

**EXECUTIVE MBA CLASS**  
**DEPARTMENT OF MANAGEMENT**  
**COLLEGE OF BUSINESS & ECONOMICS**  
**ADDIS ABABA UNIVERSITY**

**An Evaluation of Distribution Strategy on  
Fast Moving Consumer Goods:  
The Case of Ambo Mineral Water Share Company**

**Prepare by Yeneneh Andarge**

**Dec.31, 2014**

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**Approved by: Board of Examiners**

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## Declaration

I, Yeneh Andarge, hereby declare that the work in this research paper entitled as “An Evaluation of Distribution Strategy on Fast Moving Consumer Goods:

The Case of Ambo Mineral Water Share Company” is my own work.

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Name of Student

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Date

## **Statement of Certification**

This is to certify that Yeneneh Andarge has carried out his research work on the topic entitled “An Evaluation of Distribution Strategy on Fast Moving Consumer Goods:

The Case of Ambo Mineral Water Share Company”. The work is original in nature and suitable for submission for the award of Executive MBA.

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## **Acronyms**

AMWSC	Ambo Mineral Water Share Company
CCS	Coca-Cola Sabco
FMCG	Fast Moving Consumer Good
GTM	Go To Market
MDC	Manual Distribution Center
OD	Owner Driver
PM	Preventive Maintenance
RC	Royal Crown
RO	Reverse Osmosis
RTM	Rout to Market
SKU	Stock Keeping Unit
TCCS	The Coca-Cola System

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## **Abstract**

*Being one of the fast moving consumer good businesses Ambo Mineral Water Share Company has taken the role of distribution as one of its main focus to achieve its business objectives.*

*The purpose of this research therefore, was to examine distribution management of Ambo Mineral Water Share Company and then identify weaknesses and challenges in its distribution practice.*

*The methodology used was survey questionnaires, interview and secondary data from company's web site, data base, and brochure. The questionnaires were distributed to respondents selected randomly. Descriptive research in the form of frequency distribution has been used and presented in graphs, tables and charts. In due course the research identified some key findings that affected distribution effectiveness in Ambo such as low work moral of its staffs, frequent truck and machine brake down, bad taste of products, bottle and crate shortage and poor distribution management practice in terms of selecting, motivating and controlling channel members in distribution.*

*Finally the research has also put some recommendations such as putting in place preventing maintenance (PM) program for both distribution trucks and machinery, getting the right product at the right time, invest on bottles and crates, motivate own staff as well as all others players in the distribution network and apply a comprehensive distribution management that incorporates defining the distribution objective, design distribution structure, choosing the right distributors and managing them.*

# Chapter One

## Introduction

*This chapter presents general facts about fast moving consumer goods, distribution and distribution channel management. Subsequently the purpose of the research, basic research questions, objectives and significance of the study, research design and methodology will be presented. At the end of the chapter the organization of the research will be presented*

### 1.1 Background

The aim of any business is to meet the need of customers and subsequently make money. Businesses that are good at satisfying customers' needs have the best chance to grow and prosper. Under such competitive business environment failing to do this means choosing not to survive. Among others, distribution is playing an important role in achieving such a goal in business.

Especially when we think of doing business in fast moving consumer goods (FMCG) this vital marketing mix, distribution, will be crucial. "Products which have a swift turnover and relatively low cost are known as fast moving consumer goods (FMCG). FMCG items are generally replaced within a year. It commonly includes a wide range of repeatedly purchased consumer products such as toiletries, soap, cosmetics, oral care products, shaving products and detergents, as well as other non-durables such as bulbs, batteries, paper products, and plastic goods. FMCG may also include pharmaceuticals, consumer electronics, packaged food products etc." (Binal, n.d, p.1)

These days companies are considering such products as a great source of income. As large number of companies are looking this sector as a profitable venture, for sustaining their position and gain new market they have to bring something unique in their products or services. To this end therefore distribution network has a paramount importance and major variable in the marketing plans. In fact, for most companies to design a distribution model that is cost effective and meets the growing demand is truly a challenge.

Like any countries in the world one can also find companies in Ethiopia which are dealing with FMCG products. From international companies like Coca-Cola, Nestlé, Tiger Brand, etc. and from the domestic once such companies as Mama Dairy, Kaliti Food Industry S.C, Repi detergent, Ambo Mineral Water Share Company etc. can be mentioned as examples.

In the FMCG segment, the role of an excellent distribution channel becomes even more crucial because the delivery of FMCG product is daily routines. Hence in order to survive and thrive in a highly competitive market, one has to have a distribution channel which has no or little problems at any point of the distribution which might not be the case in a real business practice as it doesn't happen to Ambo Mineral Water Share Company either which hereafter, becomes the focus of my study.

## **1.2 Definition of Terms**

**Distribution:** is how the product is reaching the customers and consumers

**Distribution channel:** the path through which the product is passing from producer to the end user

**Distribution Management:** is the process of planning, organizing and controlling activities related to product distribution and achieve business objective.

## **1.3 Statement of the Problem**

Despite varies effort made several companies are still unsatisfied with the distribution of their product. For one thing manufacturers are often uncommitted in the way they approach the matter of distribution, while at the same time lacking understanding about how to design and implement effective distribution strategies For example, companies often put intermediaries in charge of selling their products without first understanding the basics of sales and distribution, or how to manage and incentivize their agents. Indeed, it is not easy to achieve it. This is also the case to Ambo Mineral Water Share Company as it is confirmed by the sales and distribution manager that something has gone wrong with the distribution system.

### **1.3.1 Basic Research Questions**

From the above problem statement, the following research questions have been developed and the research has attempted to answer them all.

- What are the major factors that hinders an effective distribution in Ambo Mineral Water Share Company
- How would an effective distribution management be described?

## **1.4. Objective of the Study**

### **1.4.1 The General Objective**

- The general objective of this study is to evaluate the distribution management system of Ambo Mineral Water Share Company.

### **1.4.2 Specific Objectives**

- To investigate company's weaknesses in distributing its product
- To find out the challenges that the company, distributors and retailers have faced.
- To determine factors associated with effectiveness in distribution
- To measure the degree of support Ambo gives in distribution to its channel members.

## **1.5 Scope of the Study**

Ambo Mineral Water Share Company distributes its product to all over Ethiopia through its own sales trucks, agents and retailers. However the researcher was forced to delimit the scope of the study in terms of geography. i.e. Only to Addis Ababa. This is because Addis Abeba is the major market to most business in the country. Thus the study has incorporated the perspective of the company, distributors and retailers in Addis town.

## **1.6 Significance of the Study**

The finding of this study is of great importance in identifying the problem of distribution facing Ambo Mineral Water Share Company in particular and suggest solution that would help overcome those problems through optimal distribution channel strategy. It would also help channel members to understand a better way of carrying out distribution function that will enhance their efficiency. This study will also help as a reference to other researcher who wants to make further investigation in the area of distribution management.

## **1.7 Organization of the Study**

Chapter 1 presents the introduction, statement of the problem, research questions, significance of the study and definition of terms. Chapter 2 contains the review of related literature and research related to problems in distribution of FMCG, focusing in the case of Ambo Mineral Water Share Company in particular. The methodology and procedures used for the study are presented in Chapter 3. The analyses and findings emerged from the study contained in Chapter 4. Chapter 5 has got conclusions drawn from the findings, recommendations and implications of the study.

## **Chapter Two**

### **Literature Review**

*As the title implies it provides an extensive review of the literature and research related to the problems in distribution of fast moving consumer goods mentioned. In this chapter definition of fast moving consumer goods, distribution as marketing function, channel of distribution, channel structure, channel design issue, variables affecting channel structure, choosing the right channel, motivating and evaluating channel members in distribution from various marketing literature shall be reviewed and will be presented as follows*

#### **2.1 Fast Moving Consumer Goods**

Products which have a swift turnover and relatively low cost are known as fast moving consumer goods (FMCG). FMCG items are generally getting replaced within a year. FMCG commonly includes a wide range of repeatedly purchased consumer products such as toiletries, soap, cosmetics, oral care products, shaving products and detergents, as well as other non-durables such as bulbs, batteries, paper products, and plastic goods. FMCG may also include pharmaceuticals, consumer electronics, packaged food products etc. (Binal, n.d, p.1). In line with this definitions, therefore, Ambo's products can be considered as FMCG.

As large number of companies are looking this sector as a profitable venture, for sustaining their position and gain new market they have to bring something unique in their products or services.

To this end therefore distribution network has a paramount importance. The purpose of any business is to satisfy the need of its customers and eventually making profit. If it fails to do so, the business ceases to live as its customers go to elsewhere. One way to achieve customer's satisfaction, therefore is the place element of the marketing mix i.e. product, price, promotion and place. Such product has to be made available or distributed at the right time, quantity and location. Especially for a company which has engaged in producing and selling FMCG, distribution is crucial because it is a daily routine.

#### **2.2 Distribution Defined**

It is defined as the physical movement of the product or simply the transfer of title to different members in a trade channel also known as distribution chain, distribution pipeline, a supply chain and marketing channel (Ostrow, 2009)

Distribution (“Coca- Cola Rout distribution”, n. d, p.6) is the process of satisfying the needs of customers and consumers while generating profitable growth:

- Distribution sells the products to the outlets
- Distribution delivers products to outlets
- Distribution places the products on shelves and merchandises

### **2.3 Distribution and Its Channel**

The role of distribution is to provide to a company the task of delivering the product at a right time, place, and quantity at a minimum cost (Bucklin, 1966).

It can also incorporate the physical movement, warehousing, ownership of the product, presale transaction, post-sale activities, order processing, credit and collection and other different types of support activities (Gorchels, West, Marine,2004)

Channel is defined by another writer as a group of business that takes title to produce or facilitate exchange during the marketing process from the original manufacturer to the end user. (Ayers & Odegaard ,2007)

### **2.4 Major Members in Distribution Net work**

Many companies use a distribution network of independent intermediaries relaying on downstream channel member (e.g. broker, agent, wholesaler, retailer) to sell their products effectively to the other channel member and ultimately to the end user (Gale, 2005)

Manufacturers are producers of a product or service being sold ( Anne T. ,Couglan, Anderson,W.Stern, Adel El-Ansary, 2006).According to them intermediaries are all channel members other than the manufacturer and end user. Intermediaries perform a variety of function and constitute a marketing channel, which is also referred to a trade channel or distribution channel (Kottler and keller,2008).

The importance of intermediaries have grown in recent years, mainly due to increased size, improved level of product knowledge, technical competencies, specialization and varies other factors (Kalafaties,2000).

*Manufacturers* are enterprises primarily concerned with creating goods

*Wholesalers* are those who are selling goods and services to those retailers to resale or business use

*Retailers* are those who are selling goods to the end users and whose main income is coming from retailing (Kotler and Kevin, 2012)

*End users* (business customer or individual customer) are final users of product or services.

## **2.5 Function of Marketing Channel**

Many companies do not sell their product directly to end users. In mass production and consumption like the case of FMCGs companies use distributors, representatives, sales agent, brokers, retailers or some combination of these intermediaries to distribute their product (Hughes and Ahearn,2010).

Members of the marketing channel perform a number of key functions. ( Kotler, Lane and Keller, 2012).According to them it may but not limited to, include the following

- Gather information about potential and current customers, competitors and other actors and forces in the marketing environment
- Develop and disseminate persuasive communications to stimulate sales
- Negotiate and reach an agreement on price and other terms so that the transfer of ownership or possession can be effected.
- Place order with the manufacturer
- Assume risks connected with carrying out channel work
- Provide storage facilities and movement of physical products.

Another scholar known as Gay, R. (2007) included the following range of activities in distribution

- Linking many suppliers to provide wide range of consumer choice
- Assist the exchange process: identify the need of the buyer in the context of product categories, quantity, range, etc. and plan with the manufacturers to meet all these
- Marketing Information: it may include collection, distribution and analyzing marketing /sales information to and from the marketing environment
- Promotional activities: channel members do varies promotional activities on behalf of the company and also measure their effectiveness
- Pricing: Deciding on the sales term and conditions at each stage of the value chain.
- Risk management.
- Physical distribution management

## 2.6 Channel Structure

Although the distribution structure was one of the first issues analyzed by the marketing researchers in the beginning of the 20th century (Bartels, 1965), it has enormous importance in the marketing literature and managerial contexts of today.

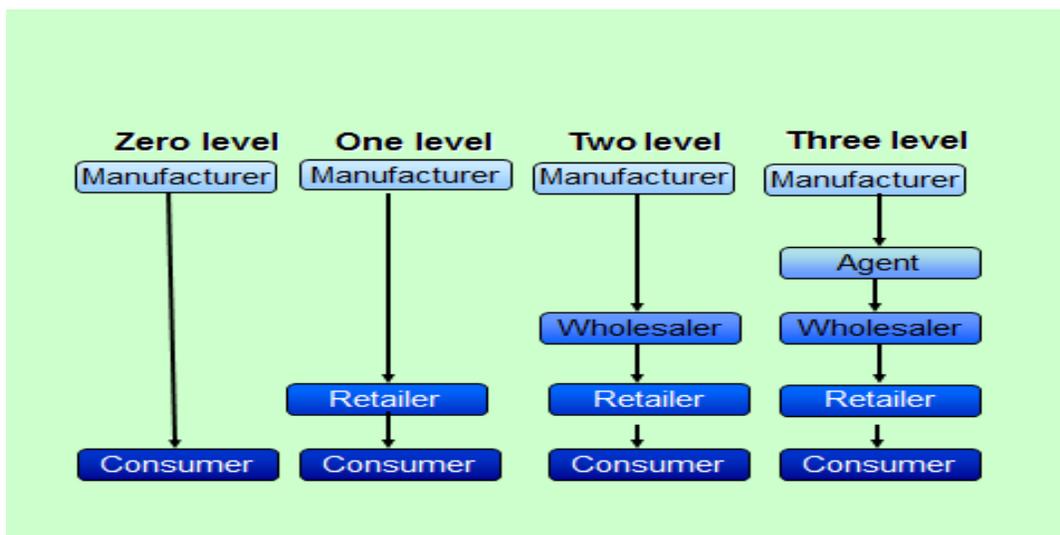
According to Stern and Reve (1980), channel theory is divided into two orientations: an economic approach and the other is behavioral. The former analyzes the efficiency of the channel and issues like channel design and structure. The latter is sociological oriented, focusing on power, cooperation, satisfaction and conflict in channels. They also described channel structure as group of channel members to which a set of distribution tasks has been allocated. Given a set of distribution tasks that must be performed to accomplish a firm's distribution objectives, the channel manager must divide how to allocate or structure the tasks. Thus, the structure of the channel will reflect the manner in which the channel manager has allocated these tasks among member of the channel.

The structure of channels requires a set of strategic decisions (Rosenbloom ,1999).The first decision determines the appropriate intermediary type. i.e. channel length, e.g. wholesaler, retailer, franchise, broker, direct sales force; second is distribution intensity (how many intermediaries to include and number of levels of a channel structure).In other words it involves two dimension i.e. channel length and channel intensity

### 2.6.1 Channel Length

It is the number of flows of intermediaries in the channel. The following figure portrays channel structure in terms of length.

Figure 2.1 channel structure



Source :Kotler,P. and Keller,K.(2006),Marketing Management

**Zero Level Channels:** is a direct channel where a producer uses no intermediaries. Such channel may be used by manufacturer of heavy installations like airplanes, ships, train, etc where buyers need a lot of service from the manufacturer. It is not common in FMCG business.

**One Level Channel:** is an indirect channel of distribution where by the producer sell just to the retailer and the consumer get the product from the retailers

**Two Level Channel:** this is the most commonly used channel structure for FMCG.

**Three Level Channel:** is the longest channel where several level of intermediaries are involved. Such a channel is common in import and export trade.

### **2.6.2 Channel Intensity**

Intensity of distribution is commonly defined as the number of intermediaries used by a manufacturer within its trade areas ( Bonoma and Kosnik 1990).

It may also be categorized as follows:

**Exclusive Distribution:** in this type of distribution the company is limiting the number of intermediary to one to a certain market area. It is used when the producer wants to maintain control over the service level by the reseller and it requires a great deal of partnership in between.

**Selective Distribution:** this strategy involves the use of a few intermediaries with which the company wants to develop a good business relations and expect better than average selling effort. Such distribution method enables the producer to gain adequate market coverage with better control and lesser cost than intensive distribution

**Intensive Distribution:** Ideal distribution intensity would make a brand available widely enough to satisfy target customers' needs. The use of too few intermediaries can limit the level of exposure in the marketplace. However, using too many intermediaries can be detrimental to the brand's image and its competitive position. Accordingly, Stem, El-Ansary, and Coughlan (1996) "One of the key elements of channel management is deciding how many sales outlets should be established in a given geographic area". Despite its importance, distribution intensity has received little attention in academic research. Within marketing, the primary theoretical thrust links product class to distribution intensity (Aspinwall 1958; Copeland 1923; Miracle 1965).

On the basis of their underlying characteristics, convenience goods are associated with intensive distribution, shopping goods are proposed to require selective distribution, and specialty goods are related to exclusive distribution. When the consumer requires a great deal of location convenience, it is important for the manufacturer to offer greater intensity of distribution through many intermediaries. This strategy is generally used in most FMCG as it helps the producer to increase sales volume by

making it available all over the place as this is the case to Ambo products. In general if the company's basic marketing strategy emphasizes mass market for its product, it has to develop a channel structure that stresses intensive distribution.

Marketing researchers are more concerned to management issues like power, conflict, satisfaction and performance (Gaski, 1996). Few empirical studies were conducted to study distribution intensity and structure. Most of the ideas concerning channel design issues are underlying and theoretical that predicts the choice of channel based in some factors.

Although these constructs have been well accepted by marketing scholars, empirical research has to be done to confirm these assumptions and to find new factors determining the channel choice. Hence, this article aims to review the distribution structure literature and builds a framework analysis to be tested by empirical studies.

According to IPSOS Business consulting firm (2003), selecting the best distribution channels is one of the most common and challenging problems for enterprises entering emerging markets. Companies must frequently reconsider how they approach the market and channels they use due to accelerating technological change, increased marketplace demands, more aggressive global competition and shifts in workforce and population demographics.

Poorly configured channels can result in lost sales and lower profitability. The importance of a coherent approach to distribution cannot be underestimated. However all, too often a company's distribution structure is the result of reactive, ad hoc decisions rather than being based on focused strategic thinking. Many companies rush into markets without even considering how distribution needs tailoring to the specific needs of the market. They make the mistake of thinking success as a matter or merely finding distributors who are willing to carry their products without even considering whether their business models or needs are aligned with the all-important matter of distributor management which we may look at it in detail in the channel management section of the literature review.

## **2.7 Channel Design**

Stern and El-Ansary (1982) affirm that a channel is not easily selected. There are some constraints such as the availability of good middlemen, product characteristics, company finances, competitive strategies, and customer dispersion question.

Some logistics authors say that the channel choice is a cost and financial decision (Bowersox 1969).

Wilkinson (2001) affirms that the current channels literature are not able to explain how a given channel structure came to be and how it will change over time. The channel design literature is not sure yet if a

firm choose freely or adapt in a given channel structure. Hence there is a need to develop more research about how firms operate in a channel structure or only adapt to them . What factors determine the choice of channel? The following paragraphs try to answer these questions.

### **2.7.1 Factors Determining Distribution Structure**

The primary theoretical statement links distribution structure with class of products (Frazier and Lassar, 1996; Rangan *et al.*, 1992). The class of products are related with the classification of consumer goods (convenience, shopping and specialty) first proposed by Copeland (1923). His intent was to create a guide for the development of marketing strategies by manufacturers. His purpose was to show how consumer buying habits affected the type of channel of distribution and promotional strategy (Bucklin, 1962). According to these characteristics: *Convenience* goods are associated with intensive distribution. *Shopping* goods require selective distribution and *specialty goods* are related with exclusive distribution. *Convenience* goods are consumer goods and services that the consumer buys frequently, immediately and with a minimum of comparison effort.

*Shopping products* are less frequently purchased and consumers spend considerable time and effort gathering information and comparing alternative brands.

*Specialty products* are consumer goods with characteristics or brand identification for which a significant group of buyers is willing to make a special purchase effort (Kotler, 1997).

Another work that links the distribution structure with the product characteristic is presented by Aspinwall (1962) that predicts that channel outcomes are based on five product characteristics.

These are replacement rate, gross margin, the adjustment factor, time of consumption and search time.

*The replacement rate* of a product is the frequency which a product is purchased.

According to Aspinwall's framework a high ratio of replacement rate will require intensive distribution because of the shipment costs.

*The gross margin* is also a factor because a high gross margin allows the company incur in the costs of direct distribution.

*The adjustment factor* refers to the amount of change that is required at the point of purchase by the consumer.

*Time of consumption* is the time it takes for the consumer to consume the product.

*Search time* refers to shopping time.

Miracle (1965) adds some distribution policies according to some characteristics of products and is presented as follows

Table 2.1 Distribution Intensity

Product characteristics	Intensity of distribution				
	Intensive	Moderately intensive	Some selectivity	Considerable selectivity	Highly selective, or direct sale to customers
Unit Value	Very low	Low	Medium to high	High	Very high
Significance of each individual purchase to the consumer	Very low	Low	Medium	High	Very high
Time and effort spent purchasing by consumers	Very low	Low	Medium	High	Very high
Rate of technological change (including fashion changes)	Very low	Low	Medium	High	Very high
Technical complexity	Very low	Low	Medium to high	High	Very high
Consumer need for service (before, during or after sale)	Very low	Low	Medium	High	Very high
Frequency of purchase	Very high	Medium to high	Low	Low	Very low
Rapidity of consumption	Very high	Medium to high	Low	Low	Very low
Extent of usage (number and variety of consumers and variety of ways in which the products provides utility)	Very high	High	Medium to high	Low to medium	Very low

Source: Miracle (1965)

The work of Bucklin (1966) contributed to the issue stating that at distribution, four service output levels are important: market decentralization (fragmentation), lot size, assortment, and waiting time. According to the author firms chose channels that minimized the distribution costs associated with delivery time of these outputs. Delivery time is the main factor that predicts the structure of a channel.

According to the author with a very short delivery time, the intermediate inventory is necessary because only in this way can goods be rushed quickly to the consumer. As consumer wants the good quickly, more inventory and safety stock is needed. These factors create high costs and an indirect channel is required. But, there are a point that the delivery time allowed to the consumer receives the good is

larger, that it becomes possible and cheaper to the manufacturer ship goods directly. As the greater the delivery time the greater are the economies of direct shipment because eliminates the costs of handling, and maintaining the inventory.

Lilien (1979) ran a discriminant analysis with data from a sample of 125 industrial products to study the impact of product and market factors on the selection of direct or indirect distribution. The study showed that the channel varies from direct to indirect based on the following factors:

1. Size of the firm. The bigger is the company the better they are able to support a company owned distribution channel.
2. Size of average order. With the increase of the average order, direct distribution becomes more economical.
3. Technical-purchase complexity. The greater the importance of technical service to the product's success, the more likely is direct distribution.
4. Stage in the product life cycle. New products are better available in direct channels.
5. Degree of standardization. The complexity of a product is positively related to direct distribution.
6. Purchase frequency. Frequently purchased products require less selling effort and are therefore less frequently sold directly.

Another author that contributes to the issue is Mallen (1996) that adds possible influencing factors of a channel structure. According to the author the factors that influence a channel structure in a given situation may be the market, the marketing mix, the resources and the environment.

According to Mallen the consumer is a pivotal point in the market context. Some important indicators are the density of the market, its size and its buying habits.

Marketing mix also affect the channel choice based on product distribution. The use of a product, its frequency of purchase, rapidity of fashion change, perishability, the service required, its value, and its bulk. The life cycle of a product can also affect the channel selection. A new product has to be sold through more direct and selective channels than would be required after it matures. The number of products produced by one company is also a factor determining the channel choice. A company with a wide range of similar products can afford to take advantage of the economies selling more directly spreading the fixed expenses of the outlet.

The pricing factor that influences the channel choice is manipulation of margins. If a firm desires price control the directness of distribution is available. The promotion strategy is also affected by the channel choice. The more directness of a channel the less is the use of advertising and sales promotion because the use of personal selling. The use of direct channels require less promotional budget. Also, the use of

indirect distribution requires the use of the mass media, since the market to be reached is often enormous and dispersed.

### 2.7.2 The Conceptual Framework for Channel Length

Having seen those theories mentioned above, it would be possible to build the following conceptual frame work for just channel length of the distribution structure which any one may consider before making decisions on what type of distribution structure to have .i.e. is it short or long distribution channel.

Table 2.2 Distribution structure frame work

Factors for Distribution Structure	Channel of Distribution	
	Short if	Long if
<b><u>Consumer Habit</u></b>		
frequency of purchase	low	High
Purchase effort	high	Low
Rapidity of consumption	low	High
Significance of purchase	high	Low
Waiting time	high	Low
<b><u>Product Characteristic</u></b>	-	-
Replacement rate	low	High
Gross margin	high	Low
Adjustment	high	Low
Searching time	high	Low
Unit value	high	Low
Product complexity	high	Low
Product life cycle	Introduction	Maturity
Volatility of demand	high	Low
Perishability	low	High
<b><u>Market Factors</u></b>	-	-
Target focus on mass market	low	High
Rate of technological change	high	Low
Intensity of competition	high	Low
Geographic concentration of market	high	Low
	-	-

<u>Company Factors</u>		
Range of product	wide	Narrow
Order size	large	Small
Market share	low	High
Desire of control	high	Low
Promotion budget	low	High
Size of the firm	large	Small

## 2.8 Selection of Distribution Channels

Issues concerning the choice of distribution channel have always been considered important by marketing thinkers and practitioners. Choice of channel represents enduring commitments: heavy investments are required and are not easily redeployed and the social and political character of distribution channel means that change can be difficult and painful (Stern and Reve, 1990). Therefore the channel related decision must be subject to systematic channel decision process from the very beginning to the end. Moreover, distribution is now increasingly seen as one of the key marketing variable capable of providing significant competitive advantage. (Devlin,1995; Thornton and White 2001). The marketing channel decisions are among the most critical decisions facing management. The channel chosen obviously affect all other marketing decisions (Kotler 2003).

According to Jobber (2010) the intermediaries' selection process involves identifying candidates and developing selection criteria. The identified selection criteria represents standard expected of the independent firms operating as a marketing intermediaries and are placed under seven categories as listed below

- Intermediaries with adequate market, product and customer knowledge
- Intermediaries with good reputation among people
- Intermediaries with good financial position
- Intermediaries with acceptable managerial competence
- Intermediaries with an interest to work and be successful
- Intermediaries with an enthusiasm for handling the producer's line of products
- The extent to which competitive and complementary products are carried by an intermediary.

To achieve success in marketing channels, the manager must set selection criteria with the potential channel partner and must monitor their performance afterwards. (Anne T. Coughlan, Erin Anderson, Louis W. Stern, Adel, El-Ansary, 2006).

## **2.9 Empirical Literature Review**

Though it was difficult to get empirical study on distribution practice FMCG the researcher tried to see it by referring to some related studies of the cases in America, China and Africa.

From industrial distribution point of view Webster (1976) made a field study with 31 manufacturers in eight states of USA, and realized some factors that influence intensity of industrial distributor:

1. Total market potential and its geographic concentration;
2. The manufacturer's current market share and the intensity of competition;
3. Frequency of purchase
4. Whether lack of availability could interrupt the customer's production process;
5. Amount of technical knowledge required to sell or service the product;

Booz & Company (2010) approached the case of distribution in China market with the concept of going to market (GTM) model, sometimes known as route to market. It was a model used in distribution by most FMCG companies to reach their market. Given the vast size and population of the nation, distribution was a complex undertaking in China. In an effort to enter China and expand rapidly at a minimum cost, most fast-moving consumer goods (FMCG) companies defaulted to a wholesaler distribution strategy. To capture the economic potential of China, however FMCG companies have to consider both direct distribution and exclusive third-party. To this end therefore analysis must be done on such elements as the types of products being offered, brand strength, consumer preferences, competitive environments, retail channels, location of consumer markets (rural, urban, or anything in between), and profitability expectations. If such an assessment was done well, an FMCG company can anticipate significant growth and secure profit in the Chinese market.

Nelson, Jane, Ishikawa, and Geaneotes (2009) described the Coca-Cola system uses the full range of distribution methods in Africa. In the most developed, urban parts of the continent, the system used the more traditional model of supplying large retailers such as grocery stores, hotels, universities, and other institutions using delivery trucks however for a large proportion of its retail customers, particularly in East Africa, where there were mostly small restaurants or bars, and kiosks, the Coca-Cola system had adopted a manual delivery approach known as manual distribution center (MDC) working with small-scale distributors to deliver products to small-scale retailers in densely populated urban areas which was

also the case to Ethiopia. Although the exact number of manual distribution centers (MDCs) changes on a regular basis, as of November 2008 there were 165 MDCs in Addis Ababa and 651 in Ethiopia as a whole, accounted for 83% of sales nationwide and the rest was delivered by direct sales distribution method.

**The Manual Distribution Centers (MDCs):** are independently owned, low-cost manual operations created to service emerging urban retail markets where classic distribution models are not effective or efficient. It is a central point for warehousing of product with a manageable coverage area and defined customer base, typically about 150 retail outlets. To keep costs at minimum distribution of product is mostly manual .e.g. pushcarts. Outlets served are typically low-volume with high service frequency requirements and limited cash flow, requiring fast turnaround of stock. (Nelson et al., 2009)

Such distribution model was what Ambo is also currently using but its distributors have neither a defined customer base nor defined sales territory. One can also pinpoint some weakness on the model such that

- It did not mention anything about the challenge such as price abuse, the conflict among MDC operators, selling competitors' product, reluctant to buy slow moving brands, etc.
- The time is a little bit old such that it might not reflect the current reality on distribution practice

## 2.10 Channel Management Model

Many authors have suggested models that may help companies to handle the management of their distribution channel. With this regard the research examines some models found in the literature and presented as follows.

Table 2.3 Channel design model found in the literature and their respective model

<b>Stem et al(1996)</b>	<b>Rosenbloom(1999)</b>	<b>Berman(1996)</b>	<b>Kotler(2000)</b>
Review existing materials and research on channel.	The role of distribution in overall objective and strategies.	Determining channel objectives.	Analysis of production and services demanded by clients.
Understand current distribution system.	Role of distribution in Marketing mix.	Assessing channel width and depth and types of intermediary requirements.	Establish objectives and restrictions from channel.
Conduct existing channel workshop/interview.	Designing Marketing channel.	Evaluating market, product, company and intermediary factors that affect channel length.	Identify the main channel options.
Conduct competitor channel analysis.	Selecting channel members.	Allocating channel tasks among channel members	Evaluate the main channel option.
Asses near term opportunities in existing channel.	Managing the channel.	Selection of specific channel re-sellers.	
Develop a near term plan of attack.	Evaluating channel member performance.	Revising channel arrangements.	

Source: Neves Zuurbier & Campomar, 2001

## 2.11. Theoretical Framework

Considering the theories, empirical literature and models mentioned above I come up with the following **theoretical framework** which involves four basic steps and it is presented below.

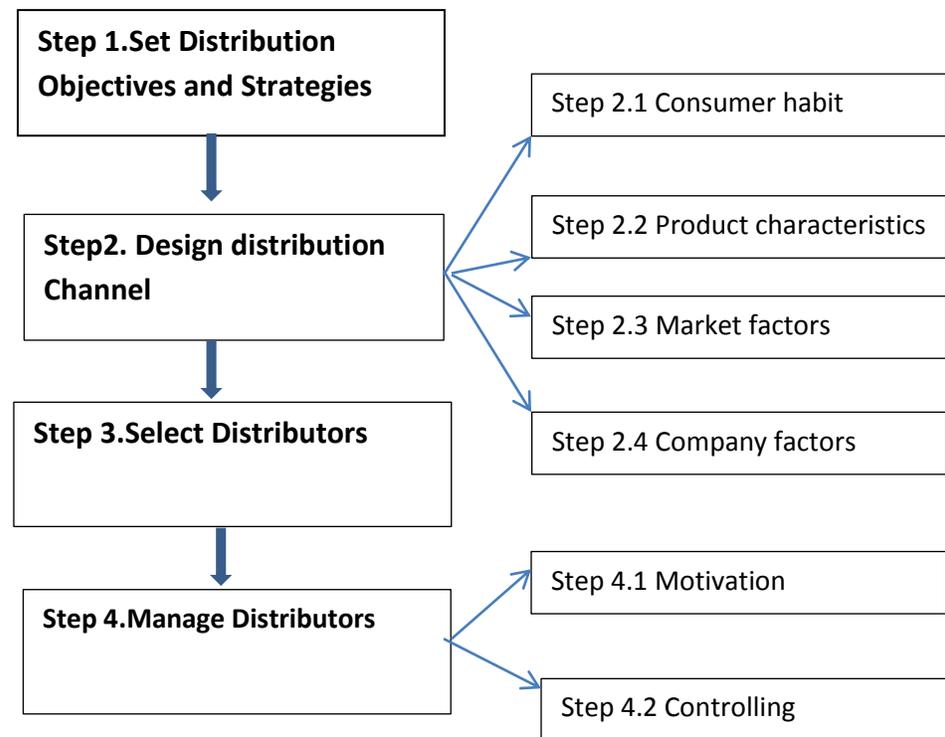


Figure 2.2 Theoretical Frame work for channel management

### 2.11.1. Set Distribution Objective and Strategy

This actually covers how, when and where the enterprises market offering should be made available to the targeted market. The strategy provides a means to this end. According to Rosenbloom (1995) the importance of channel strategy depends on the following conditions.

- Target market demands a strong emphasis on distribution
- Competitive parity exists in other marketing mix variable, with the need for channel strategy to provide some differential advantage
- Competitive vulnerability exist because of distribution neglect
- Opportunity for synergy exists through channel strategy.

### 2.11.2 Designing the Channel Structure

In deciding on the most appropriate configuration of distribution channel one has to consider such factors as consumer habit, market ,company and product characteristics which eventually implies to decide whether to aim to sell products through all available outlets, through selection of the available

outlets or to limit distribution to one outlets in a particular area. As it was tried to explain in the previous section of this literature review, these alternative strategies can be intensive, selective and exclusive distribution (Richard ,Wilson and Gilligan, 2005)

Intensive Distribution means that a brand can be purchased through many of the possible outlets in a given trading area.

Exclusive Distribution is when a brand can be purchased only through one vender/distributer so that it will have local monopoly. (Coughlan, Anderson, Stern,EL-Ansary,2006)

Selective Distribution: it is between intensive and exclusive distribution. In other word it is the use of more than one distributer but fewer than intensive distribution system which gives producers good market coverage with more control and less cost than what it does in intensive distribution. (Kotler, Armstrong, Saunders, Wong, 1999).

### **2.11.3 Selecting the Channel Members**

According to Richard , Wilson and Gilligan (2005), in selecting channel members the following factors needs to be taken in to account.

- Economic criteria which implies the pattern and level of cost, sales revenue and profit. The best alternative is nothing but the one that generates the best profit.
- Control Criteria which refers to the degree of influence, motivation and conflict among the channel members, for example a distributer who holds different products of different companies may not be seen favorably by a manufacturer as he unlikely gives the focus that the company deserves and may lead to friction.
- Adaptive criteria which the manufacturer is able to preserve some flexibility in respond to changing condition. Long term franchise agreements are not aligned to the adaptive behavior with in the distribution channels

### **2.11.4 Managing Distributors**

It is mainly about motivating to do the job of distribution and controlling them.

#### **Motivating distributors**

Channel members have to be motivated to do the job to their level best. Most producers are having problems with their intermediaries for these specific factors of channel management process. Such thing like good discount, special deal, advertising allowances, good supervision or fair treatment, etc. can be considered as motivating factors. We must always remember that intermediaries are business partners

who are there not to be slaves with their money but to make money. They often ask “what is in it for me” and the ability to answer such a question is what matters however in most instances it turns out to be a challenge to most companies (Kotler, Armstrong, Saunders, Wong 1999)

### **Evaluating and Controlling Channel Members**

According to Kotler, Armstrong, Saunders Wong (1999) producers must regularly monitor the channels performance against agreed target such as sales volume, average inventory level, customer service in terms of delivering the right type and quantity of product on time, etc. The company should recognize and reward intermediaries that are performing well. Those which are under performing on the other hand should be punished. It could be warning, slow down delivery or terminating the contract and replace them with another one.

## **2.12. Ambo Mineral Water Share Company Profile**

As it is stated in its web site Ambo Mineral Water Factory was established 84 years ago in Senkele locality near a hot spring 130 km west of Addis Ababa. The source of Ambo Mineral Water is a thermo-mineral spring, rich in natural calcium, magnesium, potassium, bicarbonates and carbon dioxide.

The water originates in a volcanic fissure which then percolates through mountainous terrain eventually being tapped at the springs in Ambo.

These springs are located on the cross roads of an ancient, major trade route, and have been revitalizing travelers, traders, nomads, soldiers and settlers from the beginning of humankind.

“Ambo comes from the Ethiopian highlands, a unique part of the world. It is recognized as the leading beverage of Ethiopia, a true „Ethiopian Icon“.”

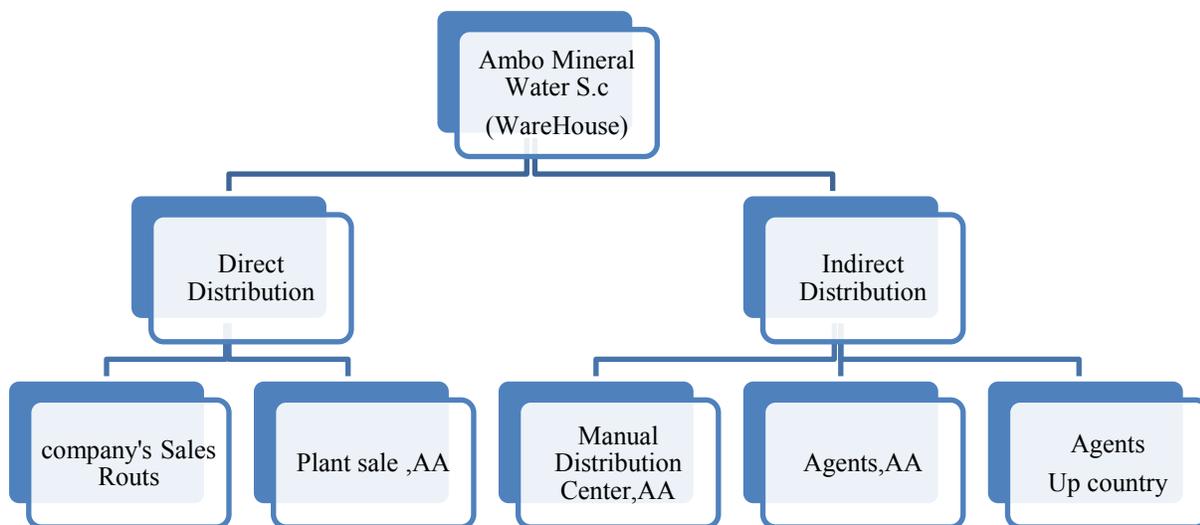
The factory has dominated 85 percent of the mineral water market. The factory was nationalized in 1974 and later it was privatized in 2008. South African company, SABMiller and a local company, Southwest Development forged a joint venture company. The manufacturing plant had two lines which had a total production capacity of 14,000 per hour. At a cost of 21 million USD, the two old lines were renovated and another new line was installed. The new line alone has a production capacity of 24,000 bottles per hour. Some of its products are Ambo mineral water, Ambo flavor, Jiva and an energy drink called XXL. Currently the company exports its products to the US, Australia, Djibouti, Yemen and Saudi Arabia. It also generates employment opportunity for a total of 500 people.

### 2.12.1 Ambo Distribution

With regard to its distribution system, the company is using both direct and indirect mode of distribution. Of which 70% of its sells volume is generated through third party i.e. indirect. There are about 50 agents and 105 manual distribution center (MDCs) nationwide. Deploying 32 distribution trucks, 17 inter depot truck and trailers along with two cross dock depots the company has been reaching its customers and consumers in the country. Of which Addis market is contributing more than 65% of the total sales of company. Therefore the company focus more on Addis market and so does the research paper.

Currently however the company is under the process of restructuring its rout to market strategy in such a way that it would help the company bring profitable volume growth. To this end, among others, it has brought a concept known as Owner Driver where by individual sales men will no longer stay in the company as a sales man rather as an outsider. In other words the company outsourced its distribution job to its own staffs. In doing so the company provides its distribution trucks and covers all running cost like repair & maintenance and fuel. The owner driver on the other hand will get commission for each case they sell. That is, as they sale more they get more in the meantime the company will achieve its purpose in distribution which is an increased sales volume. However all the work of supervision and control from the company side are still applicable on them. The current distribution structure of Ambo M.W.S.C is presented as follows

Figure 2.3 Ambo Mineral Water Distribution Structure



Source: Sales & Distribution Dept. 2014

Irrespective of all these, Ambo has the following weakness in its distribution work

- Very old distribution trucks. That is the company is spending much for repair and maintenance on one hand and rentals to replace those broken trucks which affects efficiency and effectiveness in distribution.
- Dissatisfied crew: most of the sales and distribution staffs are not happy with what the company is offering them as the pay scale is lower than most company in similar industry. If an employee is demotivated then he /she can't be successful in his/her job and this is exactly what people in distribution are feeling and doing.
- Bottle and crate shortage
- The management and labor are distant from one another and etc

## Chapter Three

### Research Design and Methodology

#### 3.1 Research Design

Bhattacharjee (2012) defined research design as a comprehensive plan for data collection in an empirical research project. It is a “blueprint” for empirical research aimed at answering specific research questions or testing specific hypotheses, and must specify at least three processes:

- (1) The data collection process,
- (2) The instrument development process, and
- (3) The sampling process.

Descriptive research in the form of frequency distribution was used for the study and presented in chart, tables and bars,.

Such research is undertaken to provide answers to questions of who, what, where, when, and how – but not why. The object of descriptive research is „to portray an accurate profile of persons, events or situations“ (Robson 2002:59).

Mixed type of data analysis was also used. Mixed methods is a rich field for the combination of data because, with this design “words, pictures, and narrative can be used to add meaning to numbers” (Johnson & Onwuegbuzie, 2004, p. 21)

#### 3.2 Population and Sampling Technique.

The sampling process comprises several stages. The first step is defining the target population which in this case is Addis market because Addis is business hub for most fast moving consumer goods and also Ambo head office is located in there. Therefore, considering such a market makes the research process easy and better. In doing so, company officials, distribution centers and retailers were contacted because they are always prime participant in distribution.

Krejcie and Morgan (1970) greatly simplified the process to determine a sample size by providing a table that ensures a good decision model. According to Sales and Distribution department of Ambo there are about 32,000 outlets in Addis and therefore as per the model the sample size was decided to be 380 outlets. Due to the heterogeneity nature of the populations some kind of stratified sampling technique has been also used. That is, the sample was taken after grouping the retailers in their nature of business

like sooks, bars, restaurants, groceries and etc. Again as per the data obtained from same department the total number of outlets are composed of 65% sooks/kiosks,18%bars and restaurant,10% groceries,5%hotels and 2% are others.

### **3.3 Type of data and Instruments of Data Collection**

In this study both primary and secondary data were used. Using both survey questionnaires and interview the primary data were collected. The survey was targeting main players in the business of distribution of Ambo's product. These were retailers, MDC operators, and company .The secondary data mainly used were books, market survey, company's annual report, brochures and websites.

### **3.4 Procedures of Data Collection**

The procedure of data collection that the researcher used was presented as follows

- Three types of Questionnaires were prepared.(... at the appendix section)
  - (1) To company officials: it was an open ended question for 2 people
  - (2) To distributors: both open ended and closed ended questions for 50 people
  - (3) To retailers: closed ended questions i.e. multiple choice and scale questions for 330 people
- As per the number of sales rout as described by sales and distribution manager 17 people were recruited and given training
- Did a Pilot testing. Such tasting is extremely important to detect potential problems in a research design and/or instrumentation (e.g., whether the questions asked is intelligible to the targeted sample) and to ensure that the measurement instruments used in the study are reliable and valid measures of the constructs of interest (Bhattacharjee, 2012).
- Having decided who to study (subjects), what to measure (concepts), and how to collect data (research method) the data collection begun with an average of 22 questionnaires per data collector and returned in 5 days time.

The choice of respondent from the company's representative was not made random because it was essential to get information from the most appropriate person so that the research would be more reliable. As to the number of MDC and retailers such as bars, hotels, sooks, etc. were determined based on their contribution to the total outlet base.

Since the company has been used both direct and indirect distribution system, the question for the retailers were designed in a such a way that it can help to understand how distribution works both from the organization as well as MDCs perspectives. However the questions for the MDCs were aiming at knowing how Ambo as a company has been doing distributing to them.

### **3.5 Method of Data Analysis**

The data obtained from the participants of the research was processed and analyzed both qualitatively and quantitatively. By aligning primary and secondary data, findings and conclusions were drawn

More over Statistical Package for the social science (IBM SPSS statistic version 20) was used to analyze and prepare the report.

Simple descriptive statistics, frequency distribution was applied. Graphs, Tables and Charts were used to describe and explore the data.

## Chapter Four

### Research Findings and Discussion

*This chapter presented the empirical data collected from the participants such as MDCs, retailers and company official's .In representing the findings of the research the following major components were incorporated: reliability test to check the consistency of the research, overall and clustered response rate, descriptive breakdown of the most important research variable and other relevant distribution channel factors.*

#### 4.1 Reliability Test

It is one of the techniques to test goodness of data .It measures how well the items measuring a concept hang together as a set i.e. consistency and expressed in Cronbach's Alpha coefficient. Cronbach's alpha is computed in terms of the average intercorrelations among the items measuring the concept. The closer Cronbach's alpha to 1, the higher the internal consistency reliability. In general, reliabilities less than .60 are considered to be poor, those in the .70 range, acceptable, and those over .80 is good (Sekaran, 2003). After taking sample of seven responds and applied IBM SPSS statistic version 20 the research found Cronbach's Alpha coefficient as 0.757 which was indeed acceptable.

#### 4.2 Retailers Response Rate and Respondent Characteristics

Table 4.2 Sales routes and response rate

<b>Sales Routs</b>	<b># of outlets</b>	<b># sample</b>	<b>Response rate</b>	<b>% of Response rate</b>
<b>Rout 1</b>	2,130	25	21	82%
<b>Rout 2</b>	987	12	8	71%
<b>Rout 3</b>	1,369	16	15	91%
<b>Rout 4</b>	2,467	29	20	67%
<b>Rout 5</b>	2,088	25	19	75%
<b>Rout 6</b>	869	10	8	76%
<b>Rout 7</b>	1,098	13	11	81%
<b>Rout 8</b>	3,109	37	26	70%
<b>Rout 9</b>	1,008	12	10	86%

<b>Rout 10</b>	979	12	8	73%
<b>Rout 11</b>	832	10	7	74%
<b>Rout 12</b>	1,980	23	19	83%
<b>Rout 13</b>	1,870	22	18	82%
<b>Rout 14</b>	1,552	18	14	74%
<b>Rout 15</b>	4,721	56	43	77%
<b>Rout 16</b>	3,013	36	30	83%
<b>Rout 17</b>	2,087	25	18	71%
<b>Total</b>	32,159	380	293	77%

Source: Sales & Distribution Dept. and Survey 2014

### Response Rate

A total of 380 questionnaires were distributed in the seventeen routs of Ambo distribution channel. Out of these questionnaires 307 (81%) were filled and returned to the researcher. From the returned questionnaires, however only 293 copies with a response rate of 77% were usable. In all sales rout the response rate was above 70% with the exception of rout 4 (67%)

### Respondent Characteristics

Table 4.3 shows the respondents characteristics in terms of their business type. With regard to the type of business 65% of them are sooks, 18% bar and restaurant, 10% groceries, 5% hotels, and 2% were others.

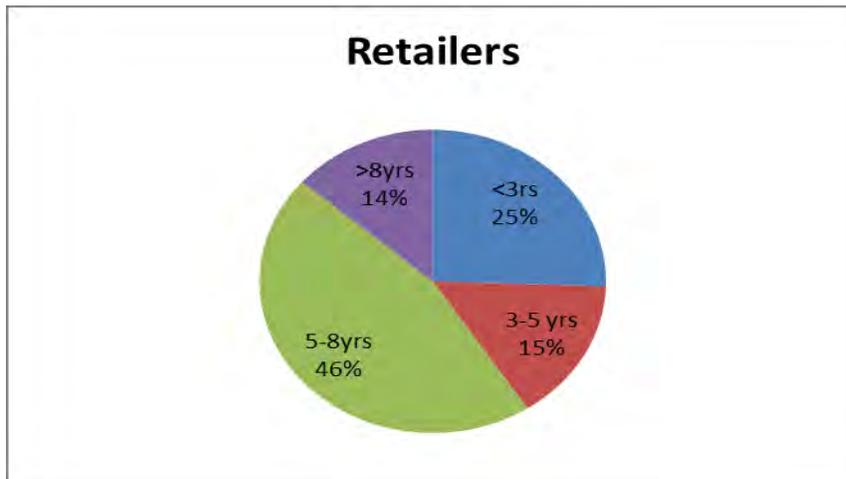
Table 4.3 Type of Business

Type of Business	Frequency	Percent	Cumulative percentage
<b>Sooks/kiosks</b>	190	65%	65%
<b>Bar and Restaurants</b>	53	18%	83%
<b>Groceries</b>	29	10%	93%
<b>Hotels</b>	15	5%	98%
<b>Others(schools, chat house, etc)</b>	6	2%	100%
<b>Total</b>	<b>293</b>	<b>100%</b>	

Source: survey 2014

From the sample taken the majority of the retailers have been in the business between 5-8 years which is good enough as an outlet or retailer to tell the nature of their business as well as how varies FMCG companies distribute their products to them. This can be taken as another means of enhancing the validity of the information which the researcher has collected.

Figure 4.1 years of service in business



Source: Survey 2014

Basically from the data collected all outlets have been selling Ambo's product specially "Ambo Origin" ever since their business establishment. Therefore their response is quite similar to their answer of the previous question. When asked which Ambo product is buying most, 97 % of the outlets have answered Ambo Origin except very few outlets, 3%.

With regard to reasons why they buy Ambo the following feedback is obtained

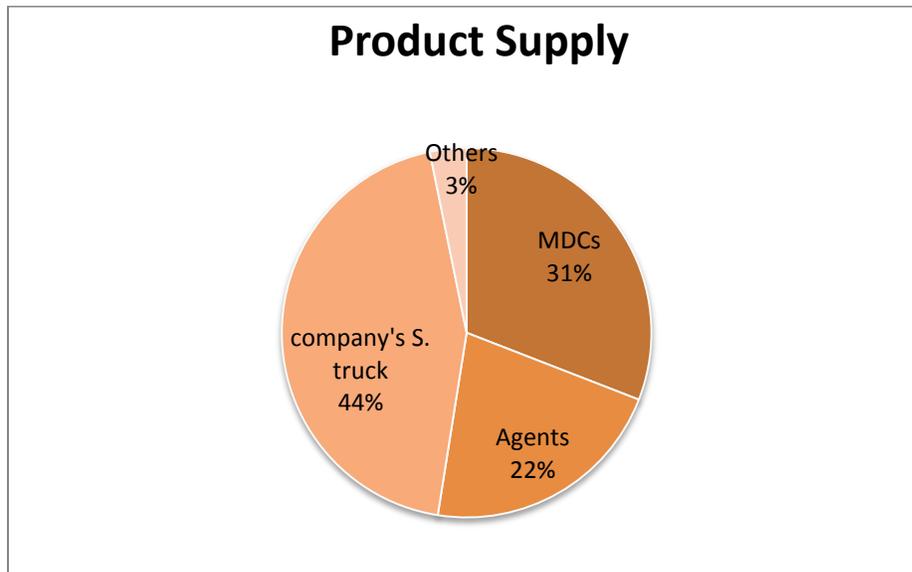
Table 4.4 Reason for buying the product

Reasons for buying	Frequency	Percent	Cumulative percent
Consumer preference	167	57%	57%
Supply	56	19%	76%
profit Margin	44	15%	91%
Others	26	9%	100%
Total	293	100%	

Source: survey 2014

57% of them have said consumer preference is the reason, 19% of the retailers said product supply and 15% of them said profit margin. For example retailers buy Ambo Origin due to its price which is affordable at 80 birr/crates of 20 bottles which will eventually give better margin than others. Others like durability, medicinal value, icon of the country etc. were also mentioned as reasons for buying by the respondent. One has to note that next to preference it is supply that would affect the buying habit of customers or retailers which is highly related to distribution.

#### 4.2 product supply



Source: Survey 2014

One can easily observe that retailers would like to buy products from the company than from distributors or stockiest for price, quality and legal matters. When there was product shortage some distributors were selling at a high price and yet didn't issue receipt. Sometimes they did sale products whose BBF have expired. However when we see the percentage contribution of distributors other than the company it was about 56% which is still high due to the fact that the company's distribution policy is to change it slowly to third party and keep its focus more on trade execution.

Figure 4.3 Purchase price from company vs. distributors

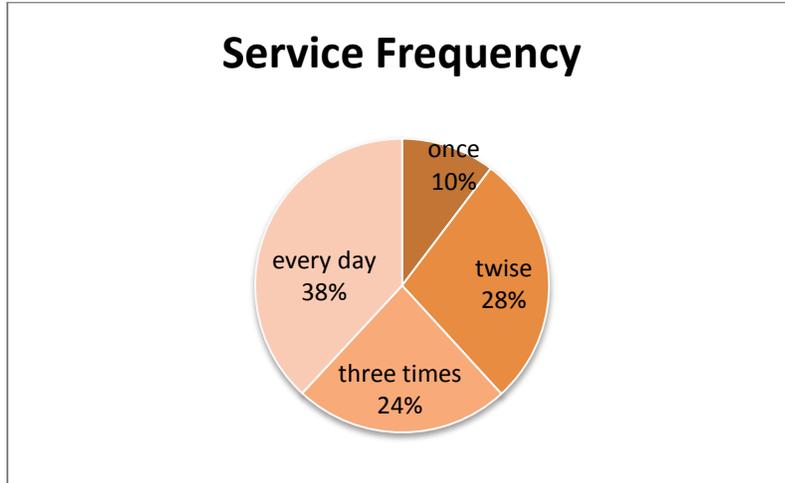


Source: survey 2014

It is known that the company wants to control the recommended retail price (RRP) across the board however from the sample taken 12 % of them are buying Ambo's product at a higher price than what the company has set which eventually leads to price abuse to consumers or end users which subsequently erodes one of its competitive advantage in the business. You may wonder why there are also retailers who are buying at lower price. This is because distributors benefit is a discount on each crate they buy from the company. The more they buy the more they sell and benefit they get, besides they do not have defined sales territory. That means any distributor or company sales truck may come as close as its business area and serve .Therefor they must do anything possible to protect their market. This may include selling at a lower price, giving credit, etc. so that nobody would come to their territoryThe

service frequency that ambo is providing to outlets was judged as follows

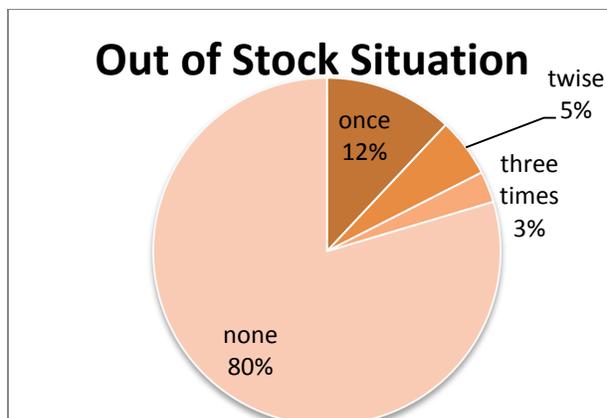
Figure 4.4 Service Frequency



Source: survey 2014

Every day service delivery accounts 38% which implies that more outlets don't keep more stocks in their store than those company's product which don't come to them often. In other words because they know that Ambo will come every day they don't want to keep many stocks. They rather will hold only for their daily requirement. Moreover, such practice will also cause the company to incur high cost for distribution. Retailers have commented that out of stock situations occurrence as follows

Figure 4.5 out of stock situation

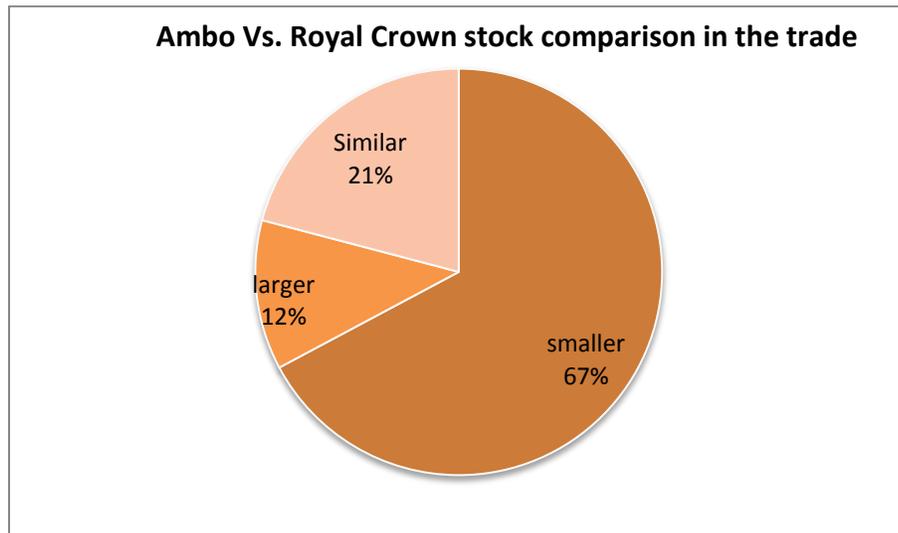


Source: Survey 2014

20% of the total outlets are running out of stock at least once per week which means it happens in over 6,400 outlets per week from the whole outlets in Addis. This is a huge loss in sales which gets to do with poor distribution system of a company.

As compare to competitors like Royal Crown (RC) the stock position of Ambo in outlet is described as follows

Figure 4.7 Stock Comparison



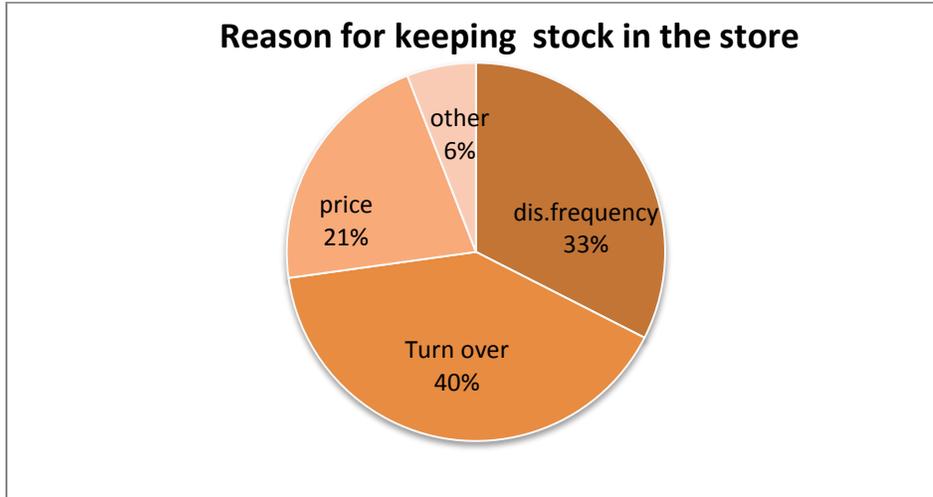
Source: survey 2014

As per the request of sales and distribution manager of Ambo MWSC the researcher has compared Ambo's stock availability in the trade against Royal Crown (RC).

Royal Crown is a company which has been producing different soft drinks and carbonated water and Ambo MWSC considers it as its major competitor.

In this regard the analysis depicted that 67% of the total outlets have smaller Ambo stock than Royal Crown. Turnover, delivery frequency, price and others were mentioned as reasons for keeping stocks of different companies.

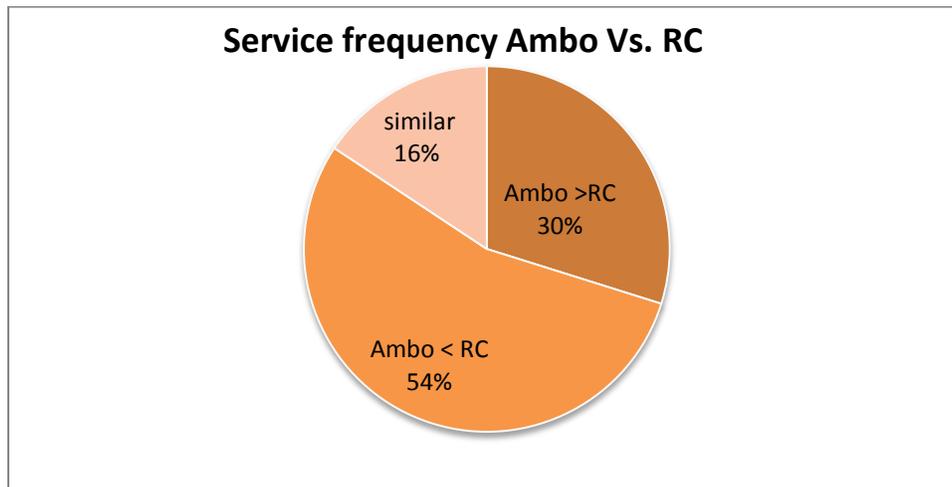
Figure 4.7 Reasons for keeping different level of stock



Source: Survey 2014

Though turnover was said to be the major reason for keeping more stock of one product than the others, delivery frequency was mentioned as the second major factor. Those retailers who have answered service frequency as a reason have explained it further by comparing Ambo with RC

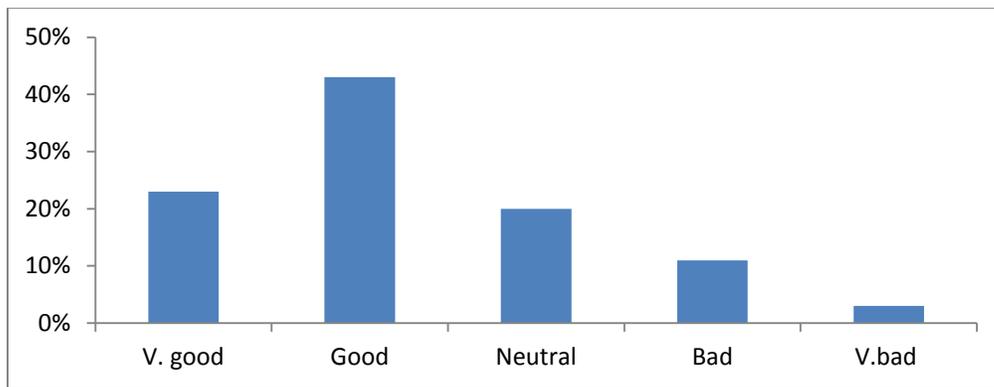
Figure 4.8 Ambo vs. RC service frequency



The impact of service frequency was clearly seen in the stock position of a given company .i.e. if retailers know that there is frequent visit then they keep less stock and vice versa .This is exactly what has been happening in the case of Ambo and RC. However there were times that a stock can be more than the other for the fact that the company comes more frequently. Therefor to enjoy the benefit of frequent delivery, Sales and Distribution manager has to identify which outlets needs frequent visit and which doesn't

Asked to evaluate Ambo Mineral Water S.C or distributor's performance about delivery time, company's representative treatment, supply of product, problem solving capacity and over all support to grow the business, retailers/outlets have rated as follows

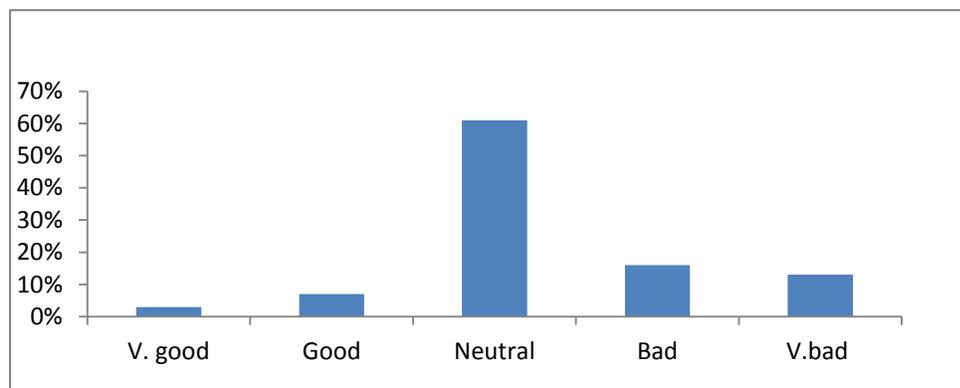
Figure 4.9 Retailers rating on delivery time



Source: Field study 2014

As it was shown in the above chart 66% of the respondent rated Ambo delivery speed as either very good or good due to the fact that they get the service more frequently than others however if we just see bad and very bad rating which accounts about 15 percent tells us that the company has got still some more jobs to do to improve its distribution efficiency. Besides going to the trade frequently as stated in the previous interview has got its own consequences such as high running cost on fuel, repair & maintenance and allowances . In most cases outlets keep less stock of company's product that often visit them which eventually affect visibility, availability and at last sales volume.

Figure 4.10 Retailers rating on the treatment of company's representative



Source: Field Survey 2014

Company's representatives treatment had big gap as "very good" and "good" rating together was just 10% as oppose to bad and very bad rating combined as 29%. This revolved around understanding problems and problem solving ability. As it was presented in the company's distribution structure of the literature review a great deal of retailers in the trade were being served by a third party.

Most of these retailers said they didn't get proper service from Ambo often. It included not giving the right quantity, brand and sometimes force them to buy what they actually didn't want to. However this problem could have been solved if the company representatives had visited them regularly as it would give the chance to detect the problem before it got worse. Some also said that they met company's representatives but could do little or no effort to help them

With regard to supply of product by brand and pack one can notice that there was really a problem in supplying what customer wanted which was against the contemporary marketing principles which under lines that customers' needs and wants are the very reasons why a business exists. However Ambo as a company seemed to be missing this point in its business practice.

As it was shown in the table below 31% of the retailers were not happy with what the company was supplying with. For example many said, the brand Ambo water has been highly demanded but the company did not supply enough.

Table 4.5 Supply of product by brand and pack

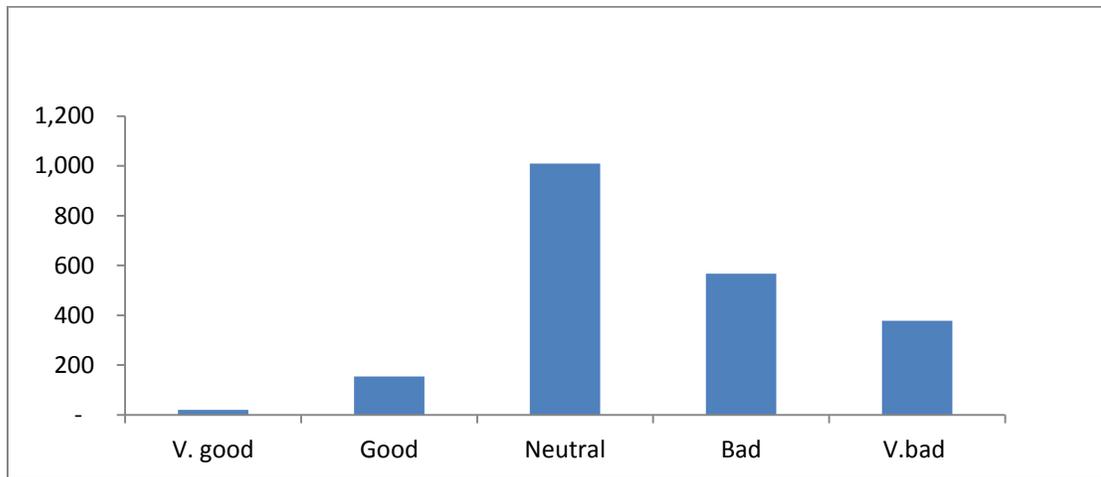
Rating	Frequency	Percent	Cumulative percent
V. good	12	4%	4%
Good	35	12%	16%
Neutral	155	53%	69%
Bad	50	17%	86%
V.bad	41	14%	100%
Total	293	100%	

Source Field survey 2014

As to the marketing support the research disclosed that Ambo has not been doing enough as it was substantiated by the graph below that good and very good accounts only 8%. When asked why, traders replied that they were losing money on those products like Jiva, flavors and XXL because many

consumers haven't known them well as the company has not done marketing enough like TV & Radio commercials, free drinks, point of sales materials, etc.

Figure 4.11 Retailers rating on marketing support

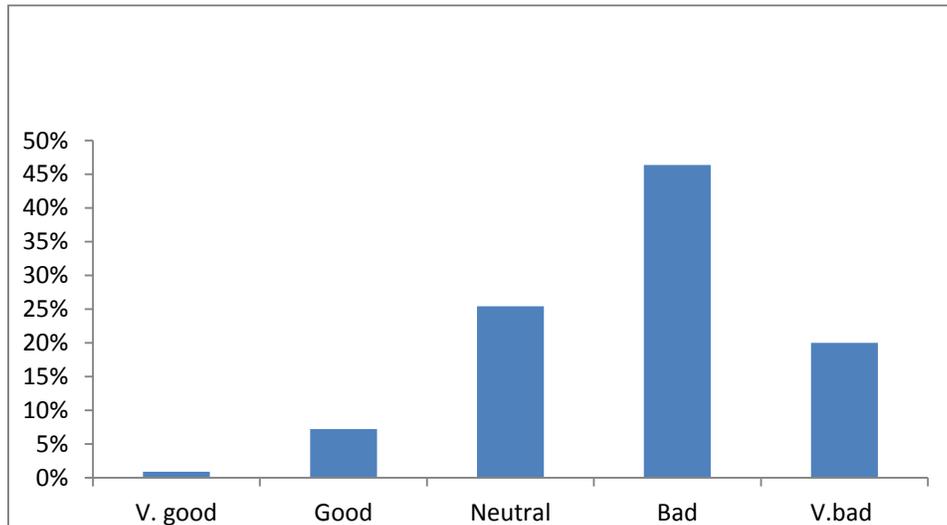


Source: Field Survey 2014

With regard to overall assistance and problem solving ability, the company was rated very low for the following reasons

- Consumer said quality of some of the company's product like Jiva was not improved, therefore quit many outlets came across with expired stocks which called for an immediate action but the company did not do anything.
- To meet an increase in the demand of Ambo origin outlets/traders had been requesting to have additional bottles and crates however the company didn't sale. This means they lost sales.
- The company didn't give that much marketing support to help selling those slow moving products.
- One can find those products in Merkato, the biggest open air market in Ethiopia, at a price cheaper than company's selling price. This happened when distributors bought in bulk to take advantage over the special discount given and they sold it at lower price to whole sellers so that they finished their stock before it expired. During such time, however, sales in many routes, especially doing direct sale would be difficult.
- The other point discovered in the research was that during holydays distributors paid bribe to the sales crew otherwise they would get the delivery very late or didn't get it at all. All these have been supported by the fact obtained from field survey as presented below

Figure 4.13 Retailers rating on overall company's support



Source: Field Survey 2014

### 4.3 Distributors' Feedback

Generally the response given by distributors depicted that Ambo distribution system had many gray areas. For example, the company sales truck would go to the distributors after it had visited all the retailers without even leaving any single outlet for the distributors to sell. Such practice frustrated many distributors. As a result they lost interest in the business and made distribution very challenging.

Two or more distributors would also fight for the same market which finally causes conflict between and/or among themselves. This was clearly the result of having no map of sales route to each sales distributor which was a wrong route configuration.

Explaining some major problems, distributors said in many occasions Ambo was not supplying them with the product they wanted and their order also took so long until it reached their store.

Because distributors were keeping and distributing competitors product there was always conflict with company's officials. Distributor who holds different products of different companies may not be seen favorably by a manufacturer as he unlikely gives the focus that the company deserves and may lead to friction. It is true that most of the existing distributors were focusing on products that move faster than Ambo like Coca-Cola, Pepsi Royal Crown (RC), etc. Therefore they kept less stock of Ambo's in their store which eventually affected sales volume.

Giving response to how would they get the license to distribute some have said they initiated the request and presented to the company. Some recalled that the company representatives approached them first and became distributor which implied, in any case, that its channel selection method was not well structured and was not done as per the theoretical frame work mentioned in the literature review.

Asked about any other problem other than those mentioned above most of them said that the quality of products like Jiva had to be improved as the sales had been declining throughout and the stock in the store was expiring which means loss in profit as well as caused them to have warning from government health beauro for keeping food staff whose BBF (best before) date was over. Therefore, distributors avoided such products though company’s representatives were pushing them to buy which eventually led to friction.

**Distributors rating on Ambo’s distribution practice**

Distributors have got quite similar response to those retailers to wards to the time that Ambo takes to deliver the product they order. As to distributors the hassle in distribution starts with getting the telephone line to place an order. Then the sales driver comes very late because he has to serve all the outlets around.

One of the main reasons that a distributor could stay as a business partner was because he got motivated with the benefit he got out of the business. As it was cited in the literature channel members must be continuously motivated to do their job. For example, the discount they get has to be good enough to cover all costs or the turn over must good enough to absorb all running cost and make profit.

The discount scheme of Ambo MWSC was presented as follows

Table 4.6 Discount to distributors

Product type	Discount/case(in Birr)
Ambo Origin	3.70
Ambo&(flavor)	5.00
Jiva	5.00

Source: Sales & Distribution Dept. 2014

Majority of the distributors 67% of them agreed that What Ambo was offering in the form of discount was not bad as such however the turnover was way below competitor’s product like Coca cola, Pepsi or RC. They said they couldn’t have covered all their costs and survive in business if they had not kept other company’s stock. From their perspective, Ambo must revise the discount so that they would get motivated and even could be exclusive distributors. Moreover, some products like Jiva had got quality

issues that consumer complained about which affected turn over. At least to such a product the discount must be much higher than what Coke, Pepsi or RC gives so that distributors get encouraged to keep the stocks. By then however it was only very few of them that had got those kinds of products.

Many times, if not often Ambo was not supplying MDCs with what they wanted and as result their customers got disappointed, lost trust on them and shifted to competitors. The market is full of choice anyways. Therefor they rated the supply of product by brand and pack as bad as 28%.

On the other hand Ambo had been doing very little in finding solutions to those problems mentioned above and therefor sales had been declining until they dropped out from Ambo business and looked for another one like water, coke, beer and etc.

#### **4.4 Feedback From Company's Officials**

##### **Ambo's distribution objectives**

The company describes its objective and strategy in distribution as it is one of the major functions in business. Ambo Mineral Water S.C takes Distribution management as the primary responsible unit to make sure the product available with in" arm"s reach of desire" with different brands ,flavors and package mix with in an economic reach of everyone through an improved market execution and satisfy the diversified consumer needs.

##### **Ambo's distribution method**

Looking in to the rout to market strategy Ambo had been having both direct and indirect sales distribution mechanism. From the production floor finished goods are moved to the warehouse, then to different part of the country. When we see the distribution in Addis there is a cross depots where in products are continuously dumped in and from which it will either go to the trade directly or distributors. The regional manager has confirmed that there are about 32,000 outlets in Addis Ababa of which 65% of them are sooks and outlets like Bars, Restaurants, Hotels, Groceries, cafes, clubs and chat houses together account 35%.

##### **Evaluating distribution effectiveness**

With regard to how to measure distribution effectiveness what Ambo had been doing was just conducting availability survey. According to Kotler, Armstrong, Saunders Wong(1999) producers must regularly monitor the channels performance against agreed target such as sales volume, average inventory level, customer service in terms of delivering the right type and quantity of product on time,

etc. but what happened in Ambo was that a supervisor visited about 30 -40 outlets and counted their stock and measured availability expressed in percentage .

More over the research found out that Ambo has no tool to track its distribution execution. Such thing as rout card, list of outlets and rout schedule do not exist. Rout card is a document that shows the address, name, sales performance and stock position of outlets. It is simply a card that has a complete outlet profile/or history on which the sales man keep a record and sign every time he visits.

Rout schedule is the program that reminds when the outlet/retailer will be visited.

### **Challenges in Ambo distribution system**

From the interview made with company's officials the researcher has identified the followings challenges in its distribution system

- Low work moral of sales and distribution crew for low pay scale and change in distribution structure. Recently the company has given up the work of distribution to its own staffs and make them leave the company .i.e. outsourcing. However such move of the company has not been welcomed by the people in sales and distribution department, it rather became source of dissatisfaction and disappointment.
- Frequent distribution truck break down hampered distribution effectiveness. The company has got over 29 sales distribution truck and over 15 truck and trailers which are known as inter depot (ID) trucks which transport finished products from production floor to depots. Most of these trucks, however, are very old and get broken down frequently.
- Acute shortage of empty bottles and crates. There were incidents that the production would cease for days just for not having enough bottles and crates which aggravated the problem in distribution.
- Varied constructions are going on in town. These affect the free movement of vehicles in general .i.e. There was high truck turnaround time which is the total time a truck takes to go to the trade and come back to the plant or depot.
- Weak demand for such products as Jiva, Flavor and XXL adds on distribution cost. This cost may include handling (loading & offloading) and warehousing cost as there is too much return from the trade. Most distributors were also not willing to buy those products which eventually makes their carrying cost so high and expire before it gets sold out
- Sometimes mistakes in production process affected distribution effectiveness as seen in the case of Jiva product which was produced with water that didn't pass through Reverse

Osmosis (RO) process and resulted in bad taste. RO is a chemical treatment that water has to pass through to make sure that it fits to production

- Price abuse: It was confirmed in the data collected from retailers most distributors were not selling the product on the agreed price. They were either selling lesser or higher than the company's selling price.

## Chapter Five

### Conclusion and Recommendation

*This section of the paper presented concluding remarks considering the overall finding of the study and provided useful recommendation that could improve the existing distribution system of Ambo Mineral Water Share Company with specific reference to Addis Ababa market*

#### 5.1 Conclusion

Through an interview with company officials and with structured questioners to distributors and retailers data were gathered. Having analyzed them the researcher tried to answer those research questions raised from the problem stated in chapter one of the study.

From the survey conducted, it can be concluded that the following factors have negatively affected the distribution of Ambo MWSC directly or indirectly and it can be categorized as weaknesses and challenges.

Major weakness in the distribution system of Ambo MWSC were related to the following factors

1. Logistic
  - Due to long year service the distribution sales trucks were broken frequently which has got direct impact on distribution effectiveness
  - Frequent machine break down in production unit.
2. People
  - Very low work moral of sales and distribution crew due to low pay scale and job insecurity
  - Dissatisfied distributors with the discount given and sales turnover
  - Not enough manpower to do the job especially on the distributors side.
3. Product
  - Serious bottles and crate shortage has made production as well as sales and distribution difficult.
  - Poor quality product (.e.g. bad test of Jiva, poor packaging etc.) caused high return from the trade, handling cost and product to expire
4. Distribution

- Poor supply of product by pack and brand .i.e. The company has not supplied the market with the right pack and brand at the right time.
- Frequent service delivery has made outlets keep less stock of Ambo than competitors"
- No defined sales territory. Distributors as well as companies sales trucks are not working in the defined sales area and therefore there has been always conflict among themselves.

## 5. Marketing

- The company has given little or no marketing support such as TV and radio commercials, free drink to test, etc.

Major challenges in distribution system of Ambo MWSC are related to the following factors

### 1. Distributors

- Price abuse by the traders and distributors.eg. Some distributors were selling at a lower price than what the company was selling which made sales and distribution very difficult as it would create confusion in price.
- Unhappy distributors for having little or no support from the company.
- Distributors kept competitors product along with Ambo"s.
- Distributors refused to buy other brands but Ambo
- Distributors were selling anywhere in town which created conflict among themselves.

### 2. Government

- Infrastructure development in Addis town has made vehicles movement very difficult .i.e inefficiency in distribution has occurred as a great deal of time had been wasted in driving around to sell.

### 3. Competition

- Competition in terms of product availability and taking shelf space mainly from Royal Crown.

Moreover, looking in to the overall distribution effectiveness means measuring against the distribution frame work. The study revealed that Ambo distribution system has got distribution objective/strategy which was to make its product available with in an arm stretch however other futures or elements such as the way it had designed its distribution structure, distributors selection and their management were not properly executed. For example from the interview conducted, the researcher came to know that the company did not have any distributor selection criteria and also no single distributor had been evaluated so far which attributed among others, to a poor distribution practice.

## 5.2 Recommendation

To be competitive and ensure profitable volume growth Ambo Mineral Water Share S.C. has to work hard to get its distribution system right by fixing loop holes observed in the research. To this end therefore, the researcher has recommended the following;

1. As to the frequent truck and machine break down Ambo has to
  - Put in place what is known as preventive maintenance (PM) system to both its distribution trucks and machinery so that the distribution effectiveness shall improve. PM is a regular inspection to be conducted on an asset before any brake down occurs.
  - Do root cause analysis and take corrective action accordingly.
  - Scrap the old asset and replace it with the new one.
2. The company has to invest on bottles and crates so that it will meet the growing demand in market place as well as in production unit.
3. As long as the company believes that it can do distribution better with intermediaries, then the number of distribution centers are supposed to be enough to cover the number of outlets found in the market which is also one of the necessary steps mentioned in the distribution frame work .i.e. designing distribution structure. If we consider experience from similar company, Coca cola which has been successful in distribution, its manual distribution centers (MDCs) were serving an average of 150 outlets and their total numbers are more than 200 ( Nelson et al., 2009). As per the data obtained from sales and distribution department there are about 32,000 outlets and 105 MDCs in Addis market. If we take Coca-Cola's distribution as good practice and apply it in Ambo the number of MDCs need to increase at least by 100.
4. When appointing MDCs it has to be with appropriate criteria, not just based on relationship. According to Richard ,Wilson and Gilligan (2005), in selecting channel members, MDCs in this case, the following factors needs to be taken in to account;
  - Economic criteria which imply that the discount given to MDCs vs. the growth in sales volume must generate best profit.
  - Control Criteria: distributors have to be exclusive so that they will give full focus to no other business but Ambo Adaptive criteria: there must be short term agreement that will be renewed every few years.
5. With regard to motivational aspect, the channels members, MDCs or retailers must be given fair discount and number of outlets to serve with defined sales territory, better marketing support ,

quality products, etc. so that they exert effort without complain and help to achieve distribution objective.

6. The distribution management model also tells about how channel members like MDCs should be evaluated and controlled. It is known that any distribution strategy is as good or bad as its execution and to ensure this there must be proper evaluation and controlling mechanism. Sales and Distribution manager must regularly monitor distribution effectiveness through such tools as rout card, product availability and customers“ complaint records, etc. Kotler, Armstrong, Saunders and Wong (1999) have also suggested that channels performance must be measured against agreed target such as sales volume, average inventory level, customer service in terms of delivering the right type and quantity of product on time at the right price etc. Ambo should recognize and reward intermediaries that are performing well. Those which are under performing on the other hand should be punished. It could be warning, slow down delivery or terminating the contract and replace them with another one.
7. Ambo has to recognize neither the company nor the channel members can accomplish the whole distribution job alone. Success in distribution will be achieved when everyone in the value chain is working together as business partners. Such partnership would eventually bring an increase in market share for all members in distribution.
8. Being the owner of the business Ambo MWSC has to take ownership to solve problems seen anywhere in the distribution channel. For example it has to take initiatives to motivate both its staffs and distributors, improve product quality, give marketing support, etc.

### **5.3 Limitations of the Study**

The following were possible limitation that might affect the outcome of the study.

- Access and quality of primary information have been depend on the goodwill of the dealers or trader in the market
- Some of the information obtained through interview was not easy to verify as there were no tangible evidence .e.g. low work moral
- Since the sample was taken from Addis market it might not show the case in regions.

## **5.4 Implication for Management and Future Research**

The contribution of this research to the management and future research is highly important. It would be to the advantage of the company or management if an investment is made to improve distribution effectiveness in terms of logistic and manufacturing facilities, quality, discount given, moral of the workforce and dealing with channel members. Above all these, however, the company will gain a lot if it would work together with intermediaries sharing responsibilities and understanding them for comprehensive distribution practice. Undoubtedly this study will also help as a reference for other researcher who wants to make further investigation in the area of distribution of FMCG in general.

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## **Appendix 1: Questionnaire English Version**

### **SURVEY QUESTIONNAIRE**

# A SURVEY OF DISTRIBUTION STRATEGY ON FMCG

Executive MBA Class

Department of Management

College of Business and Economics

Addis Ababa University

This survey aims to assess the distribution practice of Ambo Mineral Water Share Company as the same time serve as a research project for a partial fulfillment of the requirement for the award of Executive MBA. Your participation in the survey and the response you give provides a critical input to see how the company is doing its distribution work and will eventually help to improve the service that Ambo gives to you. Hence I kindly request you to provide frank and right answer to each question. While thanking you in Advance for your valuable time and contribution, I want to guarantee you that your response will be treated confidentially.

For any enquiry about this survey, please feel free to call to 0912502709 or email at [yeneneh22@gmail.com](mailto:yeneneh22@gmail.com)

Thank you for your cooperation and participation.

## I. Question to the outlet

Instruction: Please circle your answer and/or write brief answer whenever compulsory

### Part 1.General Information

1. Outlet type

1. Bar      2.Sook      3.Hotel      4. Restaurant      5.other

2. Year in business

1. < 3 years      2. 3-5 years      3.5-8 years      4.> 8years

### Part 2.Basic Information

3. How long have you been selling Ambo's products?

1. < 3 years                      2. 3-5 years                      3. 5-8 years                      4. > 8years

4. Which Ambo's product do you buy most?

1. Ambo Original                      2. Jiva                      3. Flavour                      4. XXL

5. What is the reason to your answer for question number 4?

1. Consumer preference                      2. Product supply                      3. profit margin  
4. Other, specify

6. Where do you get the product from?

1. MDCs                      2. Agents                      3. company's sales truck                      4. others, specify

7. If you get the product from distributors, at what price are you buying it?

1. lower than company's                      2. higher than company's                      3. Same as the company's

8. How long do you take to get the product you order?

1. Immediately                      2. a day                      3. 1-3 days                      4. more than 3 days

9. How many times do you get visited by the sales man per week.?

1. once                      2. twice                      3. three times                      4. every day

10. How many times do you come across out of stock situation per week?

1. once                      2. twice                      3. Three times                      4. none

11. As compare to competitors like Royal Crown how is your average weekly sale of Ambo

1. less                      2. higher                      3. Similar

12. What is the reason to your answer for question number 11. You can provide more than one answer.

1. Service frequency                      2. Promotion                      3. Quality                      4. Price                      5. others, specify

13. For each of the following questions please evaluate Ambo Mineral Water S.C or the distributor's performance & how it is doing its business

Rate each of the following questions by placing a "/" mark on the boxes	1	2	3	4	5
---	---	---	---	---	---

based on					
1.Very good    2.Good    3.Neutral    4.Bad    5.Verybad					
Delivery time or speed of the company or distributor					
Service/call frequency					
Company's representative visit and treatment					
Supply of product by brand and pack					
Promotional support					
Problem solving capacity					
Over all company's support in distribution					

**B. Question to the Company**

## **A. General Interview Questions**

- Name: and Title
- How long have you been in the company/business:

## **B. Specific Interview Questions**

- What are major company's objectives in distribution?
- How many outlets do you have in AA?
- What kind of distribution structure do you have?/how is your rout to market strategy?
- How many distributors do you have?
- How do you select distributers?
- Do distributors have a defined sales territory?
- How do you measure/control your distribution effectiveness?
- Are there tools for rout to market execution e.g. rout schedule with complete lists of outlets, rout map, rout card etc.
- What kind of challenges do you come across in your distribution system? if any.

## **C. Question to the Distributors**

- Do you get the right type and quantity of product on time?
- Do you have any conflict with other distributors? If yes, explain

- What kind of support do you get from the company?
- What are the major problems you have with the company?
- What internal challenge do you have in distribution? e.g. logistic, space, finance, people, etc.
- For each of the following questions please evaluate Ambo Mineral Water S.C performance in distribution.

Rate each of the following questions by placing a “/” mark on the boxes based on 1.Very good    2.Good    3.Neutral    4.Bad    5.Worse	1	2	3	4	5
Delivery time or speed of the company or distributor					
Margin/discount					
Company representatives visit & their treatment					
Supply of product by brand and pack					
Information flow					
Promotional Support					
Over all company’s support in distribution					

## Appendix 2 :Questionnaires Amharic Version

መጠይቅ

ይህ መጠይቅ የተዘጋጀው የአምቦ ውሃ ኢ. ማ. የምርት ስርጭት ሥርዓት ለማወቅና በተለይም በደንበኞች ዕይታ ሲታይ ምን እንደሚመስል መረጃ ለመስብሰብ ብሎም የአሠራር ሥርዓቱንም ለማሻሻል ሲሆን፤ በተጨማሪም በአዲስ አበባ ዩኒቨርሲቲ

ለማስተርስ ዲግሪ መመሪቄ እንዲሆን የተዘጋጀ ነው። የእርስዎም ምላሽ ምስጢርነቱን የጠበቀ ይሆናል።

ጊዜዎን መስዋት አድርገው መጠይቁን ስለሞሉ በቅድሚያ እናመሰግናለን።

**የድርጅቱን ምርት ለሚቸረቸሩ ደንበኞች የተዘጋጀ መጠይቅ**

**ክፍል 1**

1. የደንበኛ ዓይነት  
 ሀ. ባር ለ . ሱቅ ሐ. ሆቴል መ. ሬስቶራንት ሠ. ሌላ ዓይነት
2. በሥራው ላይ የቆዩበት ጊዜ  
 ሀ. ከ3 ዓመት ያነሰ ለ . ከ3 - 5 ዓመት ሐ. ከ5 - 8 ዓመት መ. ከ8 ዓመት በላይ
3. ለምን ያህል ዓመት የአምቦ ምርቶችን በመሸጥ ቆይተዋል ?  
 ሀ. ከ3 ዓመት ያነሰ ለ . ከ3 - 5 ዓመት ሐ. ከ5 - 8 ዓመት መ. ከ8 ዓመት በላይ
4. የትኛውን የአምቦ ምርቶችን አዘውትረው ይገዛሉ?  
 ሀ. የአምቦ ውሃ ለ . የጂቫ ምርቶችን ሐ. ፍሌቨር ምርቶችን መ. ኤክስ ኤክስ ኤል/XXI/
5. ለ4ኛው ጥያቄ ምላሽ የሆነዎት ምክንያት ምንድን ነው?  
 ሀ. የደንበኛ ምርጫ ለ . የምርት አቅርቦት ሐ. የትርፍ መጠን መ. ሌላ ምክንያት
6. የአምቦ ምርቶችን ከየት ነው የሚያገኙት?  
 ሀ. በጋሪ እየገፉ የሚያከፋፍሉ (MDC) ለ . በአይሱዙ የሚወጡ አከፋፋዮች ሐ. ከድርጅቱ መኪና መ. አትራፊ
7. ከድርጅቱ መኪና ውጭ ማለትም ከአከፋፋይ ሲገዙ የሚከፍሉት ዋጋ  
 ሀ. ከድርጅቱ ዋጋ ያንሳል ለ . ከድርጅቱ መሸጫ ዋጋ ይጨምራል ሐ. ተመሳሳይ ነው
8. በሃምንት ምን ያህል ጊዜ ይመጣሉዎታል / ይጎበኛሉ ?  
 ሀ. አንዴ ለ . ሁለት ጊዜ ሐ. ሦስት ጊዜ መ. በየቀኑ
9. ምርት እንዲመጣለዎት ካዘዙ ከስንት ጊዜ ቆይታ በኋላ ነው የሚያገኙት?  
 ሀ. ወዲያውኑ / በፍጥነት ለ . ከአንድ ቀን በኋላ ሐ. ከ1-3 ቀን በኋላ መ. ከ3 ቀን በላይ
10. በሃምንት ምን ያህል ጊዜ የአምቦ ውሃ ምርት እጥረት ያጋጥመታል?  
 ሀ. አንዴ ለ . ሁለት ጊዜ ሐ. ሦስት ጊዜ መ. የአምቦ ውሃ ምርቶችን አጥቼ አላውቅም
11. ብዙ ጊዜ እርስዎ የሚይዙት የምርት ብዛት ከአንዳንድ ተፎካካሪ ድርጅት ምርት ለምሳሌ ከሮያል ክራውን (RC) ጋር ሲነፃፀር የአምቦ ውሃ ኩባንያ ምርቶች ብዛት፡-  
 ሀ. ያንሳል ለ . ይበዛል ሐ. ተመሳሳይ ነው
12. ለ11ኛው ጥያቄ መልስዎ ምክንያት ምንድን ነው?  
 ሀ. ቶሎ ቶሎ የምርት አቅርቦት ሁኔታ ለ . የሽያጭ ሁኔታ ሐ. የዋጋ ሁኔታ መ. ሌላ ምክንያት

**ክፍል 2**

የአምቦ ውሃ ምርት አከፋፋይ የአሠራር ሁኔታ በተመለከተ የእርስዎን አስተያየት በይበልጥ የሚገልፁትን ቁጥር ስር የራይት(✓) ምልክት በማስቀመጥ የሳዩ።

ተ.ቁ	የመለኪያ መስፈርቶች	እጅግ በጣም ጥሩ (1)	በጣም ጥሩ (2)	ምንም የምለው የለኝም (3)	መጥፎ (4)	በጣም መጥፎ (5)
1	ምርትን በፍጥነት የማቅረብ ሁኔታ					
2	የሠራተኞች የሥራ ተነሳሽነትና ለእርስዎ ያላቸው እገዛ					
3	የምርት አቅርቦት በዓይነትና በብዛት					
4	የሽያጭ ማስፋፊያ ኘርሞሽን የሚያግዙ ሥራዎችን መስራት					
5	በምርት አቅርቦት ጋር ተያያዥነት ያለውን ችግር የመፍታት ብቃት					
6	የአከፋፋይ ለእርስዎ የሚያደርገው እገዛ ባጠቃላይ ሲታይ					

**ክፍል 3** ተጨማሪ አስተያየት ካለዎት \_\_\_\_\_

\_\_\_\_\_

**ለኩባንያው የሽያጭ የሥራ ኃላፊዎችና ሠራተኞች የተዘጋጀ መጠየቅ/ ጠቅላላ መጠይቅ**

ስም \_\_\_\_\_

የሥራ መደብ \_\_\_\_\_  
የአገልግሎት ዘመን /ቆይታ/ \_\_\_\_\_

**ዝርዝር ጥያቄዎች**

1. በአ/አበባ ምን ያህል ደንበኛ አሉዎችሁ ?
2. የምርት ስርጭት መዋቅራችሁ ምን ይመስላል ?
3. አከፋፋዮችን እንዴት ነው የምትመርጧቸው ?
4. እያንዳንዱ አከፋፋይ የራሱ የሆኑ የሽያጭ ቀጠና አለው ወይ ?
5. የአከፋፋዮችን የአሠራር ሁኔታ እንዴት ነው የምትቆጣጠሩት ?
6. የ ምርት ስርጭት ሥርዓት ውጤታማነት እንዴት ነው የምትለኩት ?
7. የምርት ስርጭት ሥርዓትን በተመለከተ ምን ምን ዓይነት ተግዳሮቶች አጋጠማችሁ ? ካለ

**ለአከፋፋዮች የተዘጋጀ መጠየቅ**

**ክፍል 1**

1. ከሽያጭ ድንበር ወይንም ወሰን ጋር በተያያዘ መልኩ ከሌሎች የአምቦ ውሃ ምርት አከፋፋዮች ጋር ተጋጭተው ያውቃሉ? ለምን ?
2. ምን ዓይነት እገዛ ከድርጅቱ ያገኛሉ?
3. ከአምቦ ውሃ ሥራ ጋር በተያያዘ መልኩ ዋና ዋና ችግሮች ብለው የሚያነሱባቸው ካለ ቢገልጹልን፤ ከውስጥም ወይንም ከውጭም ሊሆን ይችላል ለምሳሌ :- ከመጋዘን ጋር የተያያዙ ፣ ከገንዘብ እጥረት ጋር፣ ከምርቱ ጋር ወይንም ከድርጅቱ ሠራተኞች ጋር ከሰው ኃይል አስተዳደር ወዘተ፤

**ክፍል 1**

የአምቦ ውሃ አ.ማ አጠቃላይ የምርት ስርጭትና አቅርቦት ሥርዓትን በተመለከተ የእርስዎን አስተያየት በይበልጥ የሚገልፀውን ቁጥር ስር በራይት (✓) ምልክት በማስቀመጥ ይግለጹ፤

ተ.ቁ	የመለኪያ መሥፈርቶች	እጅግ በጣም ጥሩ (1)	በጣም ጥሩ (2)	ምንም የምለው የለኝም (3)	መጥፎ (4)	በጣም መጥፎ (5)
1	የምርት አቅርቦት ፍጥነት					
2	ከሣጥን የሚገኘው ጥቅም መጠን					
3	የድርጅቱ ሠራተኞች አያያዝና አቀራረብ					
4	የምርት አቅርቦት በዓይነትና በብዛት					
5	የትዕዛዝ መስጠትና መቀበል ስርዓት ሂደት					
6	የኩባንያው ዕገዛ ባጠቃላይ					

**ክፍል 3**

ተጨማሪ አስተያየት ካለዎት \_\_\_\_\_  
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