

# Sales Territory Management and Distributor Performance in the Telecommunications Industry in Ghana

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*The mobile telecommunications in Ghana is a highly competitive market which faces a problem of retaining their customers due to low switching cost. The purpose of this study was to investigate sales territory management and distributor performance of Vodafone in Sunyani. The population for the study was staff and retailers of Vodafone product and services. Multi-Stage sampling approach was employed for the study. A well-structured questionnaire and interview guide were used in collecting data from the respondents. Descriptive statistics, One Sample t-test, Kendall's Coefficient of Concordance and Pearson Correlation Matrix were used to analyse the data. Results revealed that there was effective supervision of the sales territory representatives by the sales managers. The retailer's confirmed the receipt of their requested orders from the distributor when the need arose. The sales territory representatives confirmed that sales managers involved them in developing new or adjusted territory plans for effective distribution. This study suggests that the key distributor should restructure their distribution strategy for better market penetration. Vodafone should do more to support the distributor in terms of logistics and intensify sales training for the sales territory representatives. Furthermore, the study prescribed five generic factors to serve as best practices for distributor management of any organisation.*

**Keywords:** distribution, sales management, sales territory, Vodafone, Ghana

**JEL Classification:** C42, L32, M31

## 1. Introduction

Well-designed sales territories make it easier to match the workload and opportunities in every territory to the capacity of the sales person or the team assigned to cover that sales territory as indicated by Zoltners et al., (2009). Jobber and Lancaster (2009) argue that sale territory design is an important issue and a major determinant of salesperson's opportunity to perform well. Establishment of sales territories might be

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seen to facilitate sales force operations effectively. According to Zoltners et al., (2009), most sales leaders often overlook the power of sales territory design as a sales effectiveness tool. Wayne (2008) indicated that customer coverage, increased sales and fair performance evaluation can be achieved by having a good sales territory design. He went on to suggest that effective sales territory design will help with a better identification of customer needs and serving them in a cost effective manner.

National Communication Authority (NCA) (2015) indicated that, the mobile phone lines in Ghana have reached a little above 32.8 million in 2014 - which exceeds the estimated 27.4 million people population of the country. It went on to state that there is a high rate of mobile phone number portability, indicating that 86.5% of the total number of subscribers which have had their numbers ported only once, 12% ported twice and the remaining 0.6% ported more than twice. The population for all locations for Sunyani Municipal was 123,224 with 102,389 people accounted for the in Urban territories, while Rural territories had 20,835 people, in 2010, according to the population census as reported by Ghana Statistical Services (2013) for which the age group between 15-64 years accounted for 80,011 in all locations, with 68,116 accounted for the Urban territories, while Rural territories had 11,845 which implies that there is a big market for Vodafone if effective distribution and sales territory management is deployed respective of the competition. It is obvious from the statistics that the mobile telecommunications in Ghana is a highly competitive market which is faced with a problem of retaining their customers. Out of stocks situations and its effects on lost sales and possible subscriber switch to competitor prompted this study.

Distributor performance is crucial to the survival of any organisation and so it is important for specific measurable sales goals for distributors as the expectations from the manufacturer or supplier. Kotler and Keller (2012) argue that the distributors know that their performance will be evaluated throughout the year, and make sure they understand the yardstick against which they will be measured. Dent (2008) indicated that distributor performance is crucial in achieving sales targets in volume and value. Donaldson (2007) added that distributor effort in market and outlet coverage can develop new markets and new accounts.

The role of the distributors and the sales territory representatives serve as the link between customers and the products and services of Vodafone. This study investigates redistribution and the management of sales territories of the key distributor of Vodafone within the Sunyani Municipality and assesses how the performance of the distributors is affected by the type of sale territory management practices being used.

## **2. Literature Review**

### **2.1. Sales Territory Management Practices**

It is important for organisations to consider issues on territory management as an essential aspect of sales management as the organisations' success to a larger extent depends on sales and revenue for the organisation as indicated by Zoltners et al. (2009). The sales territories are established by making sure that they capture the existing customers as well as potential customers to a distribution representative (i.e. salesperson), branch, or an intermediary (retailer or wholesaler) as suggested by Jobber and Lancaster (2009). When defining sales territory, the emphasis is not on the geographical area but rather on the characteristics of the customers Zoltners et al. (2009). One of the responsibilities of an effective sales manager is to be able to adapt and deploy the territory concept that meets the needs of the company's specific go-to-market strategies which addresses the present market dynamics.

Kotler and Keller (2012) indicated that one of the objectives of sales territory design is to have a maximum coverage of the entire market. This implies that effective design of sales territory can allow the channel players to spend more time with existing and also make room for prospecting. Simpkins (2004) suggested that a well design sales territory can set a company apart from competition as it can optimise the role of the key distributors and that of the territory sales representatives to achieve proper market coverage.

Wayne (2008) explained that it is imperative that organisations allocate and define clearly the responsibilities of each salesperson accurately and resourced them to perform well. The sales territory management must aid a cost-effective journey plan by making available information on customer details to help the sales representative to serve them better. Customer relationships are best developed over a long period of interactions between the distributor and the customers. Sales territory management ensures regular visits and interactions as indicated by Piercy and Lane (2009). Without sales territory management system, distributors would travel to their customers from the sales office without any planned scheduling, eventually spending more time and money in traveling as affirmed by (Dent, 2008). Under the sales management system, the sales manager gets to evaluate the performance of distributors effectively when the distributors have been assigned to a specific sales territory. Evaluation can be done not only with respect to sales volume but also in terms of selling expenses, customer satisfaction levels, customer service, and other responsibilities of the

distributor (Jobber and Lancaster, 2009). Some of the critical areas that a sales manager needs to exhibit high level of managerial skills and competence include the area of supervision, salesforce control, exploiting new product and market opportunities and salesforce motivation according to Zoltners et al., (2004).

## **2.2. Distribution Performance**

The concept of salesforce or distribution performance has received a considerable empirical support (Piercy et al., 2004; Kuster and Canales, 2008). This research support rests on the finding that the overall sales organization effectiveness of a company is directly related to the salesperson factors, although that is not the only factor that affects it but other factors such as organizational factors (e.g. management control systems, advertising spending and brand image) and environmental factors (e.g. competition). Based on these studies, the effectiveness of sales organization and the performance of salespersons or distributors are closely correlated, but conceptually distinct. Thus, effectiveness is an overall evaluation of organizational outcomes that can be in part attributed to the performance of salesperson (Kotler and Keller, 2012).

Performance standards are designed to measure the performance activities that the company consider most important. Setting standards of performance for the sales executive in the evaluation process requires consideration of the nature of the selling job (Bradley, 2003). Setting performance standard for sales personnel relies upon company products and dealership network and the marketing channels through which company effort to push the product into market. Performance standards of performance make it easy to measure the progress made for the accomplishment of the sales organization objectives which may vary according to company's marketing situation but the general objective is to increase the sales volume, profit and growth, according to Zoltners et al., (2004).

Performance standard can be done in two forms: quantitative and qualitative. The quantitative type measures success in achieving profit objectives such as sales generated in terms of volume number of customer generated which includes high user segment, low user and moderate user segments to gauge the progress sales quota is expressed in absolute terms for the specific territory. In quantitative methods, the number of factors to be consider while using the evaluation process such as call frequency ratio, calls per day, order call ratio, average cost per call, average order size and non-selling activities (Farris et al., 2006).

The second aspect of performance of standards is its qualitative form, comprising of measuring sales personnel which includes the behavioural aspect of the sales executive, such as personal effectiveness in handling the customer relation problem, customer satisfaction and customer service. In the qualitative method, the degree of excellence can be evaluated by each sales person using a detailed checklist of subjective factors such as product knowledge, awareness of customer needs, relationship with customer, service follow up and personal factors, such as punctuality, general attitude, dress and appearance, diligence, cooperation, accuracy, adaptability and reliability (Farris et al., 2006).

## **3. Study Area and Methodology**

### **3.1. Study Area**

Sunyani Municipality is one the twenty-seven districts in the Brong Ahafo Region. The municipality was established on 10<sup>th</sup> March, 1989 by a legislative instrument (LI) 1473. This was the period in which Ghana adopted the District Assembly concept. The overall goal is to accelerate growth and development in the Municipality. The Sunyani West district was carved from this Municipality on November 2007. The Sunyani Municipal Assembly covers a total land area of 506.7 km<sup>2</sup>. It is located at the heart of Brong Ahafo Region lying between Latitudes 7° 20'N and 7° 05'N and Longitudes 23° 30'W and 23° 10'W. It is bordered on the north by Sunyani West District; west by Dormaa East District south by Asutifi District to the South and east by Tano North District. The population of the Municipality, according to the 2010 Population Housing Census, stands at 123,224 with 61,610 males and 61,614 females.

### **3.2. Methodology**

#### **3.2.1. Research Design**

The research approach consists of a survey which is appropriate for the investigation into sales territory management and distributor performance in Sunyani, using Vodafone as case study. Abramson and Abramson (2008) indicated two basic designs for surveys that are cross-sectional and longitudinal. They indicated that a cross-sectional study provides information about the situation that exists at a single time, whereas a longitudinal (time-span) study provides data about events or changes during a period. The study adopted descriptive cross-sectional study as it investigated a snap shot of the current situation of Sunyani Municipality

of the distributor distribution performance. As indicated by De Vaus, (2002), a survey research uses structured and in-depth interview, observation and content analyses apart from questionnaires that are widely used.

This study adopted a mixed method approach, utilizing both qualitative and quantitative methods. The quantitative aspect was done through questionnaire administration via the Retailers and Sales Territory Representatives while the qualitative approach was used to supplement and strengthen the quantitative aspect to provide an opportunity for the study to seek first-hand information from the Regional Sales Manager of Vodafone in Sunyani. The popularity of the mixed approach was confirmed by Tashakkori and Creswell, (2007) indicating that the mixed method approach embraces more than just a combination of qualitative and quantitative methods, rather it highlights a new “third way” of epistemological paradigm that is based in the conceptual space between positivism and interpretivism.

The justification of the mixed method approach is that the strength of one method can be used to overcome the weakness of another one. Also, narrative and non-textual information can increase the meaning of numeric data, while numeric data can increase the precision to narrative and non-textual information.

### 3.2.2. Population

Bethlehem (2009) indicated that a target population of a study is the population that should be investigated. It is also the population to which the outcomes of the survey refer. He went on to say that the elements of a target population are often people, households or companies.

The population of the study covers the staffs of the Vodafone Regional Office which comprises of eighteen (18) staff. The composition of Vodafone staff are two (2) management staff each respectively from the commercial department and technology department, seven (7) territory representatives from commercial and seven (7) from technology department and two (2) administrative staff. Three hundred (300) approved retailers on the distributor journey plan. This makes the population of the study to be three hundred and eighteen (318).

### 3.2.3. Sampling Procedure

Multi-Stage sampling approach was employed for the study. The first of which was the purposive selection of the regional office of Vodafone in Sunyani from the ten (10) regional offices of Vodafone in Ghana. Vodafone is a market challenger with a market share of 22.11% as at June 2016 behind the market leader which is MTN with a market share of 48.01% as reported by NCA (2016). This was chosen based on the proximity to the researchers, their knowledge of the town and staff preparedness and willingness to cooperate with the study. The second stage was cluster sampling to group the Vodafone Staff, retailers who sell Vodafone products and services and the approved distributors of Vodafone. The retailers were selected randomly from the sales territory journey plan, while the staff and the distributors were purposively selected. The third stage was using quota target for the respondents.

### 3.2.4. Sample Size

The sample size of the two hundred and fifty-three (253) representing 79.5% of the population as indicated in the table 1. The determination of sample size was non-statistical; it was based on the availability of the right respondents who have a fair knowledge of the issues under discussion. Most importantly the respondents voluntarily took part in the study. The sample is representative to the study population.

*Table 1. Composition of Respondents*

Theme	Total number(s)	Number of respondents
Vodafone staff	18	8
Retailers	300	245
Total	318	253

Source: Researchers construct 2016

The eight (8) staff from Vodafone represent the regional manager and seven territory representative. Two hundred and fifty-three (253) retailers comprise of shops, kiosk and table tops within Sunyani.

## 3.3. Data Collection Instruments

### 3.3.1. Questionnaires

Questionnaires were used to solicit information from staff and retailers. The questionnaire was in the form of five Likert scales. The questionnaire is divided into five (5) main sections, with each section examining different issues in the study. Section I looked at Socio-demographic characteristics of employees. Section II

explores the sales territory management practices. Section III examines the competence of staff in applying territory management practices. Section IV investigates the distribution performance of Vodafone Brong Ahafo. Section V assesses the influence of sales territory management on distribution performance.

A self-administered questionnaire was used to gather information from sales territory representatives through drop-and-collect technique. This involves leaving a questionnaire with a respondent and going back to pick it up. This was used due to educational level of the sales territory representatives as they have the knowledge and ability to fill the questionnaire. The self-administered questionnaire helps to avoid the interviewer bias and moreover gives the study the opportunity to ask a bit more complex questions. Another advantage is that it gives the respondents plenty time to consider their answers compare this with the interviewing technique where the interviewee requires an immediate response. The limitation is the study has no control over how respondents interpret the questions. With the retailers the questionnaire was personal, face-to-face interviews. This help if any of the respondents do not understand a question, as the face-to-face can help complete the questionnaire. A downside is the intrusive and reactive nature of this approach.

### **3.3.2. Interview Guide**

Interviews hold a prominent place among research methods in the social and behavioural sciences. The purpose of the interview is to collect detailed information and provide inputs into the design and content of the questionnaire. According to Tracy (2013), interview represents a connection between two people examining a topic important to them. Holloway (2005) showed that the interview gives the interviewee the chance to portray experiences in great detail and to give their viewpoints and interpretations of these encounters. The reason for utilizing the interview, and not other research methods, is that it acquires interesting data or elucidation held by the individual who participates in the interview. Getting some answers concerning “a thing” that the researchers are not able watch themselves (Stake, 2010).

Seidman (2006) demonstrated that for the questioner, there is always a component of being there with the interviewee who can manage the opportunity for an overall observation of what the interview itself is intended to do. He went ahead to state that since the interview is an experience and interaction amongst the questioner and interviewee, the questioner can draw on observational information from the communications to better comprehend the reactions and responses. Subsequently, information were gathered by means of a semi organized interview with the Regional Sales Manager on the sales territory management and distribution activities.

## **3.4. Data Analysis**

### **3.4.1. Quantitative Analysis**

Descriptive statistics such as mean, standard deviation, minimum and maximum were used. The Mean was use as a measure of central tendency while the Standard Deviation as a measure of dispersion. The high mean value corresponds to “agree” in their responses, while a low standard deviation explains the degree of consensus to the factors outlined. Data reliability which is a measure of internal consistency and average correlation was measured using Cronbach’s Alpha Coefficient, which ranges from 0 to 1 (Kimberlin and Winterstein, 2008). A higher alpha coefficient value means there is consistency among the items in measuring the concept of interest. Correlation analysis was used to find the strength of the association between the variables involved. Inter-correlations coefficients ( $r$ ) were calculated by using the Pearson Correlations. According to Warokka et al., (2012), the correlation coefficient ( $r$ ) ranging from (0.10-0.29, 0.30-0.49 and 0.50-1.00) may be regarded as indicating low degree, moderate degree and high degree of correlation respectively. Field (2005) affirmed that values +1, -1 and 0 respectively show, a perfect positive relationship, perfect negative relationship and no linear relation that explains the relation between the variables in correlation analysis.

Inferential statistics for comparing means in the type of One Sample t-Test was used. The test statistic for a One Sample ( $t$ ) analysis was used on the respondents view on sales territory practices whiles Kendall’s coefficient of concordance ( $W$ ) analysis was used to rank the items identified as staff competence.

### **3.4.2. Qualitative Analysis**

The interview examination adopted by Wolcott (1994) proposes three dimensions of qualitative research approach, which are description, analysis and interpretation, as referred to by Brinkmann (2013). The portrayal addresses what the researchers want readers to fully comprehend what the analyst saw, while the investigation looked at what the researchers want readers to know what the researchers know. The interpretation, which is the last stage, considers what the researchers want readers to understand what the researchers have understood.

## 4. Results and Discussion

### 4.1. Sales Territory Management Practices of Vodafone in Sunyani

From Table 2, it can be observed that, the high mean value of 4.86 indicates that the respondents agree that sales managers give regular feedback on their performance and by extension agree that it really improves the management of their sales territories. More so, they also agreed that, management demarcates the sales territory in line with the sales potentials and affirmed the Sunyani Municipal has been divided in line with the number of calls and frequency of calls by each distributor with a mean value of (4.43). This implies that, the establishment of the demarcation will make it easier to assess the performance of the sales territory representatives, the key distributor and the brand performance of the SKU's. This will improve the smooth operational activities of the sales territory and its work area. This result aligns with Zoltners et al., (2009), indicating that a well-design sales territory must be able to serve both the existing and the potential customers.

**Table 2.** Coefficient of Concordance (*W*), mean and standard deviation on sales territory management practices

Sales territory management practices	Mean	Standard deviation	Ranking
Sunyani Metropolitan is divided into approximately equal segments based on sales potentials for sales territory demarcation	4.43	.535	3 <sup>rd</sup>
Sunyani Metropolitan was divided based on the number of calls and the frequency of calls each distributor makes	4.43	.535	3 <sup>rd</sup>
The management has set a fixed route for field retailers to use in marketing products to customers at sales zones	4.29	.488	4 <sup>th</sup>
The management has not set any fixed route for field retailers to use in marketing products to customers at sales zones	2.43	1.813	7 <sup>th</sup>
The sales management give you feedback regularly on your performance	4.86	.378	1 <sup>st</sup>
The sales management motivate well-performing distributor every month	4.14	1.069	5 <sup>th</sup>
Distributors are assigned to a territory based on the product they market and the potential customers within the territory	4.29	1.113	2 <sup>nd</sup>
During territory assignment, distributors are assigned to specific class or group of customers (accounts) having their numbers and addresses	3.00	1.633	6 <sup>th</sup>

Source: Field Survey, 2016

Notes: Coefficient of concordance (*W*) = 0.655 (65.5%), Cronbach's Alpha = 0.904, number of items=8.

On the other hand, the low mean value of 2.43 is an indication that, the respondents disagree that management has not set any fixed route for sales agents to use in marketing products to customers at sales zones. This shows that there is an agreement that there is some form of demarcation for the sales agents. The mean value of (3.00) was the second least of the eight items, though above the total mean of (2.50) also indicates that the respondents agree that during territory assignment, distributors are assigned to specific class or group of customers (accounts) having their numbers and addresses to be served with the company products and services. The finding is in agreement with Jobber and Lancaster (2009) suggesting than distributors must receive a geographical area to work in and make sure it is resourced to do the right thing. Viardot (2004) advised that feedback from sales managers to salesmen help to shape their behavioural attitude on the job. The result confirmed the study of Viardot (2004).

The study identified eight main issues on sales territory management practices as shown in Table 2. The respondents were asked to rank these issues on their territory organisation and performance and the result of the ranking is presented in Table 2. The *F* tests for degree of agreement or concordance (*W*) between the rankings of the effects with regards to sales territory management practices by the respondents is (65.5%) which is above the average. The results show that the existence of managers giving regular feedback on sales territory representatives performance has enhance best practice of the organization of the sales operations as it was ranked first. Moreover, assigning a distributor to a territory based on the product they market and the potential customers within the territory was ranked second by the respondents as it makes route to the market shorter which has the potential to ensure visibility and availability of products and services. Those that were important, but did not exhibit aid to effective sales management practices, were territory assignment, where distributors are assigned to specific class or group of customers (accounts) having their numbers and addresses during territory assignments and management has not set any fixed route for field retailers to use in marketing products to customers at sales zones, were ranked sixth and seventh, respectively.

## 4.2 The Competencies of Staff in Applying Vodafone Territory Management Practices in Sunyani

*Table 3. One Sample Statistics*

Aspects on Staff competence	N	Mean	SD	Std. Error Mean
Competent in demarcating sales territories and assigning distributors	7	4.43	.535	.202
Supervision of sales force is effective	7	4.71	.488	.184
Supervisors and/or sales managers are quick at identifying new product and market opportunities	7	4.71	.488	.184
Sales managers react promptly to threats or opportunities from competitors	7	4.00	1.414	.535
The pricing of products are affordable	7	4.43	.787	.297
Sales expectations and monitoring of your performance with feedback are given by managers	7	4.43	.535	.202
Formal educational qualification makes you more competent to deal with territory issues	7	4.43	.535	.202
Professional qualification enhances competency and improves territory performance	7	4.00	1.414	.535

Source: Fieldwork data, 2016, Cronbach's Alpha = .908

As indicated in Table 3, two of the factors had mean agreement scores that were significantly different from the point of indifference, the agreement of the two factors were critical in the staff competence in managing the sales territory. These included the effectiveness of supervision of sales force (mean = 4.71) (SD = .488) and managers ability to spot market opportunities (mean = 4.71) (SD = .488). By implication, this finding as shown in the results suggests that supervision of the sales force within the territories are more important than the knowledge alone, supervision indeed put the sales territory representatives on their toes to deliver and also helps to identifying issues early within the specific sales territory. This seems to agree with postulations of Jobber and Lancaster (2009) that there should be some level of control mechanism to monitor field work activities of salesmen.

The least significant were acquiring professional qualification and sales managers reacting promptly to threat or opportunities from competitors, respectively, with mean = 4.00 and SD = 1.414. On the basis of the field data, having a professional qualification is an added advantage but not a requirement to be competent in managing a sales territory. The professionalism brings to bear especially on ethical issues where the knowledge level and appreciation of ethical selling will be paramount. Though the sales manager's ability to react promptly to competitors is encouraging, it will also be important for the company to be more proactive as it makes good use of resources wisely and timely, rather than reactively. This is in line with Piercy and Lane (2009) who emphasize on the need of effective customer service skills and customer relationships with both distributors and retailers. This means the competencies of the sales territory representatives must be brought up in the field.

*Table 4. One Sample Test*

Test Value = 0						
Aspects on Staff competence	t	df	Sig (2-tailed)	Mean Difference	95% confidence interval of the difference	
					Lower	Upper
Competent in demarcating sales territories and assigning distributors	21.920	6	0.000	4.429	3.93	4.92
Supervision of sales force is effective	25.562	6	0.000	4.714	4.26	5.17
Supervisors and/or sales managers are quick at identifying new product and market opportunities.	25.562	6	0.000	4.714	4.26	5.17
Sales managers react promptly to threats or opportunities from competitors	7.483	6	0.000	4.000	2.69	5.31
The pricing of products are affordable	14.892	6	0.000	4.429	3.70	5.16
Sales expectations and monitoring of your performance with feedback are given by managers	21.920	6	0.000	4.429	3.93	4.92
Formal educational qualification makes you more competent to deal with territory issues	21.920	6	0.000	4.429	3.93	4.92
Professional qualification enhances competency and improves territory performance	7.483	6	0.000	4.000	2.69	5.31

Source: Fieldwork, 2016

The study identified seven factors under the aspects attached to staff competence as presented in Table 4, using One Sample t-Test to analyse them. The positive  $t$  value of all the factors (21.920, 25.562, 25.562, 7.483, 14.892, 21.920 and 7.483) respectively for demarcating sales territory, supervision of sales men, managers reaction to competition, pricing of products, monitoring of performance, formal education and professional qualification. The  $p$ -value from this statistic is 0.000 and that is less than 0.05 (the level of significance for the test). Since  $p < 0.05$ , the result rejects the null hypothesis that the sample mean is equal to the hypothesis population mean and conclude that all the seven factors are statistically significantly different than the average. Based on the result it can be said that aspects of staff competence in managing sales territories of Vodafone is crucial in improving and effectively help the territory performance in the area.

#### **4.3. The Distribution Performance of Vodafone in Sunyani**

In this section, we explore excerpts from the interview with the Regional Sales Manager (RSM).

When asked about the main responsibilities of the distributor, the RSM said that: *“The Key Distributor is responsible for the: achievement of the regional airtime and revenue target, Sim Cards target for the region, Distributors Key Performance Indicators (KPI’s) are coverage, availability of airtime and Sim cards; and achievement of distribution logistics target like required number of motor bikes, DSA, Distribution management system, phones, required number of shops in the region.* Appointing a distributor means that a company is delegating its business and commitment to customers in the delivery of good services in the hands of the distributor, hence good service to the customers is a plus, but the consequences are also possible if the distributor fall short of the requirements. It is imperative that Vodafone make the responsibilities of the distributors clearer in both quantitative and qualitative to them for its achievement. This is in support of the Regional Sales Manager response to the question. According to Farris et al. (2006), performance standards can be done in two forms as quantitative and qualitative. They went on to say that this will serve as an indicator for the distributors as it is aligned to the responsibilities of the distributors as part of best practices, to make sure the right thing is done.

In response to the question “Does Vodafone give specific areas to key distributors within which to operate?”, the RSM indicated with an emphatic ‘yes’ that *“each distributor is assigned to a region or part of a region”*. Assigning a distributor to a specific sales area makes it easier for a company to monitor performance related issues, via the distributor targets in alignment with the potential of the sales territory. Moreover, it improves communication and coordination whenever there is an issue in the territory. It is not enough to select a distributor and assign him/her a sales territory area, more importantly it is the duty of the Regional Sales Manager on behalf of the company in question to check if the distributor(s) have the logistics and the knowledge necessary to manage the territory. Zoltners et al. (2004) indicated the need to demarcate a territory for the distributor, but also advised that the company in question must make sure that it does not lose control of the field activities.

In response to setting sales targets in relation to the potential of the sales area this is what RSM has to say: *“Yes. Key distributor target are based on the potential of the area”*. The sales target of the distributor is very critical and must be set right, if it is more than the potential of the area due to certain challenges and this becomes a disincentive to the distributor as achieving the target might be unrealistic, and on the other hand if it is below the territory potential it means the company might be losing out in terms of sales volumes and values which directly will affects the revenue generation and the sad thing is that competitors can take advantages of this. If the company has one regional distributor then his/her target is the same as the RSM’s target, on the other hand if it has several distributors, then the combinations of the distributors are same as the RSM’s target. The RSM response supports what the literature states about sales targets, several authors such as Rogers (2007), Simpkins (2004), Kotler and Keller (2012), Donaldson (2007) and Blythe (2005) have mentioned the importance of setting sales targets and their achievements.

On the assessment of the distributor performance the RSM said that *“Vodafone uses actual purchases of the distributor against revenue of the area, trade audit and the utilization of the Distribution Management System”*. One of the ways to assess distributor performance in relation to target(s) is in the form of sales volume or value, and in some cases profit contribution to the business. Sales volume or value and maybe both are normally used to set sales targets for individual salesperson or distributor(s) according to Farris et al. (2006). This is in alignment with RSM’s response to the question on assessing the performance of distributors where it was recorded that they use trade audits and distributor offtake(s) against achievement. Jobber and Lancaster (2009) emphasize that a high level of understanding of the process of sales forecasting and the techniques used to assesses distributors must be acquired and used effectively to function as a modern sales manager.

The RSM indicated when asked about Vodafone support for Key distributors to improve performance, *“Vodafone supports the distributor by providing some of the logistics needed such as motor bicycles for their*



*sales representatives*". Appointing a distributor may relieve an organization from certain responsibilities but not all of them. It is the responsibility of Vodafone to see their key distributor(s) as partners and support them with tangible and non-tangible assets. Logistics is critical in the effective distribution to reach the final consumer with goods/services. It is refreshing from the response of the Regional Sales Manager the support to distributors such as motor bicycles; Vodafone must do more than to train the distributor's sales representatives on selling skills and any new developments in the trade.

On the impact of sales territory management on distribution performance, this is what the RSM responded: "A good territory management ensures availability of stocks everywhere thereby avoiding out of stock situations". Territory design is one of the important organisational issues in sales management. It is a major determinant of sales people's opportunity to perform well. One of the essences of good territory management is about availability and visibility of products and its closeness to the market. This result aligned with Zoltners et al. (2004) on the relevancy of the sales territory as a marketing platform, rather than a geographical area.

When asked about how to assess what is happening in the sales territories, this is what the RSM has to say: "What happens in the territory is assessed by trade visit and the use of the Distribution Management Systems (DMS) to know the Direct Sales Agents (DSAs) retail coverage and sales calls". In practice, assessing sales territory management is difficult but most organisations have their own way of assessing the territory issues. The trade visit by the Regional Sales Manager is a major indicator in knowing more insight in the sales territory. The trade visit can be in a form of interviewing the retailers on issues in trade and their responses can give insight on the performance of the company and if possible some insight from competitor(s) activities. The trade visit can also be accompanied by the Regional Sales Manager with the Sales Territory Representatives to find out what they do on the field. Moreover, the Sales Territory Representatives also write weekly and monthly reports on the activities of the territory to the Regional Sales Manager. If the report is good it can be a market intelligence used to inform major operational decisions in specific sales territories.

#### 4.4. Retailers Views on the Distribution Performance of Vodafone in Sunyani

This section considers the input from the trade on the perspectives of the retailers on how they see and assess the distribution performance of Vodafone in the Sunyani Metropolitan.

##### 4.4.1. Sales of Vodafone Products

On the profitability of the retailer's selling Vodafone products and services, 98% of the outlets said that it is profitable, while the other 2% said that it is not a good business. One hundred and ninety-nine (199) outlets (81%) indicated they will recommend the business to a friend, while forty-six (46) outlets (19%) said they are not sure if they will recommend the business to friends and relatives. Outlet owners were asked whether they were happy with the service being delivered by the Key Distributor and the responses were as follows. 197 outlets, representing 80%, answered 'yes', while 48 outlets, representing 20%, said 'no'.

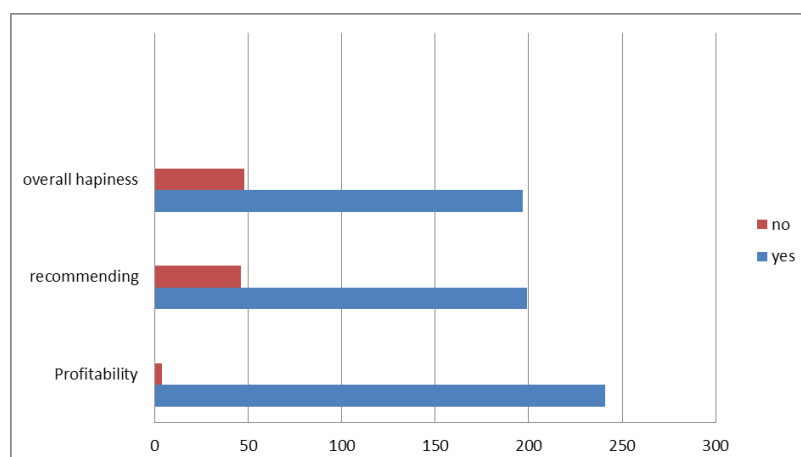


Figure 1. Selling Vodafone products

Source: Fieldwork, 2016

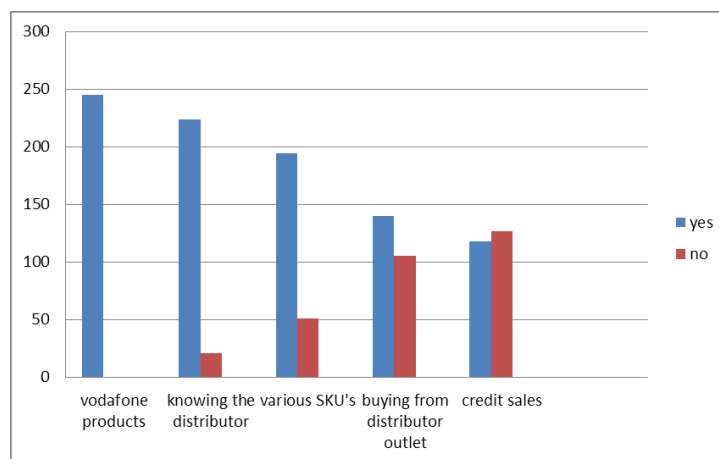
It was encouraging to know that a greater majority of the retailers are happy to sell Vodafone products/services. Recommendation in any form of business to another person is a form of prospecting for the company. The company must deepen the already commitment and relationships with the trade by supporting the retailers with trade promotions to consolidate the advantage and ward off competitors.

#### 4.4.2. Distribution of Vodafone Products

The outlet owners indicated that they get all the Vodafone products they need to sell from the Key Distributor, 194 of the outlets responded “yes” (or 79%), while 51 of the outlets said “no” (or 21%). It was further asked on the questionnaire if the outlet owners ever walked into the Key Distributor’s shop and if there have ever been told that there are no stocks available, 105 outlets responded “no”, while 140 outlets said “yes”.

The out of stock situation can be inferred when the outlet owners do not have all the range of the top-up cards. At times the market demand influences the stocking of the top-up cards. The implication is that the customer might not come there to buy thereby affecting the outlet sales which might lead to the outlet stocking more of competitors’ products since they are businessmen/women and the long term effect is that the subscriber can switch to a new brand, which is now easier to do.

The information provided by outlet owners on knowing the key distributor for the area were 224 outlets (or 91%) said “yes”, while the other 9% accounted for 21 outlets and said “no”. It is interesting that all 91% who said “yes” could also mention the name of the business. Some of them also buy from the Key Distributor Sales Agents; and all of them were able to mention the names of the Sales Agents who sell to them. It was insightful to find out the distribution penetration and religiously servicing the sales area. In terms of visibility it is good to know the distributor which can serve as a barrier to another Vodafone distributor who wants to cross sales territories.



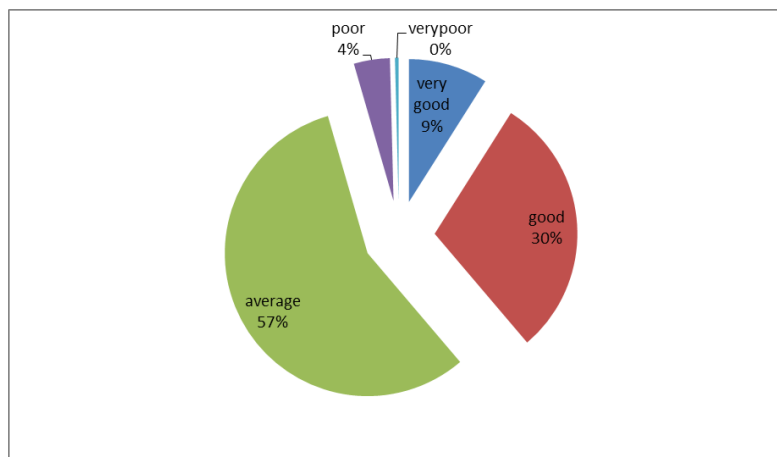
**Figure 2. Distribution of Vodafone Products**  
Source: Fieldwork, 2016

The sales territory representatives indicated that it is company policy not to sell on credit but to achieve sales target for the area as times the key distributor risk by giving credit sales. The risky nature of the credit sales is based on high probability of defaulting in payment since these outlets do not operate from permanent structures. The information from the retailers suggests that 118 outlets (or 48%) answered ‘yes’ that is the outlet benefits from credit sales, while 127 outlets (or 52%) said ‘no’, as shown in Figure 2.

#### 4.4.3. Assessing the Distributor

Figure 3 presents information on how respondents assessed their supplies by rating in line with very good, good, average, poor and very poor. 22 outlets (or 9%) indicated that it was very good while 73 outlets (or 30%) said it was good. However, 139 outlets accounting for 57% said the services were average. 11 outlets, representing 4% of all observations, indicated that the distributor service was poor, as shown in figure 3 below.

The response by the outlet owners can influence their assessment if the outlet has a good relationship with the distributor. Consideration was based on certain factors like “do they come on time to give you the order”, “do you normally get the quantity you asked for among others”. This insight might give the distributor and its sales agent the clue to appreciate the concerns of the retailers as it can help them to come up with a standardized, flexible and consistent delivery of offering considering the characteristics of services. Dent (2008) affirmed that though it can be biased, one of the best ways to qualitatively assess distributor’s performance can be feedback from the traders, such as the retailers and the final consumers/users.



**Figure 3. Assessing the Distributor**  
Source: Fieldwork, 2016

#### 4.4.4. Results of the Pearson Correlation Matrix on Distribution Performance

Table 5 displays the Pearson Correlation Matrices employed to measure the relationship between the variables. The table records high correlations of 1.000\*\* while the minimum value is 0.255. ‘Aware of the need for customers’ had a strong positive and significant relationship with ‘meet daily sales quota’ with a R = 0.849,  $p < 0.001$ , at 0.05 significance level.

Moreover, ‘report to office first, then territory’ had a strong positive and significant relationship with ‘meeting daily sales quota’ with  $r = 1.000$ ,  $p < 0.001$ , at 0.05 significance level. ‘Report to office first then to territory’ also had a strong positive and significant relations with ‘aware of the needs of customers’ with  $r = .882$  ( $p < 0.001$ ) at 0.05 significance level. ‘Report earlier than the usual time’ had a strong and positive relationship with ‘meet daily sales quota’, with ‘aware of the needs of customers’, with ‘report to office first then territory’ registering scores of  $r = .926$  ( $p < 0.001$ ),  $r = .910$  ( $p < 0.001$ ),  $r = .926$  ( $p < 0.001$ ), at 0.05 significance level, respectively. ‘Relate well with co-workers’ had a strong and positive relationship with ‘meet daily sales quota’, with ‘aware of the needs of customers’, with ‘product focus’ registering scores of  $r = .822$  ( $p < 0.001$ ),  $r = 1.000$  ( $p < 0.001$ ),  $r = .986$  ( $p < 0.001$ ), at 0.05 significance level, respectively. ‘Report to office first then to territory’ also had a strong positive and significant relations with ‘aware of the needs of customers’ and with ‘report earlier than the usual time’ registering scores of  $r = .882$  ( $p < 0.001$ ),  $r = .910$  ( $p < 0.001$ ), at 0.05 significance level, respectively.

It can be concluded that sale territory representatives’ reporting first at office before going to field play a major part of distribution performance in the sense that there might be an important market intelligence that needs to be followed up or the distributor might have neglected certain areas or not stocking certain SKU’s which can be discussed when the sales territory representative visit the distributor. Moreover, the sales territory representative can also follow up on the distributor’s orders with the sales office. No wonder it is important and significant to start with.

**Table 5. Results of the Pearson Correlation Matrix on Distribution Performance**

Theme	1	2	3	4	5	6	7	8	9
1. Meet daily sales quota	1								
2. prepares for customer concerns	.624	1							
3. follow up on customer leads	.683	.730	1						
4. aware of the needs of customers	.882**	.354	.258	1					
5. product focus	0.674	.720	.986**	.255	1				
6. report to office first then territory	1.000**	.624	.683	.882**	.674	1			
7. report earlier than the usual time	.926**	.495	.488	.910**	.535	.926**	1		
8. cover more areas than I am expected	.847*	.679	.496	.801*	.489	.847*	.807*	1	
9. relate well with co-workers	.822**	.354	.258	1.000**	.255	.882**	.910**	.801*	1
<b>Mean</b>	4.00	4.43	4.29	4.86	2.00	4.00	3.86	4.43	4.86
<b>Standard deviation</b>	1.000	.535	.488	.378	1.732	1.000	.900	.787	.378

Source: Fieldwork data, 2016

Note: \* $P < 0.05$  and \*\* $P < 0.01$  level respectively. Cronbach’s Alpha = .892 or 89.2%

Awareness of the needs of customers be it the retailers or the subscribers are an important consideration to improve distribution hence can lead to better sales. Building a relationship with the trade can help an organization to get retailers to stock a product even if the profit margin is not as good as that of the competition. One of the areas to assess the competencies of a sales territory representative is achievement of sale target, hence effective distribution of products which enhances visibility and availability can be a good indicator of achieving sales quota, not surprising that sales territory representatives will push their distributors to achieve their targets which indirectly also achieve their targets.

The result sums up the need and call by many authors such as Ezekiel (2012) and Rogers (2007) about sales preparations being everything as it makes the salesmen more organize and focused for the sales calls.

#### 4.4.5. Reliability Analysis

The Reliability quality alludes to the degree to which a scale produces predictable results if the estimations are repeated various times. Almost eighty percent of the questionnaire employed for the research was a 5-point Likert scale. Coefficient alpha scores obtained for each theme are reported in Table 6.

*Table 6. Scale Reliability*

Theme	No. of items	Cronbach Alpha
Sales territory management practices	8	0.904
Aspects of staff competence	7	0.908
Sales territory management and distributor performance	17	0.966
Distribution performance	9	0.892
<b>Total number of items</b>		<b>41</b>

Reliability analysis as showed by Kimberlin and Winterstein (2008) is the assurance of getting the extent of systematic variation in a scale, which should be possible by determining the relationship between the scores acquired from various administrations of the scale. In this manner, if the relationship in the reliability analysis is high, the scale yields predictable results and thus it is reliable. All values are within the acceptable range and greater than the cut-off point of 0.70 suggested by many researchers. This shows the reliability of the scale for internal consistency of this study.

### 5. Conclusion, Recommendation and Prescription for Companies

The route to the market is a collaborative effort between all the channel members if the desired objective of availability and visibility is to be achieved. A company can get a competitive advantage through effective and efficient distribution strategies if it is well executed well over its direct and indirect competitors. However, it will have its own challenges of meeting the needs and wants of channel members. If not managed well, it will lead to loss of revenue and eventually to the collapse of a business.

Adherence to best practices under the sales territory management will ensure that performance feedback is regularly communicated to both the distributors and the sales territory representatives. Moreover, demarcation of sales territories done in consultation with the field salesmen will ensure that the latter category buys into it to support the commitment to deliver. Professionalism of selling is possible considering the level of education and experience of the sales territory representatives in managing their various sales territories. Distributor's continuous dealership hinges on how the business is resourced, whether there is an adherence to the dealerships contract and sales performance.

Using key distributors and assigning them with a sales territory helps to deliver a good service if they are appropriately resourced and provided with uncompromised supervision to play the role of a partner to Vodafone rather than to be happy with the distributor's status. Though there were some gaps in the distribution activities of Vodafone in Sunyani and its environs to a large extent it can be concluded that their salesmen on the ground and the distributor have fairly ensured an effective and efficient distribution activity to serve the intended market.

The paper recommends the restructuring of the distribution strategy of the key distributor's for better market penetration to improve availability and visibility of products/services to get closer to subscribers. There is the need for intensive sales and product communication training for sales territory representatives to handle sales objections and better customer services for both subscribers and management of distributors. Finally, Vodafone must resource the key distributor's logistically.

The limitation of the study was not getting the opportunity to listen the distributors' view on their operations within the sales territory area and their challenges, as the scope was on getting the views of the

subscribers. This study offers future research suggestions namely subsequent studies could look at individual sales territory performance on the sales territory representatives and the distributors based on key performance indicators.

For products or services to be successful in the marketplace, they must be available where customers want to buy them and how customers want to use them. Channel management has become one of the most important components of a firm's competitive strategy, with mistakes often costing companies millions and channel managers their careers. Using distributors as a route to the market has been in the surge for many companies that produce goods and services. Care must be taken to get the best out of distributors that will not dilute the distribution strategy. Understanding the existing channels structures and performance is the first step in improving its effectiveness. The study prescribes generic practices that will aid better relationships and integration of mutual benefits between companies and their distributors:

- There is the need for a very clear understanding of the roles, responsibilities and clearer key performance indicators on how and when they will be measured for the distributor and the company.
- A more productive partnership between the distributor and the company requires an effective communication on regular basis. Moreover, companies must see their distributors as partners in the achievement of their business goals such as market coverage and sales.
- Distributor's incentives must be planned and structured and tied-in to how much of the different ranges of specific SKUs (Stock Keeping Units) are sold within a determined time frame.
- The staff who are involved in the distribution activities must be trained on the requirement of good distribution practices to acquire the appropriate competence and experience prior to commencing their task.
- Monitoring and review of the performance of the key distributors and the identification and implementation of any required improvements on a regular basis.

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