper industry in the United States by Kirchoff (2010), but none of the studies have covered the dimension of physical distribution strategies for copy sales and their influence on print media service industry performance in Kenya.

The volumes of newspapers that can be sold by Newspaper Company in a given period is driven by the price and content contained in the paper, the level of competition and technology, distribution channels, awareness and branding among others (Kirkwood, 2009). However, researchers such as Taylor, (1997); Linde (2009) and Chisholm, (2006) defined it on the basis of copy units in terms of purchase frequency that affects the company's top line which is a manifestation of a copy, the purchase price and frequency that yields copy sales growth overtime. Linde (2009) argues that cost leadership is a key in obtaining low variable costs and increased copy sales volume, but then managers know that an increase or reduction in price alone does not drive sales. Glynn (2007) states that consumer purchasing behaviour is not merely about price, but it is a combination of such other ingredients like quality, the nearness and awareness of the product that brings a customer closer to making a purchase. To this effect, Bontis et al. (2008) pointed out that dissemination of market intelligence must be done horizontally and vertically so that a company's competence is developed and felt by the public. It is therefore true that for a copy to be sold, an organization has to create a business distribution strategy for its customers such that they ascribe to the firm's qualities that distinguishes it from competitors to foster performance (Castrol et al., 2004). Manufacturers cannot print before the timely news come in and if delivery is

done when commuters have left home for work they miss the copy and may lead to cancellation of subscriptions and hence sales drop (Hunter et al., 1996). For instance in Uganda, a leading paper dropped sales because of late delivery of papers to the market (New Vision Circulation Sales Report, 2011). Limited buyer access to newspapers affects purchase and lowers sales. Free Library.com report (2006) shows that price is not a significant factor in the decision to purchase a newspaper but easy access to newspapers in places like cafes, hair dressers, supermarkets seem to have more of an influence on buying habits than price does. But strategies to improve distribution have been underestimated in the typical marketing plan. Companies should therefore involve their key distributors as partners in developing benchmarks for effective distribution to achieve sales goals. This study seeks to uncover the extent to which the distribution strategies have influenced the performance of print media industry in Kenya.

3.0 Research Methodology

The study adopted a survey design; and conducted in Kisii, Migori, Nyamira and Homa-Bay Counties in Kenya. The study target population was 53 respondents who were directly involved in the operations and physical distribution of print media under nation media group limited particularly in the circulation and distribution department. The study sample size was 53 respondents selected by census sampling technique to achieve the objectives of this study. Structured questionnaire were used for data collection. Quantitative data collected was analyzed using descriptive and inferential statistics. Regression Analysis was used to assess the association of the variables in this study. The regression model below was used;

$$PERF = \beta_0 + \beta_1 TLS + \beta_2 CSS + \beta_3 RLS + e$$

Where: PERF- Performance of the Print Media Industry

TLS- Transport Logistics Strategy

CSS – Customer Service Strategy

RLS – Reverse Logistics Strategy

4.0 Results and Discussion

4.1 Physical Distribution Strategies adopted in the Industry

The study established the physical distribution strategies adopted the vendors and agents in the circulation of print media in south Nyanza region; and the response rate obtained from the field was presented as in table 4.1 below

Table 4.1 Physical Distribution Strategies adopted in the Industry

Physical Distribution Strategy used in the Industry	Yes		No	
	Freq.	% Freq.	Freq.	% Freq.
Transport Logistics Strategy	46	86.7%	7	13.3%
Customer Service Strategy (logistics Services)	48	90.5%	5	9.6%
Reverse Logistics Strategy	23	43.4%	20	37.6%

Source: Field Data (2014)

The response rate in table 4.1 above indicate that customer service strategy(logistics services) 90.5% and transport logistics strategy (86.7%) are the major physical distribution strategies adopted in the print media industry in the region under study; the reverse logistics strategy (43.4%) was not well adopted in the industry as it rated at 43.4% (23) response rate. Business logistics was not an academic subject until the 1960s. A key element of logistics, the trade-off between transport and inventory costs, was formally recognized in economics at least as early as the mid 1880s. Without well developed transportation systems, logistics could not bring its advantages into full play. Besides, a good transport system in logistics activities could provide better logistics efficiency, reduce operation cost, and promote service quality. The improvement of transportation systems needs the effort from both public and private sectors.

A well operated logistics system increase both the competitiveness of the vendors or agents and print media service industry. The study further sought to establish the extent to which the physical distribution strategies adopted are used in the print media industry, the Table 4.2 indicate that transport logistics strategy and customer service strategy have a mean weight of 4.5094 in a 5 point loaded scale; this result show that their use in the industry is of high significance in contributing towards performance of the print media industry. While reverse logistics strategy has a mean weight of 3.9434 in a 5 point loaded scale. Hence the transport logistics strategy and customer service strategy are used to a great extent in the industry to influence performance. The study further sought to establish the correlation between the strategies used and performance of the print media industry in the region. The information obtained from the field was presented as in table 4.3 below.

Table 4.2 Descriptive Statistics physical distribution strategies used in the industry

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
Transport Logistics Strategy	53	2.00	5.00	4.5094	.66860	-1.440	2.556
Reverse Logistics Strategy	53	1.00	5.00	3.9434	1.00795	-.703	-.006
Customer service Strategy	53	2.00	5.00	4.5094	.74994	-1.455	1.490
Performance of print media industry	53	1.00	3.00	2.5472	.66697	-1.189	.236
Valid N (list wise)	53						

Table 4.3 Correlations of Physical Distribution strategies and performance of Print Media Industry

		Transport Logistics Strategy	Customer service Strategy	Reverse Logistics Strategy	Performance of print media industry
Transport Logistics Strategy	Pearson Correlation	1			
	Sig. (2-tailed)				
Customer service Strategy	Pearson Correlation	.892**	1		
	Sig. (2-tailed)	.000			
Reverse Logistics Strategy	Pearson Correlation	.871**	.878**	1	
	Sig. (2-tailed)	.000	.000		
Performance of print media industry	Pearson Correlation	.872**	.970**	.877**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	53	53	53	53

** . Correlation is significant at the 0.01 level (2-tailed).

The results in table 4.3 show that there is a strong and positive correlation of the physical distribution strategies and performance of the print media industry. The results concur with information in table 4.5 that customer service strategy and transport logistics strategy have significant influence on the performance of the industry; their correlation is almost perfect; when the correlation is greater than 0.7 it indicates almost a perfect relationship of the variables under investigation. The study sought to find out the extent to which the independent variables explain the variation in dependent variable in this study. The results obtained are shown in table 4.4

Table 4.4 Model Summary Physical Distribution Strategies and Performance in the Industry

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.971 ^a	.943	.940	.16355

a. Predictors: (Constant), Reverse Logistics Strategy, Transport Logistics Strategy , Customer service Strategy

b. Dependent Variable: Performance of print media industry

The result show a strong correlation between physical distribution strategies and performance of print media industry(R= 0.971^a). The independent variable (regressors can account for the variation in terms of performance of the industry upto 94.3% (R² = 0.943). The study sought to establish the significant level of the variable in this study; the ANOVA results are presented in table 4.5 below

Table 4.5 ANOVA^b Physical Distribution Strategies and Performance in the Industry

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	21.821	3	7.274	271.918	.000 ^a
	Residual	1.311	49	.027		
	Total	23.132	52			

a. Predictors: (Constant), Reverse Logistics Strategy, Transport Logistics Strategy , Customer service Strategy

b. Dependent Variable: Performance of print media industry

The information in table 4.5 indicate that there is a significant relationship between the predictors (independent variables) and the dependent variable (F= 271.918; p<0.05).The study results show that physical distribution strategies influence performance and this relationship is presented as in table 4.6 below.

Table 4.6 Coefficients Physical Distribution Strategies and Performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
	B	Std. Error	Beta			
1 (Constant)	-1.230	.185		-6.642	.000	
Transport Logistics Strategy	-.011	.082	-.011	-.134	.894	5.839
Customer service Strategy	.784	.075	.882	10.441	.000	6.165
Reverse Logistics Strategy	.074	.052	.112	1.435	.158	5.246

a. Dependent Variable: Performance of print media industry

Table 4.6 indicate that customer service strategy has a positive contribution to the performance of the print media industry; and their Variance Inflation factor (VIF) is greater than 1.0 indicating that multi-colinearity does not exist. Therefore the vendors and agents in the print media industry must maximize customer service strategy to increase performance as in this industry transportation of the news print is not a problem as compared to finding a willing customer ready and able to purchase the print media service.

$$\text{Performance} = -1.230 - 0.011 \text{ TLS} + 0.784 \text{ CSS} + 0.074 \text{ RLS}$$

Where: TLS- Transport Logistics Strategy
 CSS – Customer Service Strategy
 RLS – Reverse Logistics Strategy

5.1 Conclusion

From the findings of the study it is clear that customer service strategy and transport logistics strategy were the major physical distribution strategies adopted in the industry by the Bulk Vendors and Agents in the circulation and distribution of Print Media services in south Nyanza region. Therefore it can be concluded that customer service and transport logistics strategies be optimized in terms of their use in the industry. The study findings indicate that customer service strategy and transport logistics strategy were used to great extent and had a mean weight of 4.5094 in a 5 point loaded scale showing that their use in the industry was of high significance in contributing towards performance of the print media industry. Print media industry agents and vendors must maximize use of customer service and transport logistics strategies. Study findings reveal that physical distribution strategies influence performance of print media firms in south Nyanza region, there exist a strong and positive correlation between physical distribution strategies and performance of the print media industry ($R = 0.971^a$; and $R^2 = 0.943$). Therefore physical distribution strategies be oriented in a better way to maximize performance. The ANOVA results on relationship between physical distribution strategies used by the Bulk Vendors and Agents in the circulation and distribution and performance of Print Media Industry in south Nyanza region indicate a significant relationship between the predictors (independent variables) and the dependent variable ($F = 271.918$; $p < 0.05$); hence increase in use of physical distribution strategies causes a positive increase in performance of the print media industry in the area under study.

5.2 Recommendations

The study recommends that vendors and agents in the circulation and distribution of print media be trained on customer service strategy and transport logistics strategy to boost performance of print media industry services in south Nyanza region, in the four Counties in Kenya.

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