QUALITY SERVICE DELIVERY AND SALES VOLUME OF SOFT DRINKS COMPANY: A CASE STUDY OF THE COCACOLA COMPANY, BONITE BOTTLERS

BY

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APPROVAL SHEET

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DEDICATION

To my late dad Raphael Mwamukonda and my mum Joyce Mwamukonda, my brothers Mpoki, Ipyana and Colnely Mwamukonda and sisters Tuty Maseke and Kesta Mwamukonda with all my love and appreciation for their support, for without them I wouldn't be where I am today and with what I have achieved so far. I thank them for their prayers and words of encouragement. I am forever indebted to them.

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CQI... continuous quality improvements

ABSTRACT

The study was conducted to determine the impact of quality service delivery on sales volumes in the soft drinks industry in Tanzania a case study of the Coca-Cola Company Bonite bottlers. The main objective was to establish the importance of quality service delivery in the soft drinks companies, to determine the challenges faced in quality service delivery in soft drinks companies and to establish the factors that affect sales volumes in soft drinks companies.

The findings of the research revealed that the importance of quality service delivery in the soft drinks companies is increased sales.

The challenges faced in quality service delivery in soft drinks companies are poor infrastructure, poor technology, government policy and literacy level.

The factors that affect sales volumes in soft drinks companies are customer satisfaction, employee satisfaction and loyalty and competitiveness.

The research concluded that there is a relationship between quality service delivery and sales volumes.

Based on the research findings, the study recommended that continuous quality delivery should be adopted as a tool for quality service delivery, benchmarking has a positive impact on the measures of continuous quality improvement, the company should provide all the information that the customers need in their web site that is through internet to maintain customer loyalty and the company should try to reduce or cut down costs by advancing technologically and being more innovative in the industry.

CHAPTER ONE

1.0 Background

As quality improvement programmes have taken root, managers have started using tools such as total quality management, quality function deployment, statistical process control, and continuous improvement (CI). *Prabil K. Bagchi (2007).* These tools help in the process of discovering the systematic flaws in the product or service delivery process. The next step in enhancing conversion process and improving the value added component involves the determination of how to fix the inadequacies. The answers are often being found by the way of another quality improvement process known as quality service delivery.

Quality service delivery is a systematic management process that helps mangers to search and monitor the best practices and/or process. The search for best practices may not be limited to direct competitors. The goal is to emulate and exceed the "best in class". Therefore, the search goes beyond the practices of direct competitors and encompasses all leading organizations regardless of industry affiliation. Camp (1989) the goal of quality service delivery is ultimately to learn and incorporate process and product innovation that have proven successful in other organizations. The emphasis in quality service delivery is not on the outcome, but on the process employed to achieve an objective. Thus, quality service delivery process facilitates the transfer of technology. Leading experts have expressed clearly the opinion that today's competitive business, organizations that are characterized as dynamic in their learning and adoption process will ultimately survive and thrive in a highly competitive market. Quality service delivery provides a systematic process to learn and adapt an organization to the best business practices. It exposes one's weaknesses and thereby provides a justification to act. However, it must be emphasized that the goal is not to create a business environment full of "copy cats", but to encourage learning and provide a platform to take off to greater heights using innovation and a continuous improvement philosophy. (Prabil K. Bagchi, 2007).

Operations of a firm have been described as a product delivery process, a value added chain, a system or network, and a conversion process. Segmentation and functional specialization have been cited as key contributors to the loss of competitive performance on an organizational level. Quality service delivery effectively provides the necessary link between functional performance and the corporate strategic position. It serves its identity sources of competitive advantage that can be exploited more vigorously to provide company-wide areas of distinctive competence and it helps uncover weakness that need to be eliminated to become more competitive in the marketplace. Thus, there is need to benchmark the variables that are directly or indirectly influencing quality impasse. "quality embodies notions of efficiency, effectiveness and consume satisfaction' Lethbridge et al., (2001), the fact remains that definitions of quality are subjective and depend on who is doing the defining. The soft drink industry consists of establishments primarily engaged in manufacturing non-alcoholic, carbonated beverages, mineral waters and concentrates and syrups for the manufacturing fruit juices and non-carbonated fruit drinks are classified in canned and preserved fruit and vegetable industry. This industry continues to expand with more exotic manufactures producing more exotic flavors. To maintain ones brands reputation, quality filtration is of paramount importance. (Wayne, 2002) it is very important for a company to always to offer quality service to uphold quality so as to remain competitive.

1.1 Statement of the Problem

Tanzanian's manufacturing and service sectors have experienced drastic changes in the last few decades. Increased competition due to economic liberalization particularly conditions imposed by the IMF and World Bank Mbeche (1997) globalization has resulted in consumers having more choices and becoming more demanding. Economic barriers are disappearing at an increasing rate. Today; few individuals produce in and serve only the home market. The phrase, "we live in a global economy" has become a clinch but is certainly truer than ever. In order to remain competitive; local companies have to develop competencies in continuous quality improvement strategies (Nahmias 2000).

Competition in the soft drinks industry could easily be labeled the "soft-drink wars". The wars have continued into the 1990"s and the battle for shelf, aisle and vending machine space has reached staggering dimensions as the Colas receive competition from water, iced tea, fruit juices, lemon-lime drinks and private labels.

The world of perfect soft drinks for everyone is gone as strategies of market segmentation and product differentiation are used separately and together. (Michiman and Mazel, 1996) This clearly indicates that these companies require upholding quality service delivery.

This research is partly a response to the challenges of competition and reflects the desire for a deeper understanding of how local companies can progressively develop strategies operations competencies in quality through quality service delivery to its customers.

1.2 Purpose of the study

To establish the impacts of quality service delivery on sales volumes of soft drink companies a case study of the Coca-Cola Company, Bonite bottlers.

1.3 Objective of the Study

- To establish the importance of quality service delivery in the soft drinks companies
- To determine the challenges faced in quality service delivery in soft drinks companies.
- To establish the factors that affect sales volumes in soft drinks companies.

1.4 The Scope of the Study

The study will establish the effects of quality service delivery on sales volume in Coca Cola Moshi Bonite bottlers. The respondents in the study shall be employees of Coca Cola and customers of Coca Cola in Moshi. Coca Cola Bonite bottlers are located on Shirimatunda street in Moshi Northern Tanzania.

1.5 Significance of the study

This provides the justification of the study. It spells out who the beneficiaries of the study findings might be and how they might benefit.

The findings of this study are expected to provide logistics managers and other decision makers with insight into the benefit of quality service delivery as a continuous performance improvement strategy.

The procedures used in quality service delivery by leading companies shall help other practitioners in re-designing their own procedures.
Hopefully the study will have enriched the literature and procedures on quality service delivery in Tanzania.

The findings may attract other researchers to venture into areas in operations performance improvement strategies that have not been studied in the Africa context. The available literature is full of case studies from the west which was pointed out by AOSA (1992) cannot be replicated without amendments in the companies operating in Africa. We have our own peculiar characteristics manifested in the level of developments, for example, literacy level and infrastructure among others.

It is also hoped that this study will help in recognizing the fact that local environment constraints though a limiting factor as far as attaining world-class performance is concerned, should not hinder the application of quality service delivery as an improvement strategy in the local environment.

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CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The purpose of literature review will be to investigate the factors that determine quality service delivery, the factors that affect sales volumes in soft drinks companies, the challenges faced in quality service delivery in soft drinks companies and the importance of quality service delivery in the soft drinks companies. Literature review was conducted through the review of books, journals, the internet and other relevant literature in relation to the above topics.

2.1 Concept of Quality Service Delivery

In the context of competitive environment, continuous quality improvement plays a key role in ensuring that a firm remains competitive. Kotler (2000) explains that firms are in a competition with each other when they try to sell identical products and services to the same group of customers or try to employ the factors from the same group of suppliers.

Implementing quality service delivery as a continuous quality improvement strategy becomes a key success factor. Continuous improvement (CI) can be defined briefly as" a comprehensive management philosophy that focuses on continuous improvement by applying scientific methods to gain knowledge and control over variation in work processes" (Tindill and Stewart, 1993). Translating CQI's notion of "continuous improvement" into concrete terms requires that once processes and problems have been identified, improved, evaluated, and the cycle begins again. (Buccini, 1993)

In order to initiate a continuous improvement program an enterprise today very often has difficulties in:

1. Identifying its strong and weak points while evaluating in a precise and correct manner its actual performance level.
2. defining the objectives of performance improvement which are credible, accessible and coherent with the global objectives of the enterprise
3. defining among the potential objectives of improvements, those which have priority
4. defining corrective actions that can be undertaken,

Among the approaches that may help an enterprise overcome these difficulties and improve its performance, quality service delivery is required today as one of the most efficient and effective management tools. Quality service delivery is used in CQI to identify best practices in related and unrelated settings to emulate as processes or use as performance targets. (McLaughlin and Kaluzny 1994) quality service delivery is a continuous process of evaluation products, services and practices with respect to those of the strongest competitors or of the enterprise recognized as leaders (camp, 1995). Either the enterprise adopts these practices, or it adopts them for their operation with the aim of improving its performance. With quality service delivery, an enterprise has an opportunity to compare its processes, products and services continuously with similar functions of the best performing enterprises. This comparative analysis serves to measure the gap between its current performance level and what is better in other organizations. Besides this comparison, quality service delivery allows an enterprise to study the best methods, to adopt ideas and to become, quickly and effectively, the best.

Quality service delivery is used in CQI 'to identify best practices in related and unrelated settings to emulate as processes or use as performance targets' (McLaughlin and Kaluzny, 1994).

2.2 Types of quality service delivery

Before a company carries out CQI the type of quality service delivery method to use should be put into considerations because different types of quality service delivery can impact differently on quality. Following are various types of quality service delivery methods that can be utilized today (Balm, 1994).

Internal quality service delivery

Internal quality service delivery entails analysis of ones own operation, by looking around the organization and finding similar operations in other units. In other terms, it is an internal evaluation of the enterprise (by characterization and grading of located malfunctions), which compares the enterprise performance level with standard values. Sharing the internal quality service delivery findings can effectively raise the level of performance in the entire organization.

External quality service delivery

The external quality service delivery is difficult to apply, but equally valuable. By looking outside the industry, the company often discovers new ways of doing things that are more creative than those ideas that are traditionally discovered within the same industry. Best practices are those techniques the best companies have adopted to achieve superior results. (Kotler, 2000)

2.3 The importance for quality service delivery in the soft drinks industry

The foods and drink sector is a major industry in the UK, providing employment for over 3 million people throughout the supply chain. In 1998, an estimated £54 billion was spent on house hold food, representing an increase of 1.2 per cent on 1997. When expenditure on alcohol drinks and catering is added, the total customer expenditures in excess of £130 billion (National Food Survey, 1998)

Against this background, significant changes have become necessary in the industry. There has been an advance in multiple retailing and, consequently, market needs are increasingly demanding and sophisticated (Hogarth-scott, 1999), the powerful retailers seek greater responsiveness and flexibility from manufacturers. The ability to forecast consumer demand accurately now plays an important part in the need for both retailers and suppliers to ensure product availability without overstocking and over production.

Leatherhead food research Association has been at the forefront of helping UK food companies improve their business performance through the development of "world class) business and management practices. This has been mainly channeled through the 1996 launching of the "Food and Drinks Industry Benchmarking and Self-Assessment Initiative" (*Mann et al. 1998*), with the support of the department of trade and industry (DTI), and the ministry of Agriculture, fisheries and food (MAFF).

A part of this initiative, a benchmarking club for the food and drinks industry was formed in April 1997 with the primary objective of promoting the use of business excellence, quality service delivery and sharing of the best practices within the industry. Companies that have been involved in the club include Campbell soups, Glanbia Foods, Dromona Quality Foods, J.A. Sharwood & Co. Ltd, J. Sainsbury, Kraft Jacobs Suchard, McKey Food Service Ltd, Quadrant, Scottish courage Brands, Seafroth corn Mills, HP foods Ltd. Smithkline Beecham and Van den Bergh foods.

Quality service delivery is vital in any organization and serves the following;

It creates company reputation. A good company reputation is an asset for the company because every company has a reputation for quality, be it good or bad. Quality will show up in people's perception about a firm's products, employment and suppliers with the company.

Quality service delivery increases market share because satisfied customer will buy more and will recommend the service to another consumer. Improved quality increase market share and cost saving which both affect profitability as improves reliability conformance, fewer defects and consequence lower costs of business operation.

Quality service delivery reduces court costs resulting from paying of damages because courts of law hold every company.

International implications in this technologies age quality is an international requirement as well as corporate concern for both company and country in which the business is situated in because for a business firm to compete in global economy it must adhere to international standards where every international company's products must meet quality and price expectations in the international arena for it to remain competitive.

Quality management enables an organization to be more profitable since quality improvement results in reduced work in form scrap, better utilization of tools and equipments, less work in progress inventory which in turn leads to higher productivity. Minimization of costs in the service delivery improves profit margin.

It enables effective utilization of resources. More services are produced for a reasonable amount of expected resources. Productivity and management enables the public to realize better benefits through increased public revenue to the company.

As quoted earlier in the significance of the study that the available literature is full of case studies from the west; and as evidence by the above study, it shows hat very little has been done by researchers in Tanzania in the area of quality service delivery in the soft drink industry. This research is geared towards quality service delivery is a very vital tool not only in CQI but in all other performance areas leave alone in Soft Drinks industry but in the other industries too.

2.4 The effects of quality service delivery on consumer satisfaction and competitiveness of a Company

To a large extent, the quality of product or service is ultimately judged in terms of customer satisfaction. There are direct linkages between providing customer satisfaction and a superior financial and competitive position (Zairi, 1996). Understanding and meeting customer satisfaction is one of the pillars of achieving speed-to-market for manufacturers (Youssef, 1992). The cost of customer dissatisfaction could be very high.

Important goal of an organization and the satisfied customer is one of its key assets. Customer satisfaction level is one of the critical success factors that are candidates for quality service delivery.

According to Statton, (1991) understanding customer perceptions are essential to remain competitive nowadays. To do this, a company should not only know the customer satisfaction degree to its current product and service, but also know the customer satisfaction degree to the competitors. Customer satisfaction degree to the current product is the customer perception showing how well it meets the customer's wants and perception showing how well the products or services of competitors meet the customer's wants and needs. Customer satisfaction benchmarking is a continuous process of evaluating current performance, setting goals for the future and identifying areas for improvement.

Based on the customer satisfaction degree to both the company and competitors products, a goal is to be decided to show the target for meeting each customer attribute. The goal combines the data describing the customer's perception of the competitive position of the product or service relative to its competitors. The customer satisfaction degree is the customers rating according to the current product, while the goal is the future state rating to be reached. The goal is to put customer satisfaction to work for the company to achieve world-class competitive capability. Prasad (1998)

It should be particularly noted that customer satisfaction benchmarking is a never-ending process. Through this never-ending benchmarking, continuous quality improvement can be achieved. It is important to determine if performance improvement really happens after implementing quality service delivery. The effectiveness of the quality service delivery process in changing customer's perceptions can be measured through customer satisfaction questionnaires. By comparing the difference between customer satisfaction before and after quality service delivery is implemented, it is easy to identify whether the target has been achieved. (Sullivan, 1986)

Also according to practical experience, firms should improve their performance by satisfying customers, so as to obtain and sustain advantage in the intensely competitive business environment. This is because the main output of customer satisfaction is customer loyalty, and firms with a bigger share of loyalty customers profit from increasing repurchase rates, greater cross-buying potential, higher price-willingness, positive recommendation behavior and lower switching tendency (Bruhn and Grund, 2000).

Owing to the crucial role of customer satisfaction and loyalty, it is generally accepted that the relationship between these variables must be analyzed and be compared across firms, industries, sectors and nations (Fornell et al, 1996). For this purpose, customer satisfaction indices have been developed and applied in several countries (for example, Sweden, the USA, Russia, Switzerland, Norway, Taiwan, and Germany). A national customer satisfaction index is a market oriented performance measure, which can be seen as complementary to traditional performance measures, such as return on investment, profits and market shares or Kaplan and Norton's balanced score card approach. These satisfaction indices help both customers and product managers to assess the quality of products and services, help companies to standardize their operations, and assist policy makers with decisions about quality-related aspects (Hackl et al., 2000)

2.5 The Impact of quality service delivery on Profitability as an Indicator of CQI

At its core, quality service delivery is relied on by secret quality minded companies involved with continuous improvement; anything that is measured is bound to improve. Quality service delivery is a simple way for a company to measure its way to higher profits. (Jon Hedges: 2003).

Done correctly, quality service delivery is a great tool to improve a company's performance, and it can make the task of managing easier. In its basic form, quality service delivery is simply identifying the important things to track, or "metrics", at your company, finding out the performance of those metrics as well as "best practices" at other companies, and comparing, or standardizing them, against your own company. Best practices are procedures and methods that are considered to be the best in a given industry or a type of company. (Jon Hedges: 2003).

Continuous improvement entails determining where an operation stands and planning how to make it better. Through analysis and action, quality service delivery provides a systematic approach to improving production efficiency and profitability (Mold, Marsh, 2001).

2.6 The Implications of quality service delivery on Employee Satisfaction In Relation to CQI

The belief that employee satisfaction is an important outcome in relation to the delivery of high-quality services and products has long been embedded in theories, models and writings on the themes of quality improvement and organizational excellence. Deming (1993), for example, saw "joy in work" as an end in itself, and inextricably linked with effectiveness of the system. Silvestro (2002) suggests that the American TQM "gurus" are "...unanimous and unequivocal in the view that increasing process ownership and job satisfaction results from quality and productivity", while Peters and Austin (1986) stress the theme of "ownership", arguing that employees with a feeling of ownership with respect to either their organization or role are more likely to provide better levels of performance.

An explicit link between employee satisfaction and loyalty, and profitability, was suggested by the architects of the "service-profit chain" (Heskett et al., 1994), who argued that satisfied employees create value in the services and products provided through giving quality output to customers, which in turn, has the potential to lead to customer satisfaction and subsequent loyalty. They see that effective support mechanisms and policies internal to their organization as being key drivers of employee satisfaction. An interesting question that arises relates to the extent to which quality focused approaches implemented by organizations impact upon the work satisfaction of their employees. Lam (1995) identified that quality service delivery improves co-worker relationships and knowledge of supervision, but it can make work more demanding in terms of volume, skill and accuracy, thus enhancing most aspects of employee satisfaction.

Rowley (1996) examined a variety of factors that impact upon staff motivation together with strategies for motivation, concluding that motivation is the key to culture of quality and as movement within the sector is towards quality enhancement; employee motivation will increase in importance. Rowley also concluded that the most important issue connected to staff motivation is the psychological contract between staff and management.

Powell (2002) considered the flattering of structures within the education sector, but has concluded that culture change must be addressed through best practices across or within industries before restructuring in order to maximize the empowerment of employees, recognizing that motivation and empowerment are independent with quality need to be addressed in terms of their empowering or restricting effects.

2.7 Challenges faced by soft drinks companies in quality service delivery

In order to survive in this environment, companies must consider the market trends that will likely shape the industry over the next few years. This will help soft drink companies to understand the challenges they will encounter and to turn them into opportunities for process improvement, enhanced flexibility and, ultimately, greater profitability. Rowley (1996) some of the challenges include the following:

Beverage companies and bottlers are conflicting

In the soft drink markets of Europe and the US, beverage companies use bottlers to package and distribute products. This structure often causes conflicts of interest between manufacturers and bottlers. Nevertheless, the supply chain must consistently deliver value to the market in order for the segment to prosper. Despite any dissonance, the concept of "one face to the customer" must be maintained. Many factors are contributing to the friction between bottlers and beverage companies: Beverage companies often profit from increased concentrate sales at the expense of bottlers' margins Beverage companies have historically had higher returns and lower capital requirements Bottlers have historically had lower returns and higher capital requirements for building and maintaining production and distribution networks Bottlers continue to consolidate in an attempt to offset margin pressure through cost reduction.

Specifically, size helps them to: Spread fixed costs over greater volume Make larger investments in automated production lines contain the costs of acquiring new customers

Increase customer loyalty Declining prices have further reduced bottlers' margins Rowley (1996) Soft drink manufacturers continue to develop new products and packaging, which increases operational complexity and, therefore, expenses for bottlers. More new soft drinks have been introduced in the last two years by the top beverage companies than were introduced in the entire decade of the 1990s. Examples include: Coke with Lemon, Vanilla Coke, Dr. Pepper Red Fusion, Pepsi Blue, DnL, Fanta Berry, SoBe Mr.Green, Sierra Mist, and Mountain Dew Code Red.

While manufacturers view these new products as a way to build a portfolio of options to hedge against product successes or failures, bottlers see them as a burden since they often require additional capital expenditures.

Continuous increase in Retailers' power

With Wal-Mart leading the charge, the world's dominant retailers are demanding better service and shorter order-to-delivery cycles from soft drink companies. This is dramatically reshaping the industry, forcing soft drink companies to become more efficient, while taking pricing power out of their hands. The dual need for improved supply chain agility and cost efficiency is challenging suppliers to reevaluate the ways in which they plan and manage their supply chains, as they constantly search for approaches that will help them achieve the rock-bottom prices and operational excellence now expected in the industry.

Furthermore, the growth of private-label products is encouraging manufacturers to take a number of steps to compete more effectively. Increasingly, they are turning to innovation and new product introduction as a means to achieve real differentiation as well as growth.

Branded manufacturers are also looking to get closer to the consumer, with many of the larger ones piloting direct-to-consumer marketing approaches. They are also trying to better understand the in-store consumer experience by monitoring the execution of in-store activities. Nevertheless, many suppliers are losing brand equity. In recent years, a couple of factors have been fueling the growing competition between manufacturers and retailers:

Retailers are using their power to set higher standards for marketing and operational excellence, including escalating demands for improved service quality and shorter order-to-delivery cycles from manufacturers and distributors. Many of these demands, such as RFID, not only squeeze margins but also require significant capital investments.

Because of their direct relationships with consumers, retailers have a deeper knowledge of consumer behavior.

Complexity of Sales channels

The macro environment in which soft drink manufacturers operate has several unique characteristics: Bernd and Udo (2010).

1. Market to consumers/sell to retailers through wholesalers
2. Must have the ability to communicate directly with retailers
3. Multiple distribution channels
4. Seasonal demands

The beverage industry is a multi-channel industry. Therefore, soft drink companies have several types of customers with diverse characteristics:

Modern Trade/Large Chain Retailers

Greater power in negotiating purchases of concentrations and merges, direct access to the consumer and a tendency to protect this relationship from manufacturer intrusion request contributions and discounts from brand companies, Burenstam (1999).

Small Individual Retailers

Huge numbers of small point sales sometimes buy products directly through cash and carry or modern trade.

Indirect Channel (wholesalers)

According to Rowley (1996), Medium-sized organizations as a consequence of aggregation through consortia and merging, playing a fundamental role in beverage distribution, possess critical information regarding individual points of sale in terms of volume, assortment, presence of competitor's beverages, etc.

Due to the complexity of the marketplace, the entire logistical chain must be able to sustain brands, products and services coherently within the various channels, taking into account differing points of sale and diverse customer needs. Additionally, each beverage manufacturer must provide customers with an extensive set of packaging options, including:

1. Tracking product in various package sizes
2. Special labeling requirements for customers
3. International/domestic packaging
4. Tracing/recall capabilities

2.8 Factors affecting sales volumes in soft drinks companies

There are many factors that affect the sales volumes of soft drinks in the market today. They include the following;

Consumers turn to wellness and healthy drinks

In much of the developed world, a significant portion of the population is overweight or obese. This includes two-thirds of Americans and an increasing number of Europeans. Consequently, many people have started to actively manage their weight and change their lifestyles, a shift that is reflected in their choices in the beverage aisles:

Demand has increased for beverages that are perceived to be healthy

Energy drink consumption has also climbed, due to the increasingly active lifestyles of teenagers

This trend towards healthier drinks has created a number of new categories, and changed the consumption trends of the beverage industry as a whole. While previously dominated by carbonated soft drinks, the industry is now more evenly balanced between carbonates, and product categories with a healthier image, such as bottled water, energy drinks and juice: While carbonates are still the largest soft drink segment, bottled water is catching up fast, with an average of 58 liters consumed annually per capita. Among individual countries, Italy ranks number one in bottled water consumption, with the average Italian drinking177 liters per year. Overall, bottled water represents the fastest growing soft drink segment, expanding at 9percent annually. This growth is being partially driven by increasing awareness of the health benefits of proper hydration.

The industry has responded to consumers' desire for healthier beverages by creating new categories, such as energy drinks, and by diversifying within existing ones. For example, the leading carbonated soft drink companies have recently introduced products with 50%less sugar that fall mid-way between regular and diet classifications. Similarly, a South African juice company has recently released a fruit-based drink that contains a full complement of vitamins and nutrients. Euromonitor International (2005).

Increase in Statutory regulation

Governments around the world are concerned about food safety and quality. Periodically, safety failures make big news in the global press. Amid this growing concern, regulators are cracking down on sanitation and a variety of other food-safety requirements.

While food safety is the major focus in Europe, the emphasis in the US is more on bio-terrorism and food security. However, the provisions in the 2005 traceability legislation in the US, which stemmed from the Bioterrorism Act of 2002, and those in the EU Directive 178, Articles 18 and 19, are very similar. The U.S. Food and Drug Administration (FDA) is proposing the registration and tracking of almost all domestic and imported food articles, but some are concerned that the complexity of the rules will overwhelm both the food industry and the FDA. Prakash (2009).

Each soft drink company must take these industry challenges into consideration, as well as its own strengths and market position, when looking for ways to drive innovation, accelerate growth and increase margins.

Further consolidation and rationalization to capture cost savings by improving operations and eliminating redundancy:

Industry leaders are acquiring small, high growth Companies; Mid-market players are vertically integrating and declining soft drink prices: Profitability can only be improved through greater efficiency in the supply chain or through more-effective trade promotions, which usually require considerable expenditures.

Competition is becoming more challenging

In the beverage manufacturing industry, competition is growing due to the following factors:

Constant demand for new niche products related to consumer preferences for healthier and more diversified offerings Industry consolidation, which has significantly raised the bar for the "scale needed to compete" the growth of private-label products. Kumar (2008).

Declining carbonates provides potential for alternatives

The soft drinks market witnessed overall positive growth during 2007 despite the faltering penetration levels of regular cola carbonates due to the emerging health and wellness trend. A category traditionally dominated by carbonates, at the end of the review period, soft drinks seems to be driven by the impressive performance of fruit/vegetable juice and functional drinks instead, whilst the rapidly rising RTD tea and bottled water are opening up new horizons for the domestic soft drinks industry. Ray (2008).

Low calorie cola carbonates: Answering the need for healthier products

Coca-Cola Zero was the most important new product launch of 2007. Answering rising demand for products supplementing a healthy and balanced lifestyle, the introduction of this low-calorie variant is expected to act as a balancing element within the rapidly declining carbonates category as well as pave the way for more such products to be introduced within the forecast period.

Company rankings remain static

Company rankings remained nearly the same in 2007. Multinational companies Coca-Cola HBC SA, PepsiCo IVI SA and Nestlé Hellas SA maintained their key roles whilst domestic bottled water manufacturers, such as Hitos SA and Epirotiki Bottling Co SA, managed to also secure top ranking positions based on the impressive performance of still bottled water.

Supermarkets/hypermarkets and discounters reaffirm their dominance

The key role of supermarkets/hypermarkets and discounters was reaffirmed during 2007, as these retail outlets enjoyed sizeable growth, favored by the increasing number of outlets throughout the country and the perpetuation of the challenging socioeconomic conditions in most parts of the countries. On the other hand, small grocery retailers witnessed marginal losses in volume share whilst vending retained its minimal penetration levels.

Rising growth rates expected for the forecast period

Overall soft drinks growth rates are expected to gradually increase within the forecast period. The consumer shift towards low-calorie variants, leading to the current volume decline of the still dominant carbonates, is thus going to solidify following the introduction of Coca-Cola Zero.

Within this context most soft drinks categories will experience positive growth, which will be even more prominent in the emerging categories of bottled water and RTD tea. Lam (2005).

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This section shall cover the research design, target population, samples and sampling procedure, instrumentation, data collection and data analysis.

3.1 Research design

The research is a descriptive research that will investigate and determined the impact of quality service delivery on continuous quality improvement in the soft drinks industry. The design is appropriate because it assisted in describing the quality service delivery process as used by the companies in this industry, the type of quality service delivery it has the impact it has on the various aspects of quality.

3.2 Samples and sampling procedures

A simple stratified random sampling was adopted for this study, where stratums divided into quality department, human resource and procurement department. A sample size of 30 senior managers was picked. The following formula was used to obtain the sample frame.

Department	Population	Sample size
Quality	15	10
HR	15	10
Procurement	15	10
Total	45	30

3.3 Instruments

The primary data of the study was collected using questionnaires. The questions included open ended and closed ended questions. Questionnaires were preferred in the study because they were simple to administer, reliable, fixed response to reduce variability and coding, analysis, and interpretation of the data was relatively simpler.

The secondary data used in the study was sourced from internet, journals and textbooks and magazines.

3.3.1 Questionnaire

A questionnaire is a set of questions to be answered by the subject of the study. The advantages of using a questionnaire method were that it saved time, it was convenient to respondents as it was filled by the respondent during their own free time, it also reduced bias because of its systematic presentation and it enabled the researcher to collect a wide variety of information from respondents, especially when open-ended questions were given to the respondent to write his or her idea(s).

3.3.2 Observation

Observation is the conscious examining of something under study by carefully watching and noting what one sees or observes, smells, and or hears.

The main advantage was that the researcher was able to gather first hand information from the field as the researcher was able to observe things than just being told.

The method enabled the researcher to get some information that was not revealed by the respondent which they thought was confidential or sometimes respondents may not be articulate enough but the researcher can observe and understand what is going on.

3.3.3 Interview

Oral interview is a conduct research by asking oral questions by the researcher to the respondent and answers are recorded by the researcher or someone else entrusted by the researcher or using a recording device.

Oral interview had an advantage to the interviewer to clarity any question that was obscure or ambiguous and could also ask respondents to expand on answers that were particularly important. It also enabled the researcher to read body language or expressions of the respondents where a meaning was deduced.

3.4 Research Procedures

The researcher received a letter of introductory from the faculty of business and management, Kampala International University seeking permission to carry out the study Cocoa Cola Bonite bottlers in Moshi Company . Then a reconnaissance study was followed to assist the formulation of the questionnaire, the time frame and the budget. After that was done, research was done on quality service delivery and how it affected sales volumes of Soft Drinks Companies. This was facilitated by writing of the proposal, which was returned to the University for Approval. After approval of the proposal, the questionnaires were distributed to the relevant respondents. The questionnaires were administered in person to the various managers of the selected departments in the Coca Cola Company. This technique was elicited to relevant answers from the respondents and in addition allowed probing in case of complex questions.

The collection of the completely filled questionnaires was facilitated by the writing of the dissertation, which will be then handed over to the University for Approval.

3.5 Data analysis technique

The data collected was edited to ensure completeness, consistency and uniformity. After editing the information was coded to allow ease keying. Tabulation and then analyzed where Microsoft Excel was used to analyze the data. It was the preferred method because it allowed the use of statistical tools such as percentage, frequencies that was necessary in data penetration.

3.5.1 Editing

The completed structured questionnaires were scrutinized in order to reduce errors and omissions. Each questionnaire underwent thorough study to clarify on the responses given in order to establish their eligibility and accuracy.

3.5.2 Coding

Where questions were open-ended, data and responses was coded so as categorize the responses exhaustively. This was to enable the researcher to easily deduce the findings of the study and to interpret them appropriately so as to come up with adequate conclusions from the findings.

3.5.3 Tabulation

The edited and coded data was arranged in tables, charts, and graphs to help deduce the required information regarding the study.

3.6 Validity and Reliability

The researcher used quality checks such as use of different methods like questionnaires, oral interview, and observation methods to carry out the research.

The instruments used like the questionnaire were tested before being administered to the respondents to check their logical flow of questions and the language used for easy understanding.

The researcher made sure that the respondents fully participated in the research by minimizing drop out. The researcher also ensured that there was good representation of the respondents across the genders, and their roles and purposes of quality service delivery on sales volume.

3.7 Limitations of the study

The study faced financial constraints because the source of income was limited but the researcher tried to apply all available means and efforts so as to make sure the research was carried out and findings were obtained.

Time was also a problem. For the research to be accomplished fully, this required considering time, which was not available considering the time period that was not located to it.

Some of the respondents were not ready to participate and give the required meaningful information; they created the atmosphere that was difficult to collect dat. Their main fear was on confidentiality of the responses to be given out but the researcher promised to keep the information confidential and for only academic purpose.

However, the researcher did all that was possible to ensure that the above problems did not hinder or in any way affect the process of data collection. Each of the problems anticipated, a solution was looked in advance to ensure a smooth process of data collection.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

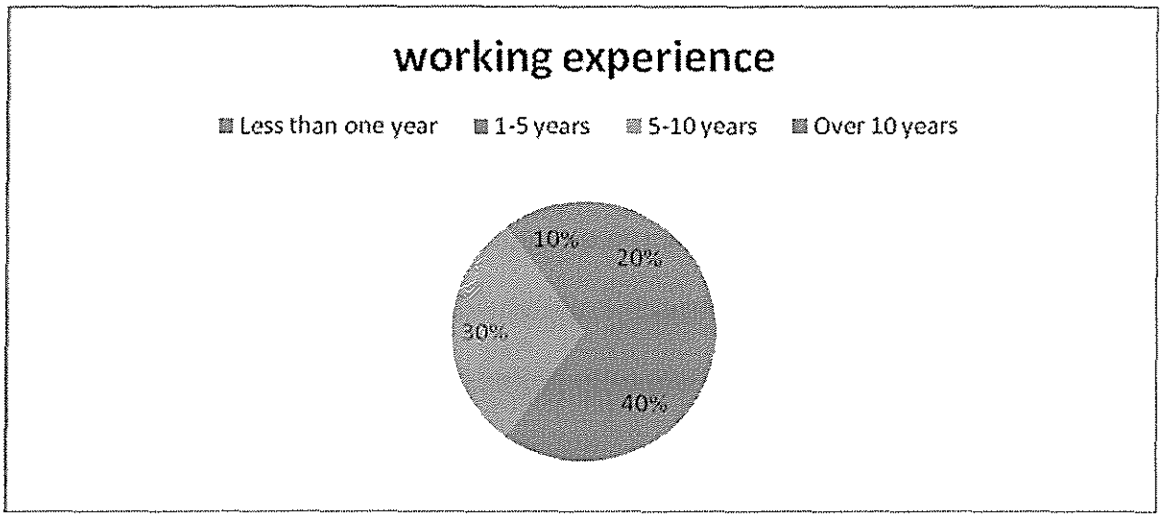
This study presents and discusses the analysis of data collected from the respondents where the data was derived from questionnaires and through interviews. A convenient sample of 30 questionnaires consisting of close ended and some open ended questions were distributed to the managers. Out of the possible 30 questionnaires received, 20 questionnaires that represent 67% were considered a relatively satisfactory number for the analysis.

4.1 Working experience

Table 1: Working experience

Years worked	Frequency	Percentage
Less than one year	4	20%
1-5 years	8	40%
5-10 years	6	30%
Over 10 years	2	10%
Total	20	100%

Figure 1: Showing work experience



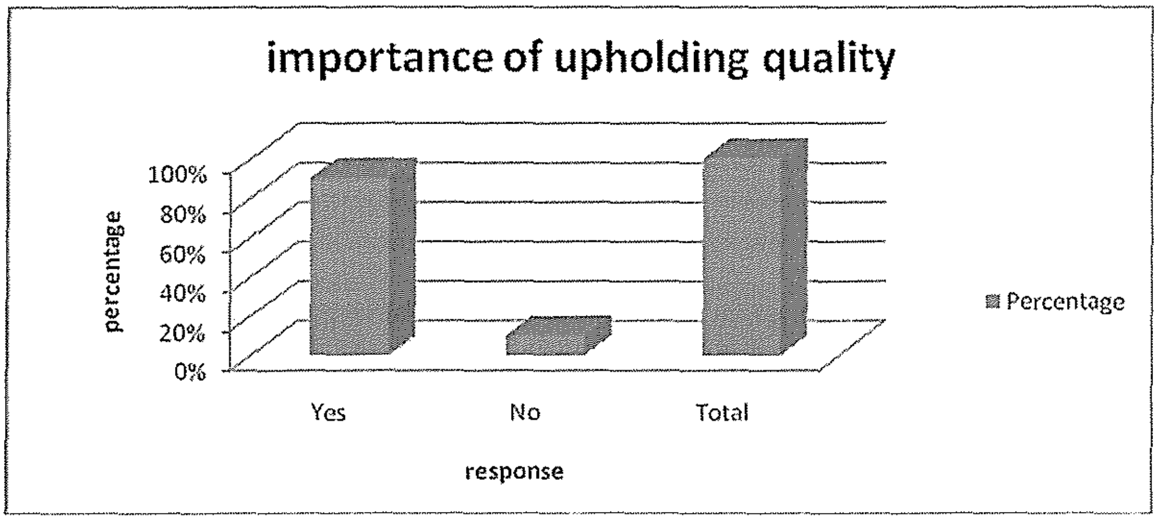
From the above analysis it is evidenced that majority of the respondents represented by 40% had work experience of five years hence they were aware of the company quality practices while minority of the respondents represented by 10% had less than one year experience.

4.3 Importance attached to upholding quality

Table 2: Importance of upholding quality

Response	Frequency	Percentage
Yes	18	90%
No	2	10%
Total	20	100%

Figure 2: showing importance of upholding quality



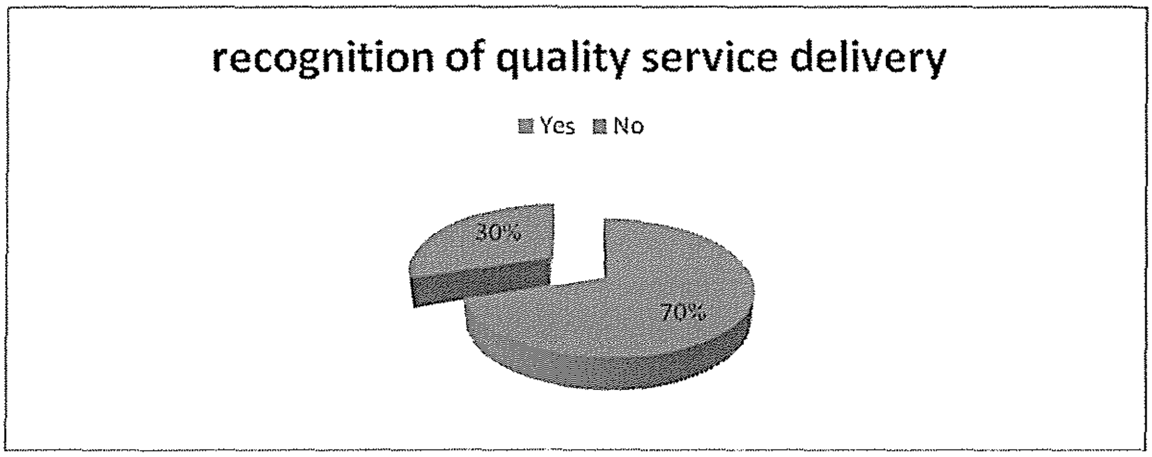
From the above analysis, majority of the respondents, 90% said that their company always attached importance in upholding quality in service delivery to its customers while minority of the respondents represented by 20% indicated that there was no importance of quality service delivery. The research findings revealed that the importance of upholding quality includes increases sales in the company.

4.4 Recognition of quality service delivery as an important tool in CQI

Table 3: Recognition of quality service delivery as an important tool in CQI

Response	Frequency	Percentage
Yes	14	70%
No	6	30%
Total	20	100%

Figure 3: recognition of quality service delivery



Majority of the respondents, 70% indicated that they recognized quality service delivery as an important tool in Continuous Quality Improvement while minority of the represented by 30% indicated that they did not recognize quality service delivery as an important tool in continuous quality improvement.

4.5 Constraints hindering the achievement of CQI

Table 4: Constraints hindering the achievement of CQI

Response	Frequency	Percentage
Yes	17	85%
No	3	15%
Total	20	100%

Majority of the respondents, 80% from the company recognized quality service delivery as an important tool in CQI which was an indication that many industries are recognizing it while minority of the respondents represented by 15% did not recognize quality service delivery as an important tool in CQI.

4.6 Constraints as identified by the above respondents.

Table 5: Constraints as identified by the above respondents

Constraint	Frequency	Percentage
Infrastructure	7	41%
Government policy	2	12%
Literacy levels	2	12%
Poor technology	6	35%

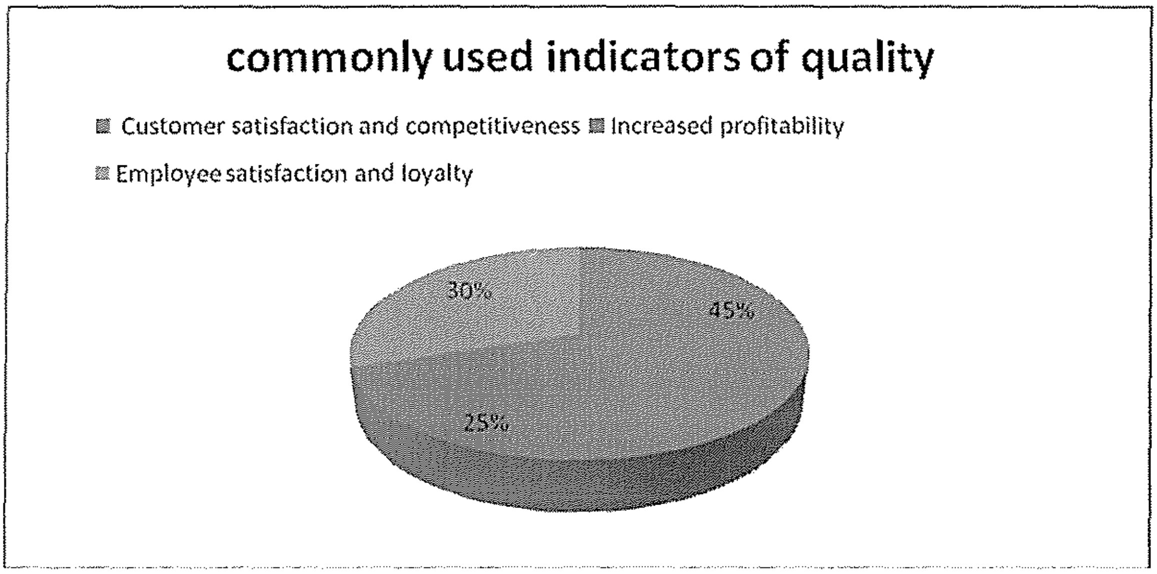
Majority of the respondents represented by 41% identified that the most constraint is infrastructure while minority of the respondents represented by 12% identified that the least constraints are literacy level and government policy.

4.7 Commonly used indicators of quality

Table 6: Commonly used indicators of quality

Indicator	Frequency	Percentage
Customer satisfaction and competitiveness	9	45%
Increased profitability	5	25%
Employee satisfaction and loyalty	6	30%
Total	20	100%

Figure 4: showing commonly used indicators of quality



Majority of the respondents represented by 45%, indicated that their company uses customer satisfaction and increased company competitiveness as a measure of CQI while minority of the respondents represented by 25% used employee satisfaction and loyalty.

4.8 Responses if the company uses the above indicators

Table7: Response as to answers of company using the above indicators

Response	Frequency	Percentage
Yes	15	75%
No	5	25%
Total	20	100%

Majority of the respondents represented by 75% were aware that the company used the above indicators of quality service delivery while minorities of the respondents represented by 25% were not aware.

4.8.1 Comparison in relation to customer satisfaction, profitability and employee satisfaction as indicators

Table 8: Customer satisfaction

Comparison	Frequency	Percentage
Far much better	2	13%
Slightly better	4	27%
Better	5	33%
Far worse	1	7%
Worse	3	20%
Total	15	100%

Majority of the respondents represented by 33% declared that using customer satisfaction as an indicator was doing better than the other indicators while minority of the respondents represented by 7% were far worse than the rest of the respondents.

Table 9: Profitability

comparison	Frequency	Percentage
Far much better	2	13%
Slightly better	4	27%

better	5	33%
Far worse	1	7%
Worse	3	20%
Total	15	100%

Majority of the respondents represented, 33% declared that using profitability as an indicator was doing better than the other indicators, while minority of the respondents represented by 7% did not declare that using profitability as an indicator was doing well.

Table 10: Employee's satisfaction

comparison	Frequency	Percentage
Far much better	4	27%
Slightly better	7	46%
better	3	20%
Far worse	0	0%
Worse	1	7%
Total	15	100%

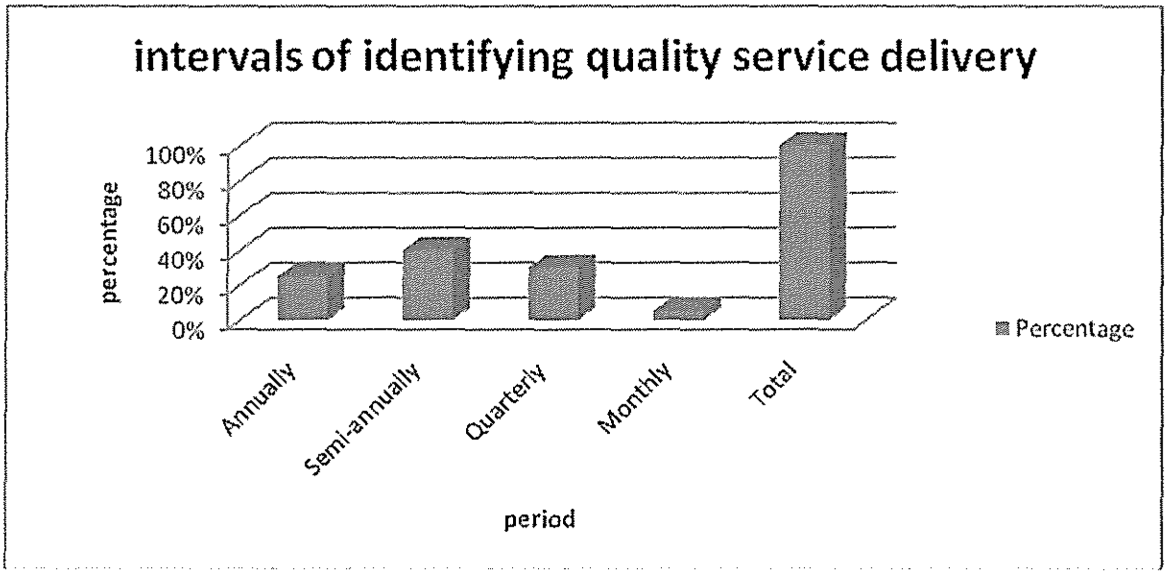
Majority of the respondents represented, 46% declared that using employee satisfaction as an indicator was doing slightly better than the other indicators, while minority of the respondents represented by 7% declared that using employee satisfaction as an indicator was worse than other indicators.

4.9 Intervals in identifying benchmarks for quality service delivery

Table 11: Intervals in identifying benchmarks for quality service delivery

Period	Frequency	Percentage
Annually	5	25%
Semi-annually	8	40%
Quarterly	6	30%
Monthly	1	5%
Total	20	100%

Figure 5: intervals of identifying quality service delivery



Majority of the respondents, 40% said that the company scanned the environment semi-annually, while minority of the respondents represented by 5% said that the company scanned the environment monthly.

4.10 Industries used as bench marks

Table 12: Industries used as bench marks

industry	Frequency	Percentage
Within	9	55%
Out	11	45%
Total	20	100%

Majority of the respondents represented 55%, said that they identified benchmarks from within the industry, while minority of the respondents represented by 45% identified benchmark from out the industry.

4.10.1 Identifying new performers, borrowing and implementing such practices

Table 13: Identifying new performers, borrowing and implementing such practices

Response	Frequency	Percentage
Yes	17	85%
No	3	15%
Total	20	100%

Majority of the respondents represented 85% indicated that their company implemented best practices, while minority of the respondents represented by 15% did not indicate that their company implemented best practices.

4.11 The impact of implementing quality service delivery bench marking on customer satisfaction, profitability and employee satisfaction

Table 14: Customer satisfaction

Element	Agree	Disagree	total
Customer complains	76%	24%	100%
Brand loyalty	41%	59%	100%
Market share	34%	66%	100%

Majority of the respondents represented, 76% declared that quality service delivery benchmarking impacted positively on how the company handled customer complains while minority of the respondents represented by 66% disagreed that quality service delivery benchmarking impacted positively on increasing and maintaining the company's market share.

Table 15: Profitability

Element	Agree	Disagree	total
Amount of profits	70%	30%	100%
Pattern of flow of profits	47%	53%	100%

Majority of the respondents represented 70%, agreed that quality service delivery has a positive implications on the amounts of profits realized while minority of the respondents represented by 47% agreed that quality service delivery benchmarking positively influences the pattern of flow of profits.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The conclusions from this chapter were based on the research findings and the recommendations. This chapter offers some explanations on the impact of quality service delivery on continuous quality improvement.

5.1 CONCLUSIONS

5.1.1 Importance of quality service delivery in soft drinks companies

The research findings revealed that a large number of soft drinks companies upheld quality and they recognized quality service delivery as an important tool in continuous quality improvement and for increasing sales volumes.

5.1.2 Challenges faced in quality service delivery in soft drinks companies

The findings also revealed that the constraints of quality achievement faced by the company included poor infrastructure and poor technology as the leading constraints. The other constraints included literacy levels and government policy.

5.1.3 Factors affecting sales volume in soft drinks companies

From the research, the soft drink company used customer satisfaction, increased competitiveness, employee satisfaction and increased profitability as indicators of Continuous Quality Improvements. It was also evident that the company was doing better in terms of customer satisfaction, profitability and far much better in employee satisfaction. This is an implication that they were viable quality service delivery benchmarking tools.

5.3 Recommendations

Based on the research findings the following are the recommendations for Coca Cola Company, Bonite bottlers.

Coca Cola Company should adopt quality service delivery as a tool in continuous quality improvement because it will improve the company's competitive advantage from its competitors in the industry.

Coca Cola Company should identify benchmarks correctly for it is evidenced from the conclusions that it has positive impact on the measures of continuous quality improvement. This should include both internal and external quality service delivery to the end consumer.

Have customer's loyalty: Coca Cola Company should provide all the information that the customers need in their web site that is through internet. This gives the company a good image thus a better public image that leads to attraction.

Coca Cola Company should try to reduce or cut down costs by advancing technologically and being more innovative in the industry.

Coca Cola Company should try to reduce the intensity of the constraints that hindered its performance as a soft drink company which lead to reduced profitability and customer loyalty.

5.4 Suggested areas for further research

Further research should be done on the promotional strategies on the sales volume and while further research can also be done in quality service delivery and profitability.

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Appendix A:

ACTIVITY	JULY	AUG	SEP	OCT	NOV	JAN	FEB	MAR	APRIL
feasibility study	***	***							
Proposal writing		***	***	***					
submission of the proposal					***				
Data collection						***	***		
Data analysis							***		
Moderating of research project								***	***
Submission of final report									***

APENDIX B

QUESTIONNAIRE

Questionnaire on investigation on the impact of quality service delivery on continuous quality improvement in the soft drinks industry: case study of Coca Cola Bonite bottlers.

Part A: background information

Tick [v] where necessary

Sex: male ☐ female ☐

Position held:

Number of years worked:

Less than one year

1-5 years ( )

5-10 years ( )

Over ten years ( )

Q1. Does your company recognize the importance of upholding quality always?

A. Yes ☐

B. No ☐

Q2. Does your company recognize quality service delivery (borrowing of best industrial practices) as an important tool in continuous quality improvement?

A. Yes ☐

B No ☐

Q3. Are there constraints that hinder your efforts towards the achievement of quality?

A. Yes ☐

B No ☐

If yes please indicate

a) Infrastructure ☐

b) Government policy ☐

c) Literacy level ☐

d) Poor technology ☐

Any other

………

…………………………………………………………………………………

Part B

Q1. Do you use the following as indicators of continuous quality improvement in your company?

a) Customer satisfaction and increased competitiveness ☐

b) Increased profitability ☐

c) Employee satisfaction and loyalty ☐

Q2. Are you aware of other companies within and without the industry using any of the indicators in Q1 above?

A. Yes ☐

B No ☐

If yes; how do they compare to;

i. Customer satisfaction

a) Far much better ☐

b) Slightly better ☐

c) Better ☐

d) Far worse ☐

e) Worse ☐

ii. Profitability

a) Far much better ☐

b) Slightly better ☐

c) Better ☐

d) Far worse ☐

e) Worse ☐

iii. Employee satisfaction

a) Far much better ☐

b) Slightly better ☐

c) Better ☐

d) Far worse ☐

e) Worse ☐

Q3. How often do you assess the business environment to identify best performers in terms of quality so as to benchmark?

a) Annually ☐

b) Semi annually ☐

c) Quarterly ☐

d) Monthly ☐

Q4. In which industries do you look for quality service delivery techniques?

a) Within ☐

b) Out ☐

Q5. Whenever you identify new quality performers as benchmarks for specific aspects of quality do you borrow such practices and review yours accordingly?

a) Yes ☐

b) No ☐

Part C

Q1. After reviewing your quality aspects, do you believe that they have a positive impact on the following aspects of customer satisfaction? Please indicate the extent to which you agree or disagree.

	Strongly disagree	Agree	Strongly agree	Disagree
Customer complains				
Brand loyalty				
Market share				

Q2. Do you believe that borrowing of the best practices has a positive impact on the following aspects of profitability? Please indicate extend to which you agree or disagree.

	Strongly disagree	Agree	Strongly agree	Disagree
Amount of profits				
Pattern of flow of profits				

Q3. Do you believe that borrowing and implementing best practices impacts positively on the following measures of employee satisfaction? Please indicate the extent to which you agree or disagree.

	Strongly disagree	Agree	Strongly agree	Disagree
Employee loyalty				
Employee unrest				
Employee input				
Labour input				

Q4. Please comment on your own view concerning the impact of quality service delivery on continuous quality improvement in your firm over the years you have worked there

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