

Competitive Marketing Competencies of Dairy Cooperatives in Machakos County, Kenya

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Abstract: *The objective of the study was to explore the competitive marketing competencies of Dairy Cooperatives in Machakos County, Kenya. The competencies were explored with respect to customer perspective competencies, competitors' perspective competencies, pricing perspective competencies, promotions perspective competencies, and distribution perspective competencies. The study was a qualitative descriptive research. Data was collected through face to face interviews with an interview guide being used as the primary tool for data collection. A census of all the 15 Dairy Cooperatives registered by Lower Eastern Dairy Cooperatives Alliance (LEDCA) was conducted. Thus the unit of observation was the cooperative board and the unit of analysis, the cooperative. The analysis involved categorization of the responses into common themes. Firstly, with respect to customer's perspective competencies, the study concludes for low levels of customer perspective marketing competencies. The cooperatives do not conduct regular market surveys, as such this limits their knowledge of customer behavior. Equally, apart from product quality, there is limited adoption of unique differentiating customer retention and attraction strategies among the cooperatives. Secondly, based on the competitors' perspective competencies, the study concludes for low competencies in competitive marketing. Despite the cooperatives being well aware of their sources of competition, competitors' weaknesses and strengths, the capability to execute a mix of strategies to exploit competitors' weaknesses and overcome competitors' strength is limited. For instance, while 50% indicated that low product quality was a major weakness by the competitors', only about half (27%) responded by improving quality of their products to take advantage of this weakness. Similarly, while 16% identified poor customer relations by the competitors, only 8% responded by improving their customer relation to take advantage of this weakness. Thirdly, based on pricing perspective competencies, the study concludes for inadequacies in the pricing competencies among the cooperatives. Pricing decisions are made in isolation and do not take into account strategic intents of the cooperatives and optimization of the marketing mix. Fourthly, the study concludes for inadequacies in the promotion competencies. Sales personnel are rarely recruited competitively, lack requisite skills, are ill prepared for the job, and are paid daily/weekly wages. Advertisements lack adequate budgets, are at best unstructured and irregular word of mouth. Finally, the study concludes that the current distribution competency demonstrated by the cooperatives match the current distribution needs. The current sales demand is well served with the distribution systems in place. The cooperatives are relatively small with most distributions being in small quantities and by use of motorbikes. Poor road conditions present the main challenge but mainly during wet seasons. A factor which does not persist for a long period. For practice, the study recommends targeted regular market surveys to create an understanding of the customer behavior for better niche or differentiated marketing. Secondly the study recommends adoption of marketing strategies that aims at exploiting the known competitors' weakness and overcoming of competitors' strength. Thirdly, the study recommends an adoption of an optimal marketing mix. Further, adoption of best human resource management practices such as competitive recruitment, structured inductions and trainings of personnel, clear separation of roles as well as stable remunerations should be employed to increase staff capability and morale. The also recommends explicit planning and budgeting for product promotion. For further studies, expanding the study to include cooperatives outside Machakos would be critical in providing additional empirical evidence for generalization of the findings. The study also looked only at the marketing perspective, other parameters such as strategic planning and operational perspectives should be explored.*

Keywords: Competitiveness, Marketing, Competencies.

1. Introduction

Dairy sector sub sector in Kenya is the most rapidly expanding agricultural sub sector in Eastern Africa (Waitituh, 2017). The sub sector is an important source of livelihood to approximately 1 million small-scale farmers in Eastern Africa and nearly 0.5 million farmers in Kenya. In Kenya, annual milk production is approximated at 3.3 billion liters with a market value of KES 182.06 billion (GOK, 2018). These incomes accounts for nearly 50% of the total gross value of livestock products, 7.4% of Agricultural GDP and 2.3% of the country's GDP (CBK, 2018).

Dairy production in Kenya is characterized by small scale farming with most farmers having between two and four animals. Over the past five decades, dairy farmers have organized themselves into dairy cooperatives which act as

their principal marketing agents. These agents then either sell milk directly to consumers or processors. Whereas cooperative movement has been championed to take advantage of economies of scale, the envisioned profitability and growth of small scale rural dairy cooperatives has been at best unsatisfactory. Despite existence of cooperative structures and increased milk production, direct selling of milk by individuals has been on the rise. Further, losses occasioned by failure to sell all supplies while by cooperatives is near daily occurrences in most dairy cooperatives especially in Machakos County. Losses directly transferred to farmers as the unsold and spoilt milk is returned to the farmers.

Globally, inadequate marketing competencies has been a major constraint for competitiveness and sustainability of a majority of small scale rural based agricultural cooperatives (Shangurai, 2013). More often than not, most rural

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agricultural cooperatives rarely allocate significant resources to marketing activities. A fact partly linked to their small nature, where resource and capability constraints are a near permanent feature in most small scale rural agricultural cooperatives. Thus, most small scale rural agricultural cooperatives are just partakers of the market dictates. They neither have adequate resources to effectively push sales nor capabilities to effectively attract and retain customers.

In a space of increased ease of movement of goods across regions and stiff competition, marketing competencies in agricultural cooperatives deserves a special attention as lack of these competencies may diminish the cooperatives' efforts to effectively deal with an ever increasing competition and achieve business sustainability (Díaz-Pichardo, et al., 2012). It is therefore of paramount importance to explore marketing competencies of dairy cooperatives. Due to heterogeneity of contextual factors, the study sought to explore the marketing competencies of Dairy Cooperatives in Machakos County, Kenya to offer recommendations for improvement with the goal of enhancing their competitiveness regionally, nationally and internationally.

2. Study Objectives

The purpose of this qualitative descriptive research was to explore the competitive marketing competencies of Dairy Cooperatives in Machakos County, Kenya. Marketing competencies were sub-categorized as; (a) customer perspective competencies, (b) competitors' perspective competencies, (c) pricing perspective competencies, (d) promotions perspective competencies, and (e) distribution perspective competencies.

3. Summary of Empirical Literature Review

Global research on marketing competencies among agricultural cooperatives has not explicitly explored the state of marketing competencies among dairy cooperatives in Machakos County, Kenya (Díaz-Pichardo, Cantú-González, López-Hernández, & McElwee, 2012). Outside Africa, a case study by Dana and Schoeman (2010), identified horizontal and vertical integrations as key strategies for enhancing local and international competitiveness of dairy cooperatives in New Zealand. Reddy (2014) revealed cost minimization, prompt payment of supplies, farmer support systems such as input supply, veterinary services, loans and insurance as precursors of competitiveness among rural women run cooperatives in Mulkanoor, India.

In Africa, Shangurai (2013) established inadequate entrepreneurial skills, costs and marketing are the main challenges hindering efficient performance of dairy cooperatives in Masvingo district, Zimbabwe. This is worsened by low milk volumes and side selling. In Kenya, Mwangi (2013) revealed lack of entrepreneurial competencies such as marketing skills, innovation and value addition as the major bottlenecks in creating niche markets and achieving competitive advantages among dairy cooperatives in Mathira and Kieni Constituencies in Nyeri County. Further, Muriithi, Huka and Njati (2014) confirmed

the significance of good business management skills and joint ventures as key drivers of competitiveness among dairy cooperatives in Meru County. Further, Osewe, Kharde and Kipsat (2016) affirmed significance of entrepreneurial behavior on performance of dairy groups in Nyamira County.

Despite, there still lack conclusive empirical evidence on the level of competitive marketing competencies among the dairy cooperatives in Machakos County, Kenya. The study therefore sought to explore the competitive marketing competencies of Dairy Cooperatives in Machakos County, Kenya with respect to customer's, competitors', pricing, promotions, distribution perspectives. The findings will be significant in offering information for improvement of marketing competencies for improved market competitiveness.

4. Methodology

The study was a qualitative descriptive research. Data was collected through face to face interviews with an interview guide being used as the primary tool for data collection. Participant interviews were conducted with all the 15 Dairy Cooperatives registered by Lower Eastern Dairy Cooperatives Alliance (LEDCA). Therefore, the study was a census for all the cooperatives. Each cooperative was represented by the board executives (chairpersons, secretary and treasurer) with each board being interviewed as a unit. Thus the unit of observation was the cooperative board and the unit of analysis, the cooperative. The analysis involved categorization of the responses into common themes. The data was considered to have reached saturation when the interview data became repetitive and no additional information was added as indicated by Gandy (2015).

5. Research Findings

5.1 Demographics

The study was a census of all the 15 Dairy Cooperatives registered by Lower Eastern Dairy Cooperatives Alliance in Machakos. The study achieved 80% response rate. The study revealed that 16.7% of the cooperatives had been in operation for less than 5 years while 41.7% had been in operation between 5 and 10 years and 41.5% for more than 10 years. Thirty-three point three percent (33.3%) of the cooperatives had less than 50 registered members, 41.7% between 50 and 100 registered members and 25% had more than 100 registered members. The study also showed that male membership in all the cooperatives averaged 69%. The interviews revealed that across all the boards, 13% of the board members had primary education as the highest academic qualification, 58% secondary education, 21% post-secondary certificate, 1% Diploma and 7% university degrees. Higher education levels are expected to assist individuals in developing analytical capability for strategic thinking and planning as well as in understanding what having a competitive venture would entail. The interview questions also revealed that 50% of the boards had at least one person trained on business management with only 17%

of the boards having at least one member being trained on accounting.

Further, the study revealed that one third of the cooperatives carry out monthly advertisement campaigns for their products while 9% have annual advertisement campaigns mostly by word of mouth. In addition, the study indicated that only 17% of the cooperatives carry out market surveys on a monthly basis while 8% carry out annual market surveys but through word of mouth. The study also revealed that across all the cooperatives, for every 10 sales, there are at least 2 complaints.

4.2 First Theme: Customer Perspective Marketing Competencies

The first theme for marketing competency was the customer perspective competency. This entails the ability to know and understand who the current and potential customers are, their behavior, as well as the ability to institute strategies for attracting potential customers and retaining current one.

The study revealed a multiplicity of customer types in the market space. Eighty percent (80%) of the cooperatives sell their products to individual buyers, 80% to local hotels, 60% to schools and 10% sell to local hospitals, 10% to processors, 10% to local supermarkets/shops, 10% to milk vendors and 10% to churches. However, while all (100%) the cooperatives sell raw milk, value addition is low with only 20% of the cooperatives selling value added products (Mala).

Knowledge of Customer Behavior: Interviewees when asked to describe behavior of their customers, 40% indicated that they are routine buyers who shop mainly in the mornings and in the evenings while 10% indicated that the customers are price sensitive and 10% indicated that their customers are loyal. Forty percent did not offer clear description of their customer behavior. Customer behavior is the customer's patterns of thoughts and actions that are relevant in product design, pricing, promotion, customer experience and sales.

The study showed that 40% of the boards could not clearly describe their customers' behavior. Further, the 40% which attempted could only describe their customers' behavior with respect to operational focus (time of shopping). While this is important in stock management, it probably applies to all milk sellers in the market and may not provide crucial information for developing unique marketing strategies for competitiveness. Thus, most of the cooperatives lack an in-depth knowledge of their customers' behavior, which can be used for competitive strategies such as new product design, pricing, promotion, customer experience and sales. This corroborates findings that only 17% of the cooperatives conduct market surveys on a monthly basis while 8% conduct annual market surveys albeit through word of mouth.

Customer Retention Strategies: The study demonstrated multiplicity of customer retention strategies. However, majority of the cooperatives (70%) focuses only on one strategy, product quality. Twenty percent use good customer services/relations while 20% use pricing strategies to retain current customers. This reveals low levels of differentiation in the customer retention strategies applied by the

cooperatives as majority of the cooperatives focus only on one strategy (product quality) with few using alternative strategies such as pricing, customer service, customer relations, technology among others. Meaning that there are very limited customer retention strategies applied by the cooperatives. Not surprising only 10% of the boards confirmed that their customers are loyal.

Customer Attraction Strategies: The study showed low levels of deliberate initiatives by the cooperatives in attracting new customers. Few cooperatives make deliberate efforts to ensure regular advisements (10%), prompt suppliers (10%), consistency of supplies (10%), setting up outlets in strategic locations (10%), value addition (10%), and home deliveries (10%) among other strategies to attract new customers.

Table 1: Customer Perspective Competencies

Parameter	Main Categories	Percentages
Type of customers	Individuals	80%
	Local Hotels	80%
	Schools	60%
	Local Hospitals	10%
	Processors (KCC)	10%
	Local supermarkets/shops	10%
	Milk vendors	10%
	churches	10%
Type of products sold	Raw milk	100%
	Mala	20%
Knowledge of Buyer behavior	Routine shopping (Mornings & Evenings)	40%
	Price sensitive	10%
	Loyal	10%
	No knowledge	40%
Customer retention strategies	Quality products	70%
	Quality customer services/relations	20%
	Pricing	20%
Customer attraction strategies	Advertisement	10%
	Prompt supplies	10%
	Consistency of supplies	10%
	Strategic location (Ease of access)	10%
	Value addition (pasteurization)	10%
	Home deliveries	10%

In summary, the study demonstrated low levels of customer perspective marketing competencies among the dairy cooperatives registered under LEDCA in Machakos County. The cooperatives do not conduct regular market surveys, as factor that limits their knowledge of customer behavior. Equally, apart from product quality, there is limited adoption of unique differentiating customer retention and attraction strategies among the cooperatives.

4.3 Second Theme: Competitors' Perspective Market Competency

The second theme for marketing competency was the competitor's perspective competency. This entails the ability to fully understand competition; ability to put in place strategies to take advantage of competitors' weaknesses; and ability to put in place strategies to ward off competition.

Knowledge of competition: The study showed that competition for the dairy cooperatives in Machakos County mostly come from the local market with multiple origins. Particularly, milk bars (50%), individual farmers (40%), hawkers (30%), other cooperative dairies (20%), processed milk (20%), and local shops (10%). However, these competitors are mainly small with less than 20% local market share (67%). The rest are either moderate in size with 20-60 local market share (22%) or large with more than 60% local market share (11%). The competition is also mainly considered weak (49%), moderate (29%) or strong (29%). The findings revealed that all the cooperatives knew and understood their competitors, a critical element in initiating strategies to gain competitiveness.

Competitors' weaknesses: The major weaknesses of competitors identified by the cooperatives included low quality products (50%); low volumes (9%); poor customer relations (16%); unreliability of supply (9%); and lack of equipment such as coolers & milk quality testing kits (16%). In response to these weaknesses, 27% of the cooperatives indicated that they focus on quality improvement to take advantages of competitors' weaknesses while 9% indicated increasing volumes, 8% indicated good customer relation, 9% opening for long hours, 18% competitive pricing, 9% increasing volumes, 9% having strategic locations, and 9% selling processed milk.

Even though competitors' weaknesses are well identified, the response by the cooperatives in taking advantages these weaknesses are not commensurate. For instance, while 50% indicated that low product quality was a major weakness by the competitors', only about half (27%) responded by improving quality of their products to take advantage of this weakness. Similarly, while 16% identified poor customer relations by the competitors, only 8% responded by improving their customer relation to take advantage of this weakness.

Competitors' strength: Major strengths of competition included strategic outlets (40%), competitive pricing (20%), outsourcing of supplies (20%), and selling of processed milk (20%). Major strategies employed by the cooperatives in countering the competitors' strength include strategic advertising (10%), low pricing (30%), improved reliability & milk quality (20%), milk processing (10%), improved customer relations (20%), and home deliveries (10%). These findings show targeted response to the competitors' strength.

Parameter	Main Categories	Percentages
Competitors' weaknesses	Strong	29%
	Low quality products	50%
	Low volumes	8%
	Poor customer relation	16%
	Unreliability	10%
	Lack of equipment (e.g. coolers)	16%
Strategies of taking advantage of competitors Weaknesses	Improving quality of products	27%
	Increasing volumes	9%
	Good customer relation	8%
	Strategic locations	9%
	Competitive pricing	18%
	Long opening hours	9%
	Processed milk	9%
Competitors' strength	Strategic outlets with accessibility	40%
	Competitive pricing	20%
	Outsourcing of milk supply	20%
	Sell processed milk	20%
Strategies for warding off competition	Advertising	10%
	Low pricing	30%
	Improved reliability & quality of products	20%
	Milk processing	10%
	Improved customer relation	20%
	Home deliveries	10%

From the findings, the cooperatives are well aware of their competition which is mostly local, small in size with relatively weak to moderate strength. The weaknesses of the competitors are also well identified as low quality products; low volumes; poor customer relations; unreliability of supplies; and lack of equipment such as coolers & milk quality testing kits. However, response by the cooperatives in taking advantage of these weaknesses is at best underwhelming. Further, competitors' strengths are also clearly identified with targeted responses. For instance, while 20% identified competitive pricing as the major strength of the competition, 30% of the cooperatives responds by lowering their prices to ward off competition. Moreover, where competitors were outsourcing supplies due to scarcity (20%), the cooperatives (20%) respond by improving reliability and quality of their products. Since the cooperatives respond more to competitors' strengths than exploit their weaknesses, these findings show that the cooperatives are more reactionary than proactive. While wadding off competition is crucial, proactive strategies targeting to exploit competitors' weaknesses is equally important. Where a competitor has significant strengths of resources and capability, it would be tactful for small business entities to isolate and exploit the competitor's weaknesses rather than confront strengths they obviously can't match. Exploiting competitor's weaknesses would allow the cooperatives to plan and be in control of their response rather than respond out of necessity of attack by competitors' strengths to situations that may be out of their control. This provides a chance of seizing and retaining the initiatives in the competition. In a nut shell the cooperatives are well aware of their sources of competition, their weaknesses and strengths. However, the ability to executive a mix of strategies to exploit competitors' weaknesses and overcome competitors' strength is limited. Thus, from the competitors' perspective, marketing competencies of dairy

Table 2: Competitors Perspective Competencies

Parameter	Main Categories	Percentages
Competitors	Local milk bars	50%
	Hawkers	30%
	Processed milk	20%
	Individual farmers	40%
	Local shops	10%
	Other dairy cooperatives	20%
Size of Competitors	Small (<20% local market share)	67%
	Medium (40-60% local market share)	22%
	Large (>60% local market share)	11%
Strength of Competitors	Weak	42%
	Moderate	29%

cooperatives in Machakos has a lot of room for improvement to attain competitiveness.

4.4 Third Theme: Pricing Perspective Market Competency

The third theme for marketing competency was the pricing perspective competency. This was analyzed by assessing the cooperative's pricing strategy, internal & external factors affecting pricing, and strategies used to drive sales.

Pricing Strategies: There were only two pricing strategies identified by the Cooperatives, going price (market trends) and cost plus pricing strategies. Majority of the cooperatives (80%) indicated that their pricing is primarily influenced by market prevailing conditions (going price). That is, they charge the market going price. This strategy may be counterproductive especially in situations where the going price is lower than the operational and supply costs. The other set of cooperatives (20%) indicated that their pricing is primarily influenced by the cost of milk supplies. They simply add a mark up to the cost of supplies. This strategy also fails to take into account the cooperative's operational cost and market trends. The strategy is constraining since it lacks alignment to operational costs and market trends.

Internal Factors Affecting Pricing: When asked to indicate the internal factors which influence pricing, 50% indicated quality of the products (milk) sold by the cooperative at any time. The other 50% indicated operational costs such as cooling, employees and cost of rent.

External Factors Affecting Pricing: The major external factor influencing pricing strategy is cost of supplies (50%) and competitor prices (30%). The other external factors influencing pricing include overall demand (10%) and buyers' behavior (10%).

Sales Drive: The study also revealed that 30% of the cooperatives offer discounts as an initiative to drive sales while 70% of the cooperatives offer some form of credit facilities to their customers.

Table 3: Pricing Perspective Competencies

Parameter	Main Categories	Percentages
Pricing Strategies	Going price (Market trends)	80%
	Cost plus strategy	20%
Internal factors influencing pricing	Quality of the product	50%
	Operational costs/Expenditure	50%
External factors influencing pricing	Supplies prices	50%
	Buyers behavior	10%
	Competition	30%
	Overall demand	10%
Sales initiatives	Discounts	30%
	Credit facilities	70%
	After sales services	0%

In summary the study identified market going price and cost plus as the two key pricing strategies adopted by cooperatives in Machakos County. The internal factors affecting pricing included quality of the products and operational costs, while the external factors included supplies prices, buyers' behavior, competition and overall demand.

However, pricing strategies are employed in isolation and do not take into account objectives of the cooperatives (long term strategic thrust) and optimization of the marketing mix. This shows inadequacies in the pricing competencies among the cooperatives in Machakos County.

4.5 Fourth Theme: Promotion Perspective Market Competency

The fourth theme for marketing competency was the product promotion perspective competency. The analysis explored the competencies of the sales team and adequacy of advertisement to assess the overall promotion competency.

Sales: Eighty percent (80%) of the cooperatives indicated that the highest academic qualification of their sales persons is Secondary Education while 20% indicated that they have Primary Education. The sales teams also do not have any formal training in marketing. However, 50% of the cooperatives indicated that they have training in milk hygiene. The recruitment of sales persons is through referrals (40%). For 60% of the cooperatives, sales persons are volunteer cooperative members. Out of the 40% of the cooperatives who recruit members through referrals, only 40% conduct some form of competitive interviews among the referrals. Meaning only 24% of the cooperatives conduct interviews for referrals. Eighty percent (80%) of the cooperatives prepare their sales persons for the job through inductions. However, further probing revealed that the nature of these orientations were on operational issues such as milk deliveries and hygiene rather than sales and marketing. The other 20% have no strategy for preparing sales personnel for the job. Majority of the cooperatives offer casual modes of payment to their sales persons. Wages (50%) and commissions (10%). The other 40% offer routine salaries. However, when asked to indicated strategies for retaining sales persons, 20% indicated timely payments of dues, 30% annual increment, 30% bonuses and 30% good relations.

Advertisement: The primary modes of advertisement are word of mouth (60%) and use of posters (40%). These at best are unstructured and irregular (80%). While 30% take no action on ensuring good customer relations, 40% manage customer relations through quality products while 30% through good customer services. Advertisement budgets are low with 70% setting no budgets at all, 20% set aside less than 2% of their budgets to advertisement while 10% set aside between 2 and 5% of the annual budget to advertisement.

Table 4: Promotion Perspective Competencies

Parameter	Category	Percentages
Sales persons level of education	Primary	20%
	Secondary	80%
Sales persons training	None	50%
Recruitment of sales persons	Milk hygiene	50%
	Referrals	40%
Preparation of sales persons	Volunteer members	60%
	Orientation/induction	80%
Mode of sales persons payment	Cash (Wages)	50%
	Salary	40%
	Commissions	10%

Parameter	Category	Percentages
Strategies for retaining sales persons	Timely payments	20%
	Annual salary increment	30%
	Bonuses	30%
	Good relations	20%
Methods of advertising	Posters	40%
	Word of mouth	60%
Managing customer relations	Quality products	40%
	Good customer service	30%
	None	30%
Frequency of advertisements	Irregular (When need arises)	80%
	Monthly	10%
	Daily (word of mouth)	10%
Percentage annual advertisement budget	< 2%	20%
	2-5%	10%
	None	70%

The study identified inadequacies in the promotion competencies among dairy cooperatives in Machakos County. Majority of the sales personnel (80%) have secondary education as their highest academic qualification without any additional formal training in sales and marketing. This would be a major limitation in formulating & execution of appropriate sales and marketing strategies. While 80% of the cooperatives prepare their sales person for the job through inductions/orientations, the nature of these orientations were on operational issues rather than sales and marketing. The other 20% have no strategy for preparing the sales personnel for the job. Moreover, only 24% of the cooperatives conduct interviews on word of mouth referrals when recruiting sales personnel. However, these referrals were from internal cooperative members rather than an open public advertisement for vacancies. Despite this being cost effective, it would limit competitiveness of the process. In addition, majority of the cooperatives offer casual mode of payments to the sales persons, wages (50%) and commission (10%). However, majority of the cooperatives have taken formal steps towards retaining their sales persons, through timely payments of dues (20%), annual salary increment (30%), bonuses (30%) and good employee relations (30%).

The primary modes of advertisement are word of mouth (60%) and use of posters (40%). However, these are at best unstructured and irregular (80%). While 30% take no action on ensuring good customer relations, 40% manage customer relations through quality products while 30% through good customer services. Advertisement budgets are low with 70% setting no budgets at all, 20% set aside less than 2% of their budgets to advertisement while 10% set aside between 2 and 5% of the annual budget to advertisement.

4.6 Fifth Theme: Distribution Perspective Market Competency

The fifth theme for marketing competency was the distribution perspective competency. The analysis explored the distribution channels and transport situation, outlets and traded volumes, as well as persons in charge of distribution.

Distribution channels and transport situation: The major distribution channels for dairy cooperatives include retail/milk bars (90%) and wholesale (10%). The main transport means are motor bikes (50%), public

transport/matatus (30%) and hand deliveries by farmers (10%). Majority of the cooperatives identified poor road conditions (50%) as the main challenge for product distribution, irregular supplies (10%) and low milk volumes (10%). However, 30% indicated that they do not have major constraints in product distribution.

Outlets and traded volumes: Majority (90%) of the cooperatives have just one outlet while 10% have between 2 and 3 outlets. Volumes of traded milk is low (40%) with majority selling between 100 and 200 liters per day. Twenty percent trade between 50 to 100 liters, 20% between 200 and 400 liters, 10% less than 50 liters, and 10% between 1,000 and 2,000 liters. The distribution is mostly left for the sales persons (50%), cooperative members (30%) and board members (20%).

Table 5: Distribution Perspective Competencies

Parameter	Category	Percentages
Distribution channels	Retail/milk bars	90%
	Wholesale	10%
Transport means	Hand	20%
	Public transport	30%
	Bikes	50%
Factors affecting distribution	Irregular Supplies	10%
	Poor road conditions	50%
	Low milk volumes	10%
	None	30%
Number of outlets	1 outlet	90%
	2-3 outlets	10%
Traded volumes/outlet/day	< 50 liters	10%
	50-100 liters	20%
	100-200 liters	40%
	200-400 liters	20%
	1,000-2,000 liters	10%
Persons in charge of distribution	Sales person	50%
	Board	20%
	Members	30%

From the findings, the cooperatives are relatively small with most distributions being in small quantities by use of motorbikes. Poor road conditions present the main challenge especially during wet seasons. Nearly all the cooperatives (90%) have just one outlet and sell less than 400 liters of milk per day. The distributions are to individual buyers, hotels, schools and hospitals. Due to the cooperatives small size, the task of distribution is left for the sales persons (50%) and in some cases the cooperative members (30%) and the board members (20%). From the findings, the current sales demand is well served with the distribution systems in place. Meaning, the current distribution competency matches the current distribution needs by the cooperatives in Machakos.

6. Conclusions

Firstly, with respect to customer’s perspective competencies, the study concludes for low levels of customer perspective marketing competencies. The cooperatives do not conduct regular market surveys, as such this limits their knowledge of customer behavior. Equally, apart from product quality, there is limited adoption of unique differentiating customer retention and attraction strategies among the cooperatives.

Secondly, based on the competitors' perspective competencies, the study concludes for low competencies in competitive marketing. Despite the cooperatives being well aware of their sources of competition, competitors' weaknesses and strengths, the capability to execute a mix of strategies to exploit competitors' weaknesses and overcome competitors' strength is limited. For instance, while 50% indicated that low product quality was a major weakness by the competitors', only about half (27%) responded by improving quality of their products to take advantage of this weakness. Similarly, while 16% identified poor customer relations by the competitors, only 8% responded by improving their customer relation to take advantage of this weakness

Thirdly, based on pricing perspective competencies, the study concludes for inadequacies in the pricing competencies among the cooperatives. Pricing decisions are made in isolation and do not take into account strategic intents of the cooperatives and optimization of the marketing mix.

Fourthly, the study concludes for inadequacies in the promotion competencies. Sales personnel are rarely recruited competitively, lack requisite skills, are ill prepared for the job, and are paid daily/weekly wages. Advertisements lack adequate budgets, are at best unstructured and irregular word of mouth.

Finally, the study concludes that the current distribution competency demonstrated by the cooperatives match the current distribution needs. The current sales demand is well served with the distribution systems in place. The cooperatives are relatively small with most distributions being in small quantities and by use of motorbikes. Poor road conditions present the main challenge but mainly during wet seasons. A factor which does not persist for a long period.

7. Recommendations

For practice, the study recommends targeted regular market surveys to create an understanding of the customer behavior for better niche or differentiated marketing. Secondly the study recommends adoption of marketing strategies that aims at exploiting the known competitors' weakness and overcoming of competitors' strength. Thirdly, the study recommends an adoption of an optimal marketing mix. Further, adoption of best human resource management practices such as competitive recruitment, structured inductions and trainings of personnel, clear separation of roles as well as stable remunerations should be employed to increase staff capability and morale. Overall training of sales personnel on marketing competencies would be critical. In addition, the study also recommends explicit planning and budgeting for product promotion.

For further studies, expanding the study to include cooperatives outside Machakos would be critical in providing additional empirical evidence for generalization of the findings. The study also looked only at the marketing perspective, other parameters such as strategic planning and operational perspectives should be explored

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