The Impact of Distribution (Place) Strategies on the Growth of Local Sales among Tea Manufacturers in Kenya

Humphrey M. Mwangi[1], Prof. Lily Njanja[2], Dr. Hellen Mugambi[3]
St. Paul's University

Abstract

This study examined the impact of place (distribution) strategies on the growth of local sales among tea manufacturers in Kenya. Tea contributes 23% of the country's foreign exchange earnings and supports livelihood of over 600,000 smallholder farmers and five million Kenyans along the value chain. According to Omari (2015), Kenya exports over 90% of the total tea production leaving less than 10% for domestic market sales which exposes tea manufacturers and small-scale farmers to worldwide price fluctuations, unlike other leading tea-producing nations. Strengthening the local market sales is important economic resilience and long-term sustainability. The study focused on three distribution (place) strategies; intensive distribution, selective distribution, and exclusive distribution. This study is anchored on the Product Life Cycle concept (PLC). The study adopted a positivist paradigm, a descriptive survey design with a quantitative approach. The target population comprised 319 tea manufacturers registered with the Tea Board of Kenya, comprising 221 tea packers and 98 tea factories. A sample size of 175 was obtained using the Krejcie and Morgan (1970) table. This study used proportional stratified random sampling to ensure equal presentation from the sub-populations. Self-administered questionnaires were used to collect primary data. Data analysis was conducted using SPSS. To analyse impact of distribution (place) strategies on growth of local sales among tea manufacturers in Kenya simple linear regression was used and multiple linear used to test combined effect of intensive strategy, selective strategy and exclusive strategy. The study's outcome indicated that distribution (place) strategies have a significant influence on growth of local sales among tea manufacturers in Kenya (β = 0.913, t = 7.687, p < 0.05). The findings indicated place (distribution) strategies collectively explained 45.1% of the variance in the growth of local tea sales. The omnibus F-test confirmed that the set of predictors significantly improves prediction beyond the intercept alone (F (3, 114) = 31.262, p < 0.001), indicating distribution (place) is an important determinant of local sales. The study concludes that widespread adoption of distribution strategies, particularly the use of intensive and selective approaches, highlights a strategic inclination toward maximizing market reach while maintaining operational control.

1.0 Introduction

Place strategies, also referred to as distribution, concentrate on the physical delivery of products and services to clients. This may be via intermediaries, such as wholesalers and retailers, or directly to clients through the company's salesforce (Hooley et al., 2017). Place strategies are actualised through distribution channels, which consist of a network of individuals or businesses, such as distributors, retailers, and wholesalers (Thabit & Raewf, 2018). Manufacturers choose whether to

utilize all distribution channels or select specific ones. Distribution may be based on three distinct strategies: intensive distribution (firms aim to have products in mass outlets to enhance availability and sales), selective distribution (firm opts to distribute its products through a limited and carefully managed network of distributors, retailers and wholesalers), and exclusive distribution (firm grants exclusive rights to a single distributor to distribute its products within an established geographic region). Suryati and Lusiah (2022) state that distribution channels have a partial effect on sales volume, meaning that when distribution channels are good, sales improve all the time. Tang and Hagos (2020) state that distribution channels encompass warehouse facilities, location, transportation modes, logistics, accumulation, and inventory management. Ubeja and Jain (2013) tea is the second most consumed non-alcoholic beverage globally, after water. Hence, it requires tea manufacturers in Kenya to evaluate the most effective distribution strategies in the local market to boost sales growth.

Growth can be qualitative or quantitative improvements in organisations. Quantitative growth involves the increase of current output, product diversity, sales income, resources, and investment levels. Qualitative growth pertains to the improvement of a firm's quality features (Durmaz et al., 2015). Tea manufacturers in Kenya need to assess the most efficient distribution strategies in the local market to enhance sales growth, alongside the execution of other marketing strategies.

1.2 Tea Manufacturing Firms in Kenya

Global tea production is valued at USD 17 billion annually. World tea trade is estimated to be USD 9.5 billion. It is a major foreign exchange earner for tea-producing nations (UNITAD, 2019). FAO (2022) states that smallholder farmers in tea-producing nations contribute 60% of global production. Tea is source of employment in rural areas and empowers communities and households to attain food security. The top tea producing countries and percentage contributions are: China 49.6%, India 20.7%, Kenya 8.5%, Turkiye 3.9% and Sri Lanka 3.8%. Kenya is remains the leading global tea exporter.

The main challenge facing Kenya's tea sector is periodic volatility of global auction prices, that occasionally exerts pressure on the incomes of manufacturers and by extension smallholder farmers. The main challenge facing Kenya's tea sector is periodic volatility of global auction prices, that occasionally exerts pressure on the incomes of manufacturers and by extension

smallholder farmers. This is attributed to erratic global tea demand, fluctuations in tea production volumes, shifting weather patterns, fluctuating in foreign exchange rates, and political instability in several major tea importing nations.

1.3 Statement of the Problem

Tea plays a significant role in Kenya's socio-economic development, contributing approximately 23% of the country's total foreign exchange earnings. The tea industry supports the livelihoods of over 600,000 smallholder farmers and five million Kenyans along the value chain, according to the Ministry of Agriculture, Livestock (MOALF, 2020). In 2024, Kenya's tea industry earned KES181.69 billion in export earnings and KES18.0 billion from local tea sales. These earnings were from sales of 594.50 million kilograms of tea exported and 37.5 million kilograms sold in the local market (TBK, 2024). This translates to KES 305.6 per kilogram for export sales and KES 480.00 per kilogram for sales in the local market. The sales trend has been the same for the previous years. MOALF (2016) indicate that a government task force was mandated to review emerging challenges in Kenya's tea industry and propose remedial measures. The task force observed that domestic sales are relatively low compared to other main tea-producing countries. This trend was attributed to low tea consumption per capita, lack of product awareness, minimum market knowledge and promotions. This task force recommended that tea manufacturers should create awareness of tea products through intensive promotions, product diversification and value addition. In 2023, Kenya's tea consumption per capita was reported to be 0.690 Kgs compared to 0.720 Kgs in 2016, while for other major tea-producing countries, like China's consumption per capita in 2023 was 1.94 Kgs, India's 0.820 Kgs, Turkiye's 3.10 Kgs and Sri Lanka's 1.25 Kgs (ITC, 2024).

It is critical to sustain and expand the tea export business, however there is need for a more focused strategy by tea manufacturers aimed at growth of local tea sales. This would assist in consistency and stability in tea earnings. This would provide some protection during fluctuations and uncertainties in the global tea market, hence the need to study how distribution (place) strategies influence growth of local sales. This study focuses on distribution (place) strategies of intensive, exclusive and selective. Growth of local sales would put Kenya at parity with other major tea producing countries like China and India, who sell most of their tea in own local markets.

Prior investigations on tea marketing in Kenya have focused on the expansion of export markets through various strategies and methodologies, disregarding growth of local sales. This study focused on unexplored area on influence of marketing strategies on growth of local sales among Kenya tea manufacturers. No known investigation has statistically analysed the direct influence of specific distribution strategies—namely intensive, exclusive and selective on growth of local sales for tea manufacturers in Kenya.

1.4 Research Objective

The broad objective of this study was to analyse impact of distribution (place) strategies on growth of local sales among tea manufacturers in Kenya and more specifically, intensive distribution strategy, selective distribution strategy and exclusive distribution strategy.

2.0 Theoretical Framework

2.1 Product Life Cycle Theory

The product life cycle concept (PLC) is traced to Joel Dean in 1950. The concept of product life cycle initially focused on the desire to produce an articulate outline that determines the success or failure of new products in the market. Dean (1950), maintained that the duration of PLC phases is dependent on the rate of technical change, ease of competitive entry and rate of market acceptance. Previous studies document four stages of the product life cycle, namely: introduction, growth, maturity and decline. Levitt (1965), indicates products have a life cycle, which is represented graphically in a bell-shaped curve describing sales volume of a product over a period. Sales, volume and profitability of the product change from stage to stage as it moves through the different stages of its life cycle.

The first stage of the product life-cycle starts with the introduction of a product into the market, and commercial production has begun. Sales volume for the product is low and grows gradually with insignificant profitability to the firm. During this time, sales volume must be created through advertising and sales promotion strategies for growth. Competition is low, prices are high, markets are modest, and product innovation little. Sales growth is poor due to low awareness and product availability in the market. The second stage is market growth, where sales volumes for the product begin to grow and the market size expands rapidly. Prasad and Verma (2019) state that potential competitors start launching competing products. Brand differentiation begins at this stage, and the

innovating firm switches its marketing strategies to building preference for its brand over competition (Levitt, 1965). Growth in sales volumes leads to expansion of the distribution network to facilitate market penetration through reduction in price and different packaging.

In the third stage, the maturity stage, awareness increases as the rate of advertising increases over time in the market, and sales volume growth continues at a diminishing rate due to the declining number of potential customers. Price undercutting becomes intense, finer product differentiations, promotions and customer services for retention and brand preference. The fourth and final stage is decline, where firms are not able to endure the competitive storm. Products reach a stage of declining sales due to competition from better products or substitutes. Some of the firm's initiatives include tactics like mergers, buy-outs and steep price-cutting. Customers are less attracted to product offerings which are rebranded through slight styling and fashion elements hence such products gradually disappear in the market (Levitt, 1965).

Challenges with the PLC theory include questions into the predictability, the sequences of phases and vagueness of their borderlines. The PLC does not bring out the difference between product form, product class and a brand, its definition of a 'product' is vague. The term product refers to products of the whole industry and not a product brand (Cao & Folan, 2012). PLC theory is not able to predict behaviour of a brand which is the unit of analysis that is of most concern to managers (Osland, 1991). Some critics indicated that not all products evolve through the four stages of PLC, whist others have proposed that the product's life can be rejuvenated after the decline, thereby giving a second curve (Cao & Folan, 2012).

PLC concept supports this study since marketing strategies evolve during the different stages of PLC to support growth. In the first stage introduction, manufacturers mainly focus on promotion strategies to generate product awareness and encourage product trial usage for growth. Product prices are normally high since there are minimal competitors. Product distribution is not a priority as manufacturers confine to essential channels hence firms may use selective and selective distribution strategy. This assists in controlling elevated costs, constrained production, and gradual initial acceptance. In the second stage of growth, more competitors come into the market. Manufacturers concentrate on optimising market share through volume growth and building brand loyalty from product differentiation, branding and improved packaging. Prices may be lower due to competition. Promotion and positioning strategies support brand differentiation from

competition. The distribution strategy transitions to intensive where firms optimise on market coverage to satisfy surging demand and inhibit competitor growth.

In the third stage of maturity, manufacturers will shift strategies towards preserving market share, countering competition, and optimise profit through growth. In this stage, manufacturers will continue with positioning strategy and promotion strategy. Price undercutting is intense due to competition. There is finer product branding to achieve differentiation. The distribution strategy remains intense, with emphasis transiting to efficiency, cost management, and building customer relationships. In the final stage, sales volumes start declining and manufacturers develop a new product or merge with competitors. The distribution strategy is mainly selective as distribution is progressively reduced, eliminating unprofitable outlets to decrease expenses prior to withdrawal.

This study undertakes to analyse impact of distribution (place) strategies on growth of local sales among tea. The concept was selected as it essentially determines the viable distribution alternatives and anticipated sales growth rate. It monitors growth over time across several product phases. The concept also advocates that each product stage necessitates a distinct set of distribution strategic reactions, hence need for evolving distribution strategy in the different product stages for growth.

2.2 Empirical Review

Ajegetina (2015) carried out a study evaluating the distribution strategies of Ghanaian beverage firms and its effect on performance: A focus on Guinness Ghana Breweries Limited (GGBL). The study was descriptive and targeted distribution and management staff. Participants were chosen using purposive sampling. Primary data was collected using an interview guide and structured questionnaire. Ajegetina (2015) indicates that key distributors sell Guinness Ghana Breweries Limited products to micro distributors, wholesalers, and retailers. The study concluded that distribution strategy positively influenced sales performance, volume and profits. Participant selection by purposive sampling may have biased this study.

Muchiri (2016) carried out a case study on the effectiveness of marketing mix strategies on the performance of Kenol Kobil Limited. Primary data was gathered through interviews with a structured guide. The target population was senior managers contributing to marketing strategy formulation, implementation and evaluation. Muchiri (2016) states that Kenol Kobil Limited have different pricing strategies, which include: formula based pricing strategy, fixed pricing and price

leadership strategy. Kenol Kobil Limited adopts three main distribution strategies. First strategy, commercial products are sold directly to the customers. Second strategy, where petrol station products are supplied to retailers before final delivery to consumers. The third strategy is where lubricant products are delivered to wholesalers, then retailers and finally to customers. On the physical presence strategy, the company operates in six countries, namely Uganda, Kenya, Burundi, Rwanda, Ethiopia and Zambia, with over 400 petrol stations. Muchiri (2016) concluded that Kenol Kobil Limited uses distribution strategies leading to efficient product delivery to customers, thus improving the performance of the organisation.

Kitetu (2018) investigated the impact of distribution strategies on the competitive advantage of alcoholic beverage firms. The research used descriptive survey design. Data was collected from the alcoholic beverage firms in Nairobi, Kenya using semi-structured questionnaires from managers in sales and marketing departments of the organizations. The study noted that the wholesalers, retailers, brokers and agents preferred to sell directly to customers. The study concluded that distribution strategies have a statistically significant impact on the competitive advantage of alcoholic beverage companies in Nairobi County. The study recommends the adoption of diversification strategies such as franchising and building the capacity of distributors and wholesalers to maximize the firm's competitive edge.

Wambua and Mwanzia (2020) examined the impact of distribution on sales performance of vehicle entertainment distributors in Nairobi-Kenya. The descriptive research design was applied to analyse the quantitative data collected using structured questionnaires. The findings revealed that that distribution strategies boost sales performance in the vehicle entertainment sector. Firms ought to prioritise resource allocation for the implementation of distribution strategy to boost performance.

Tsey et al. (2023) explored the influence of distribution channel strategies on consumer selection of fast-moving consumer goods (FMCG) among Ghanaian firms, a case of Unilever Ghana Limited. The quantitative research approach was employed in the study utilizing primary data captured using self-administered questionnaires. Th e study analysed the distribution networks, sales techniques and setbacks experienced by Unilever employees and customers in the Upper East Region of Ghana. The sample was derived using simple random sampling and purposive sampling

techniques. The study concluded that distribution strategies promote customer satisfaction and effective sales in the retail industry.

Okhonjo et al. (2024) studied the effect of place strategy on sales performance among pharmaceutical manufacturing firms within Nairobi County, Kenya. The study applied the descriptive research design. The target respondents from 20 pharmaceutical manufacturing companies were identified using both simple random sampling and purposive procedures. The study established that the implementation of place strategy, constituting effective distribution networks, logistics, and the strategic positioning of sales points, positively translates to sales performance among pharmaceutical firms in the region. Enhancing place strategy is essential for elevating sales performance and competitiveness within the pharmaceutical manufacturing sector in Nairobi County, Kenya (Okhonjo et al., 2024). The study focuses solely on Nairobi County, which may limit the generalization of the outcome.

3.0 Research Methodology

This study utilized the positivist research philosophy and adopts descriptive design survey with a quantitative data approach. The population of this study were entities in the tea industry. The target population was Kenya's tea manufacturers as it is expected they have the relevant and accurate information needed for the study. Target population comprised 319 manufacturers registered by Tea Board of Kenya and comprised 221 tea packers and 98 tea factories. The study primarily selected top management as respondents from the tea manufacturer, since they are more knowledgeable about strategic issues and hold strategic roles in the firms. Krejcie and Morgan's (1970) table was used to calculate the ideal sample size of 175 from the target population. Proportionate stratified random sampling technique was applied to ensure a representative sample from each sub population of tea packers and factories. The sample comprised of 121 tea packers and 54 tea factories. Primary data was collected through structured questionnaire using a five-point Likert scale, where 5 represents strongly agree, 4 signifies agree, 3 indicated neither agree nor disagree, 2 denoted disagree, and 1 reflected strongly disagree.

The pilot study, selects participants from the target population and replicates the designed procedures for data collection (Cooper & Schindler, 2014). They establish content validity which ascertain the internal consistency of the research instrument, improve the questionnaire questions, format, and instructions. For this study, a pilot test was carried out to ascertain the reliability and

validity of the data collection instrument using 10 participants. It was subjected to 5 subjects from the tea factories and another 5 subjects from tea packers. The subjects that participated in the pilot study were not factored into the final study.

4.0 Research Results

Overall response rate was 80.0 %. The percentages for packers and factories were 79.3 percent and 81.5 percent, respectively. 95.7% of the respondents indicated that their organizations had a distribution strategy, whereas 4.3% indicated that they were not sure about a distribution strategy in their firms.

4.1.1 Distribution Strategies Applied in the Local Market

The study enquired into the distribution strategies that tea manufacturers applied in the local market. The findings are summarized below.

Distribution Strategies Applied in the Local Market

Distribution Strategies	Frequency	Percent
Intensive Strategy (Mass market distribution)	45	32.1
Selective Strategy (Distribution through a few chosen customers)	17	12.1
Intensive Strategy & Selective Strategy	58	41.4
Intensive Strategy & Exclusive Strategy	2	1.4
Intensive Strategy, Selective Strategy & Exclusive Strategy	18	12.9
Total	**140**	**100.0**

Source: Study Data (2025)

The findings above reveal the distribution strategies applied by tea manufacturers in the local market. A majority of the respondents, 41.4 %, indicated that their firms used a combination of both intensive and selective strategies. This suggests that many tea manufacturers aim to reach many customers while still maintaining some level of control over where and how their products are sold. Additionally, 32.1% of the respondents reported using an intensive strategy alone, indicating a significant focus on mass market distribution to maximize product availability. A smaller proportion, 12.9 % employed all three strategies (intensive, selective, and exclusive) demonstrating a highly diversified distribution approach. Meanwhile, 12.1% used only a selective

strategy, and just 1.4% combined intensive and exclusive strategies. These findings highlight a preference for flexible and multi-channel place strategies among tea manufacturers in the local market.

4.1.2 Implementation of Intensive Strategy

The channels that were applied by tea manufacturers to implement their intensive distribution strategies were examined. The findings are presented below:

Implementation of Intensive Strategy

Intensive Strategy Channels	Frequency	Percent
Distributors	1	.8
Wholesalers	2	1.6
Direct Selling	2	1.6
Agents	1	.8
Distributors & Wholesalers	6	4.8
Wholesalers & Retailers	26	20.8
Retailers & Direct Selling	1	.8
Distributors, Wholesalers & Retailers	13	10.4
Distributors, Wholesalers & Direct Selling	1	.8
Wholesalers, Retailers & Direct Selling	32	25.6
Wholesalers, Retailers & Factory Shops	6	4.8
Distributors, Wholesalers, Retailers & Direct Selling	34	27.2
Total	125	100.0

Source: Study Data (2025)

According to the results above, tea manufacturers use multi-channel approaches to distribute their products. The most common strategy, employed combined distributors, wholesalers, retailers, and direct selling (27.2%). This was closely followed by a strategy combining wholesalers, retailers,

and direct selling (25.6%). The results reiterate a preference for hybrid distribution systems that leverage multiple supply chain actors to maximize market reach.

Majority of the participants, 20.8% adopted a strategy involving both retailers and retailers, implying that most manufacturers leverage on these two intermediaries for effective market penetration. On the other hand, 10.4% combined distributors, retailers and wholesalers, while 4.8% depended on distributors and wholesalers or wholesalers and factory shops reflecting efforts to diversify distribution channels to reach various market segments.

The results also show that very few tea manufacturers depend on single-channel strategies. From the findings, only 0.8% use a single distribution strategy such as distributors, agents, or a combination of retailers and direct selling. It is therefore evident that tea manufacturers prioritize broad and flexible distribution networks, integrating traditional intermediaries with direct-to-customer models to remain competitive. The results are in tandem with Ajegetina (2015) who concluded in a study focussing alcoholic beverage firms in Ghana that products are disseminated by primary distributors, wholesalers, and retailers prior to reaching consumers to boost sales performance with effective distribution guaranteeing timely delivery to consumers. Similarly, Ajegetina (2015) concluded that Guiness Ghana Breweries Limited indirect distribution approach influenced its sales performance to a large extent.

4.1.3. Implementation of Selective Strategy

The study investigated the channels that were applied by tea manufacturers to implement their intensive distribution strategies. The findings are provided below.

Implementation of Selective Strategy

Selective Strategy Channels	Frequency	Percent
Distributors	18	18.8
Wholesalers	5	5.2
Direct Selling	2	2.1
Factory Shop	2	2.1
Agents	3	3.1
Distributors & Wholesalers	5	5.2

Wholesalers & Retailers	39	40.6
Retailers & Direct Selling	4	4.2
Retailers & Agents	1	1.0
Direct Selling & Agents	3	3.1
Factory Shop & Agents	4	4.2
Distributors, Wholesalers & Retailers	2	2.1
Wholesalers, Retailers & Direct Selling	1	1.0
Wholesalers, Retailers & Factory Shops	5	5.2
Wholesalers, Direct Selling, Factory Shop & Agents	2	2.1
Total	**96**	**100.0**

Source: Study Data (2025)

The study results indicate implementation of the selective distribution strategy across different channel combinations used by tea manufacturers. The most common combination observed is Wholesalers and retailers. It accounts for 40.6% of the responses. This indicates a preference for targeting established intermediaries and end-point sellers in order to reach a broad market while maintaining some control over the distribution process. It also suggests that many firms balance efficiency with selectivity by working with both wholesale distributors and retail outlets.

The findings indicate that among the standalone channels, distributors were the most frequently used, representing 18.8% of the total. This shows that some firms rely solely on specialized distribution partners to handle product movement, possibly due to their wider reach, logistical infrastructure, or market knowledge. In contrast, channels like direct selling, factory shops, and agents were each used in isolation by only a small percentage of firms (2.1% to 3.1%), highlighting their limited role as exclusive distribution routes. These choices might reflect resource limitations that restrict broader engagement with multiple channels.

The rest of the responses were scattered across various multi-channel combinations, each accounting for a small percentage (1.0% to 5.2%). These findings point to a tailored approach among some tea manufacturers, where combining two or more channels (such as Distributors &

Wholesalers; Wholesalers, Retailers & Factory Shop; Factory Shop & Agents) allows for greater market penetration and flexibility. However, the relatively low percentages of these mixed strategies suggest they are either emerging practices or employed by smaller, more adaptive tea manufacturers. Overall, while most tea manufacturers implement selective strategies, they tend to gravitate towards predictable, moderately complex channel configurations. The findings align with a study by Muchiri (2016), who carried out a case study on the effectiveness of marketing mix strategies on the performance of Kenol Kobil Limited. Kenol Kobil Limited has adopted three distribution strategies; commercial products directly to the customers, petrol is supplied to retailers before final delivery to consumers and lubricants products are delivered to wholesalers, then retailers and finally to customers. Muchiri (2016) concludes that Kenol Kobil Limited uses distribution strategies leading to efficient product delivery to customers, thus improving the performance of the organisation.

4.1.4 Implementation of Exclusive Strategy

The study explored the channels that were applied by tea manufacturers to implement their exclusive distribution strategies. The findings are provided below.

Implementation of Exclusive Strategy

Exclusive Strategy Channels	Frequency	Percent
Distributors	18	85.7
Agents	1	4.8
Distributors & Wholesalers	2	9.5
Total	**21**	**100.0**

Source: Study Data (2025)

The results above show that most participants, 85.7%, stated that their tea manufacturers implement an exclusive distribution strategy through distributors, suggesting a bias towards adopting single intermediary channels to maintain competitive edge with respect to product and market placement. A small proportion 4.8% used agents, indicating limited reliance on

commission-based intermediaries. Further, 9.5% of the participants indicated that tea manufacturers blended distributors and wholesalers, precisely to expand reach while retaining some level of exclusivity. The results suggest high dependence on distributors in executing solid distribution strategies.

4.1.5 Place Strategies and Local Sales

The study sought to examine the effect of place strategies in boosting local tea sales. Different factors relating to place distribution strategies were presented to the respondent. The statements were rated in a five point-Likert of 1-Strongly Disagree, 2-Disagree, 3- Moderate, 4-Agree, 5-Strongly Agree. The findings were as shown in the Table below:

Place Strategies and Local Sales

Items	Mean	Std. Deviation
Kenyan tea manufacturers use the intensive strategy to influence the growth of local sales amongst themselves.	4.57	.538
The use of a selective strategy by tea manufacturers influences the growth of local sales amongst themselves.	3.72	.982
Exclusive strategy influences the growth of local sales among tea manufacturers in Kenya.	2.62	.885
Place strategies influence the growth of local sales among tea manufacturers in Kenya.	4.67	.809
Variable aggregate	**3.90**	**0.804**

Source: Study Data (2025)

From the results above, majority of the respondents agree that place strategies influence the growth of local sales among tea manufacturers (M-4.67, SD-0.809). There was also consensus among majority of the respondents that Kenyan tea manufacturers use the intensive strategy to influence local tea sales growth among themselves. Similarly, a substantive number agreed that the use if a selective strategy by tea manufacturers influences the growth of local tea sales amongst themselves. On the contrary, most disagree that exclusive strategy influences the growth of local tea sales among Kenyan tea manufacturers. The overall mean of 3.90 suggests

an overall positive perception towards place strategies in driving local sales' growth among tea manufacturers in Kenya.

The study's findings align with previous empirical studies such as; Thabit and Raewf (2018) who reported that distribution channels are crucial for delivering products to the target market promptly, hence significantly enhancing organization's performance. Similarly, Kitetu (2018) observed that wholesalers, brokers, retailers and agents preferred to sell directly to customers and that distribution strategies have a significant effect on competitive advantage of alcoholic beverage firms. Wambua and Mwanzia (2020) carried out a study on the influence of distribution on sales performance of vehicle entertainment distributors in Nairobi-Kenya. The study indicated that distribution strategies are crucial for sales performance in the vehicle entertainment sector and recommended prioritizing resource allocation for distribution strategy implementation and understanding market trends to improve performance. From the findings of this study, tea manufacturers in Kenya need to critically evaluate the most effective distribution strategies to stimulate sales growth. However, this study's outcome contradicted Mbatia (2015) who sought to study effect of marketing strategies on sales performance of Heineken brand in Nairobi CBD, where distribution strategy was found to have a negligible impact on the performance of the Heineken brand.

4.2 Influence of Place Strategies on Growth of Local Sales

The broad objective of this study was to analyse impact of distribution (place) strategies on growth of local sales among tea manufacturers in Kenya. The study sought to accomplish this objective by conducting a simple linear regression model. The model was fitted accordingly, and results tabulated below, which encompass the correlation coefficient (R), R-squared, and the standard error of the estimate. The results of the ANOVA and the significance of the coefficients are presented as well.

Regression Model for Place Strategies on Growth of Local Sales

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.548a	.300	.295	.68470

a. Predictors: (Constant), Place Strategies

ANOVAᵃ

	Sum of Squares	df	Mean Square	F	Sig.
Regression	27.704	1	27.704	59.095	.000b
Residual	64.696	138	.469		
Total	92.400	139			

a. Dependent Variable: Local Sales

b. Predictors: (Constant), Place Strategies

Coefficientsᵃ

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	-1.757	.466		-3.768	.000
Place Strategies	.913	.119	.548	7.687	.000

a. Dependent Variable: Local Sales

Source: Study Data (2025)

This study's findings above show a significant relationship between place strategies and the growth of local sales. The model summary indicates an R Square value of 0.300, meaning that 30 % of the variance in local sales is explained by place strategies. This is a moderate level of explanatory power, suggesting that place strategies play a meaningful role in influencing local sales, though other factors also contribute. The adjusted R Square of 0.295 supports this interpretation by accounting for the number of predictors in the model, reinforcing the model's reliability.

The ANOVA results further confirm the model's overall significance, with an F-statistic of 59.095 and a p-value of .000, which is well below the conventional threshold of 0.05. This implies that the regression model provides a significantly better fit to the data than a model with no predictors. Essentially, it indicates that the observed relationship between place strategies and local sales did not occur by chance and is statistically significant.

The findings of the coefficients indicate that the unstandardized coefficient for place strategies

is 0.913, indicating that a one-unit increase in the effectiveness or implementation of place strategies is associated with a 0.913-unit increase in local sales. The associated t-value of 7.687 and a p-value of .000 signify a highly significant predictor. The negative constant (-1.757) suggests that in the absence of place strategies, local sales would be negative, reinforcing the importance of implementing distribution strategies to achieve growth. From the simple linear regression, place strategies have a significant influence on growth of local sales among tea manufacturers in Kenya ($\beta = 0.913$, t = 7.687, p < 0.05). The overall, the findings highlight substantial influence of place strategies in enhancing local tea sales.

Given the strong association between place strategies and local sales growth, distribution choices matter because they convert latent demand into actual purchases by shaping availability, visibility, and service quality at the point of sale. The study considered three distribution strategies which were intensive strategy, selective strategy and exclusive strategy. Intensive distribution is most effective for frequently purchased, low involvement categories such as mainstream teas, since wide outlet coverage reduces search costs, prevents stock outs, and captures impulse purchases. Selective distribution performs better when differentiation rests on merchandising discipline, trained staff, and controlled pricing, for example value added blends or higher margin packs, because concentrating volume in capable retailers secures display compliance and fresher inventory.

Exclusive distribution suits premium or provenance-led offerings that require strict brand stewardship and experiential selling, where a single committed partner can invest in after-sales support and curated presentation. The effectiveness of each of these strategies varies with infrastructure quality, including road conditions, warehousing reliability, and integrity that influence lead time variability and service levels. Customer accessibility also shapes performance through outlet proximity to dense settlements, the mix of modern trade and informal kiosks, and the presence of mobile money or agent networks that ease payment and credit. Regional demand patterns further drive variability, since urban income pockets, tourist corridors, and local consumption customs determine the optimal outlet mix and route design. The implication is that managers should therefore match channel intensity to product role and micro market conditions, deploy granular route to market analytics at ward or sub-county level, and flex coverage by stock keeping unit to protect brand positioning while maximising reach and customer retention.

The study's findings validate the product life cycle (PLC) traced to Joel Dean in 1950. The product life cycle concept originally aimed to create a clear framework that assesses the success or failure of new products in the marketplace. Levitt (1965) indicates products have a life cycle, which is represented graphically in a bell-shaped curve describing sales volume of a product over a period. Sales, volume and profitability of the product change from stage to stage as it moves through the different stages of its life cycle. The product stages evolve through introduction, growth, maturity and decline. This model determines the viable distribution alternatives and anticipated sales growth rate. It also advocates that each product stage requires a distinct set of distribution strategic reactions to support growth. From this study, the majority of the respondents, 95.7% indicated that their tea manufacturers had a distribution strategy. From the descriptive analysis, respondents agreed that place strategies influence the growth of local sales among tea manufacturers in Kenya, with a mean score of 4.67 (SD = 0.809). In addition, the simple linear regression model indicated that place strategies have a significant influence on the growth of local sales among tea manufacturers in Kenya ($\beta = 0.913$, $t = 7.687$, $p < 0.05$).

4.4 Heteroscedasticity of Regression Residuals of Place Strategies on local tea sales
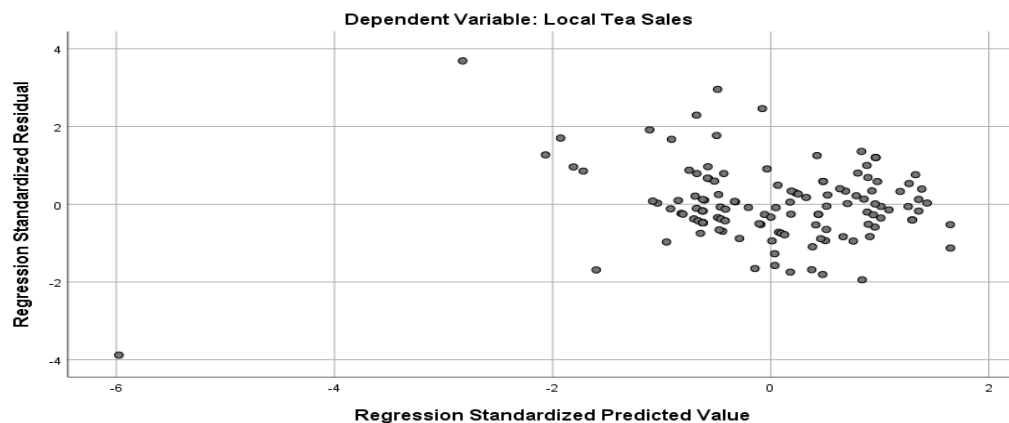
Source: Study Data (2025)

The heteroscedasticity plot for the regression of distribution strategies on local tea sales reveals that the dispersion of residuals widens as the predicted sales increase, indicating a clear violation of the homoscedasticity assumption. This pattern suggests that outlets generating higher sales volumes experience more variable and less predictable outcomes, possibly because larger retailers face greater fluctuations in footfall, stock-outs, or promotional intensity. When the error variance

is non-constant, ordinary least squares standard errors become unreliable, which can inflate t-statistics and exaggerate the statistical significance of place-related coefficients. Consequently, while the underlying coefficients may still capture a meaningful association between distribution-related decisions and sales performance, the inferential conclusions require correction through heteroscedasticity-consistent (robust) standard errors.

4.5 Test of Normality of Regression Residuals

The study conducted the normality tests to determine whether the regression residuals after fitting the regression model followed a normal distribution as presented below

		Statistic	Std. Error
Standardized Residual	Skewness	.587	.205
	Kurtosis	.956	.407

Source: Study Data (2025)

Above findings assess the normality of regression residuals using skewness and kurtosis statistics. The skewness value is 0.587 with a standard error of 0.205, while the kurtosis is 0.956 with a standard error of 0.407. Both skewness and kurtosis values are relatively close to zero and fall within the conventional ±2 threshold, indicating that the residuals are approximately normally distributed. This suggests that the assumption of normality in the residuals is reasonably satisfied, supporting the validity of parametric statistical tests and regression inferences based on these residuals.

4.5. Multiple Linear Regression for Place Strategies

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.672[a]	0.451	0.437	0.592

a. Predictors: (Constant), Exclusive strategy, Intensive strategy, Selective strategy.
b. Dependent Variable: Local tea sales

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	32.869	3	10.956	31.262	.000[b]
	Residual	39.953	114	0.35		
	Total	72.822	117			

a. Dependent Variable: Local tea sales
b. Predictors: (Constant), Exclusive strategy, Intensive strategy, Selective strategy

Coefficients[a]

Model		Unstandardized B	Std.	Standardized Beta	t	Sig.
1	(Constant)	1.968	0.51		3.855	0.0000
	Intensive strategy	0.492	0.105	0.343	4.672	0.0000
	Selective strategy	0.425	0.065	0.515	6.499	0.0000
	Exclusive strategy	-0.031	0.071	-0.034	-0.44	0.661

a. Dependent Variable: Local tea sales

Source: Study Data (2025)

LS = 1.968 + 0.492 Intensive strategy + 0.425 Selective strategy

The multiple-regression model exhibits respectable explanatory power, with a zero-order correlation of moderate magnitude between the three distribution strategies and local tea sales (R = 0.672). Approximately 45% of the variance in sales is accounted for ($R^2 = 0.451$; adjusted $R^2 = 0.437$), and the residual dispersion is relatively narrow (standard error = 0.592). The omnibus F-test confirms that the set of predictors significantly improves prediction beyond the intercept alone ($F_{(3, 114)} = 31.262$, $p < 0.001$), indicating that distribution-channel configuration is an important determinant of sales performance.

At the individual-predictor level, both the intensive and selective strategies contribute positively and significantly to sales. A one-unit strengthening of an intensive strategy is associated with an average increase of 0.492 units in local tea sales (unstandardized B = 0.492; $\beta = 0.343$; t = 4.672; $p < 0.001$), suggesting that widespread placement across many outlets effectively stimulates demand. Even more influential is the selective strategy, where cultivating carefully chosen, strategically aligned outlets yields an estimated 0.425-unit rise in sales per unit change (B = 0.425;

$\beta = 0.515$; $t = 6.499$; $p < 0.001$). The sizeable standardised effect underscores that channel curation provides a comparatively stronger lever for performance than sheer outlet proliferation.

By contrast, the exclusive strategy shows a small, negative, and statistically not significant relationship with sales (B = –0.031; β = –0.034; t = –0.440; p = 0.661). This finding implies that limiting product availability to a few exclusive outlets neither enhances nor materially hampers sales under current market conditions, potentially owing to reduced market reach offsetting any perceived prestige. Practically, firms seeking to grow local tea sales would gain more by intensifying their presence in numerous outlets and by strategically selecting partners that align with brand and target-market profiles, rather than by pursuing exclusivity.

4.6 Pearson Correlation Coefficient

		Intensive strategy	Selective strategy	Exclusive strategy	Local tea sales
Intensive strategy	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	118			
Selective strategy	Pearson Correlation	.220*	1		
	Sig. (2-tailed)	0.016			
	N	118	118		
Exclusive strategy	Pearson Correlation	-0.137	.396**	1	
	Sig. (2-tailed)	0.14	0		
	N	118	118	118	
Local tea sales	Pearson Correlation	.461**	.577**	0.123	1
	Sig. (2-tailed)	0	0	0.186	
	N	118	118	118	118
*. Correlation is significant at the 0.05 level (2-tailed).					
**. Correlation is significant at the 0.01 level (2-tailed).					

Source: Study Data (2025)

The Pearson correlation matrix indicates that both intensive and selective distribution strategies are significantly and positively associated with local tea sales, suggesting that wider product availability and targeted placement correlate with improved market performance. Specifically, an intensive strategy exhibits a moderate positive relationship with sales (r = 0.461, $p < 0.001$, n = 118), while a selective strategy shows an even stronger correlation (r = 0.577, $p < 0.001$, n = 118), implying that carefully chosen outlets amplify demand more effectively than blanket saturation

alone. In contrast, an exclusive strategy—characterised by limiting access to a few dealers—displays only a weak, statistically non-significant link to sales (r = 0.123, p = 0.186), indicating that scarcity-based positioning does not meaningfully drive local consumption in this context. Overall, the evidence supports prioritising selective and, to a lesser extent, intensive distribution when seeking to boost local tea sales.

5.0 Conclusion and Summary of Findings

The study's objective was to assess impact of distribution (place)strategies on growth of local sales among tea manufacturers in Kenya. The study results indicated that distribution (place) strategies have a significant influence on growth of local sales among tea manufacturers in Kenya ($\beta = 0.913$, t = 7.687, p < 0.05). Pearson correlation findings demonstrated that both intensive and selective distribution strategies are significantly and positively associated with local tea sales. Both exhibited positive relationship with sales with intensive strategy (r = 0.461, p < 0.001, n = 118), while a selective strategy had a stronger correlation (r = 0.577, p < 0.001, n = 118). The multiple-regression model exhibits a good explanatory power, with a zero-order correlation of moderate magnitude between the three distribution strategies and local tea sales (R = 0.672). Approximately 45% of the variance in sales is accounted for ($R^2 = 0.451$; adjusted $R^2 = 0.437$). Both intensive and selective strategies contribute positively and significantly to sales with intensive being (unstandardized B = 0.492; $\beta = 0.343$; t = 4.672; p < 0.001), while selective (B = 0.425; $\beta = 0.515$; t = 6.499; p < 0.001). However, the exclusive strategy shows a small, negative, and statistically not significant relationship with sales (B = –0.031; $\beta = –0.034$; t = –0.440; p = 0.661). Kenya's tea manufacturers gain more by intensifying their presence in numerous outlets and by strategically selecting partners that align with brand and target-market profiles, rather than by pursuing exclusivity.

The study also determined that most respondents 95.7% acknowledged that their firms had a distribution strategy, indicating strong institutional recognition of place strategy. Majority of tea manufacturers used a combination of intensive and selective distribution approaches, with 41.4% using both, and 32.1% relying solely on intensive strategies. These findings underscored a trend toward multi-channel distribution to balance market reach with control.

On implementation of place strategies, for intensive strategies 27.2% typically combined wholesalers, retailers, and direct selling, reflecting a preference for broad market penetration. In contrast, selective strategies were most commonly executed through wholesalers and retailers with 40.6% respondent's confirmation, while exclusive strategies were predominantly carried out through distributors at 85.7%. The analysis further shows that distribution strategies significantly influenced local tea sales. Among all the three strategies, the intensive strategy was perceived as most effective with a mean of 4.57, while the exclusive strategy was seen as least effective with a mean of 2.62. The overall perception of place strategies was positive, with a high mean score of 4.67 suggesting strong agreement that effective distribution boosts local sales. The aggregate variable mean of 3.90, reinforces this sentiment, indicating that manufacturers generally regard place distribution strategies as vital to commercial success. However, the varying standard deviations suggest that not all strategies are equally embraced, with views differing based on the nature of specific distribution approaches and the operational realities of different firms. The outcome confirms previous studies, Okhonjo et al. (2024) examined the impact of place strategy on sales performance within pharmaceutical manufacturing firms located in Nairobi County, Kenya. The study demonstrated that the implementation of place strategy exerts a considerable positive influence on the sales performance of pharmaceutical manufacturing firms in Nairobi County, Kenya. Tsey et al. (2023) conducted a study on the impact of distribution channel tactics on consumer selection of fast-moving consumer goods (FMCG) in the Upper East Region of Ghana, specifically examining Unilever Ghana Limited. The study found that overall, distribution strategies were found to promote effective sales and customer satisfaction in the retail industry.

This study also concludes that distribution (place) strategies significantly influence the growth of local sales among tea manufacturers in Kenya. The widespread adoption of distribution strategies, particularly the use of intensive and selective approaches, highlights a strategic inclination toward maximizing market reach while maintaining operational control. Intensive distribution, involving wholesalers, retailers, and direct selling, emerged as the most effective, while exclusive strategies were least favoured. The overall positive perception of place strategies, reflected by high mean scores and broad institutional recognition, affirms their critical role in enhancing local sales. Nonetheless, differing levels of acceptance across strategy types suggest that practical implementation is shaped by the tea manufacturers specific contexts and market dynamics.

5.0 Recommendations and Policy Implications

Place strategies show a significant influence on tea local sales and tea manufacturers should adopt hybrid distribution models that combine intensive and selective strategies to optimize accessibility while maintaining control. To support this, policy interventions should focus on improving rural infrastructure, including roads and market centres, which would facilitate the expansion of distribution networks and trade. There is also a need for public-private partnerships to develop digital platforms and logistics hubs that enhance supply chain efficiency for tea distribution. The implementation of these interventions would open up rural areas and spur business opportunities and offer more employment opportunities.

The aim of vision 2030 was to transform Kenya into a newly industrialized country by the year 2030 (Government of Kenya, 2007). Agriculture, livestock and fisheries is one of the priority growth drivers anticipated to generate an addition KES 80 to 90 billion to the GDP. Among the key initiatives to achieve this is by processing and adding value before products reach the market. Hence the government and other relevant policy makers can use these findings to formulate guiding policies and framework on place strategies, with a long term objective of supporting small and medium agro processing firms to grow, hence a drive towards achieving the vision 2030 through processing and value addition.

The study's findings support the view that strategic business innovation, local value chain strengthening, and market diversification are essential to advancing Sustainable Development Goals (SDGs), particularly SDG 8 (Decent Work and Economic Growth). The growth of local sales will improve and grow the per capital economic growth for the over five million Kenyans relying on tea along the value chain. The growth in local tea sales would also spur industrialization from growth of agro processing enterprises and create employment opportunities thereby reducing the 5.43% unemployment rate.

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