ANALYSIS OF DISTRIBUTION NETWORK PRACTICES OF MOHA SOFT DRINKS COMPANY IN ADDIS ABABA

BY

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A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY COLLEGE, SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR DEGREE OF MASTER OF BUSINESS ADMINISTRATION (HRM CONCENTRATION)

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APPROVED BY BOARD OF EXAMINERS

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Declaration

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of _____. All sources of materials for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

_____   _____

Name   Signature

St Mary's University College, Addis Ababa

September 2013

Endorsement

This thesis has been submitted to St. Mary's University College, school of Graduate Studies for examination with my approval as a university advisor.

_____   _____

Advisor   Signature

St. Mary's University College

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Abstract

Place (Distribution) is a set of interdependent organization that help make a product available for use or consumption by the consumer or business user. In the other hand the role of distribution channel helps merchandizing of the product, buying and assembling of and selling becomes convenient as well as supports in implementing pricing mechanism, distributors and retailers being in touch the customers provide a feedback about the price customers are to buy. This study tried to analyze the distribution channel of MOHA Soft Drink Industry S.co in Addis Ababa. The study has follows a mixed approach, both quantitative and qualitative, in dealing with the issues that have been investigated. To this effect, primary and secondary sources of data have been used. Combination of instruments has been applied to gather information for the study. For instance, structured questionnaire has been used and customer survey conducted to generate quantifiable data for the study. Close to 565 samples were randomly selected and considered to this end.

As to the generation of qualitative information, focus group discussion and interview was conducted with selected members and sales managers of the plants who have the knowledge and experience in distribution channel. The information collected was organized and analyzed using descriptive as well as explanatory method of data analysis. Based on the analysis, the application of the distribution (place) management of the company is well underway. However, there existed some cases that need to be addressed in terms of demand availability and fair distribution of the product as well as lack of customer handling. Based on this the company should build up the capacity of production in order to satisfy customer expectation.

1. INTRODUCTION

1.1 Background of the Study

Ethiopians are a thirsty people, the year round demand for ice-cold beverage that are either sweet or alcoholic (or both) seems to be incredible. Drinks are often used like medicines. People consume them to park up or calm down, when they are busy and fired. When they are relaxing, or even to suppress their anger and agency. At one time, long in the past, this need for refreshment was satisfied through home (traditional) brews "Tella" and "Teje" being the famous ones. This is probably still the case in most parts of the country. But the emergence of packed (bottled) beverage industries, for certain changed the drinking habit of the people greatly.

The Soft Drink business, which emanated from the United States, originated from the tonic and elixirs that druggists use to prepare for consumers in order to cure a variety of ailments. One popular formula combining Cola leaves and the Kola not was invented in 1886, which was named Cola-Cola, by Atlanta druggist John Styth pembertion. The right of producing the product was then acquired by Asa Griggs Canndler from the origination, which proceeded to market in its syrup from the soda foundations around America. Presently, this syrup is distributed throughout the world with patent arrangements. This establishment was later in 1919 transferred to a person called Ernest Wood Ruff.

Thanks to aggressive marketing, Coca Cola started to assume a prominent place in Americans life. As it was introduced around the world, Coke became a loading symbol of the United States, and the company worked to a great length to cultivate this status. Incidentally, the company resisted the nick name "Coke" for many years because of its associate with cocaine. The small trace of the drug found in the original Coca Cola formula was eliminated in 1903. While Coke dominated the soft drink market up to and through 1940 a serious competition was slowly gaining ground. Pepsi Cola was invented by North Caroline pharmacists Cabel Bradham in the 1890. The Pepsi Company grew rapidly around the turn of the century, but

latter run into serious financial difficulties. Falling into bankruptcy a number of times and passing through a number of owners. The company for the better, got a boost in sales during the great depression (in 1930s) when it started selling Pepsi in 12 ounce bottle for the same price as Cola's 6 ounce bottle.

However, still Pepsi remained second distant until 1950, when the company turned to what would later be called "lifestyle advertising: associating drinks with young "Sociable". The company scored a major crop in 1954 when Khrushchw (Prime Minister of Russia at the time) was photographed, drinking Pepsi at an exposition of American product in Moscow. After that Pepsi was a true contender.

Donald Kemdellas, the executive who arranged Khrush Chill to drink Pepsi, friendship with Richard Nixon (president of the U.S. 1969-1974) is said to help the company to get the first foot hold in Soviet Market. Coke latter used its connections with Janies Carter (President of the U.S. 1977-1981) to get the first shot at the Chinese Market. This probably marked the first real competition between the contenders. Afterwards, especially in the 1960s. Coke and Pepsi escalated their rivalry with a succession of advertisements aimed at tapping into the change in the Americans psyche and getting people to associate one or the other cola in one's personal identity. The two companies spent million on promoting notions such as "you have got a lot of live and Pepsi has a lot to give and Coke is the real thing.

Until early 1960's the two companies has only one soft drink brand a piece. A much smaller competitor, Royal Crown, paved the way to gain new mark by bringing out the first sugar free soft drink (Binyam Mesfin A.A.U (2006).

MOHA Soft Drinks Industry S.C. has franchise agreement with Pepsi Cola Company in Ethiopia. It is one of the MIDROC sisters Company. The abbreviation of MOHA the name of the president of the company Mohammed Hussein Ali Amudin and the abbreviation of MIDROC also Mohammed International Development Research and Operation Company.

MOHA Soft Drinks Industry S/C was formed in accordance with the commercial code of Ethiopia following the acquisition of the four plants which are Teklehaimanot plant in Addis

Ababa, Nifas Silk Plant in Addis Ababa, Gondar plant, and Dessie Plant in January 1996 at total purchase price of Birr 111.8 million (USD 17.5 million) through a bid floated by the Ethiopian privatization agency.

The company is a sole producer of Pepsi cola product in the country under the franchise agreement with Pepsi Cola International (PCI). The soft drink products which the company currently produces are: -Pepsi cola, Mirinda orange, Mirinda apple, Mirinda tonic and 7-up. It also produces KOOL mineral and Tossa carbonated waters. The soft drinks are available in 300ml returnable bottles. Some of these products as also available in polyethylene (PET) package, the content of which are ranging from 0.5 liter up to 1.5 liter.

The plants under the auspices of the company reach 7 (seven). Their list is presented below.

Table 1:- Plants under MOHA Soft Drink Industry S.C and their location

No	Name of the plant	Location
1	Teklehaimanot plant	Addis Ababa (Merkato)
2	Nefas Silk plant	Addis Ababa (Gotera)
3	Summit Meri plant	Addis Ababa (Meri)
4	Awassa Millennium plant	Awassa
5	Bure plant	Bure (Gojam)
6	Gondar plant	Gondar
7	Dessie plant	Dessie

MOHA holds 52% of the market share in the soft drinks industry of the country. The annual turnover of the company has reached at an average growth of 12%. Source (MOHA Soft Drinks Industry Annual Report 2012).

1.2 Statement of the Problem

MOHA has used several distribution system that is direct distribution through its own sales force with its trucks as well as indirect distribution system through agents and sub agents in Addis Ababa and all over the country. However, informal discussion with some customers of MOHA Soft Drink Industry S.C particularly in Addis Ababa revealed that there are some gaps in the distribution channel specifically.

The major gap in the distribution included

1. There is a substantial amount of complaint by customers related to the distribution practice of the company.
2. The company lacks the capacity to make the product available especially during the peak season.
3. The company lacks objectivity to serve customers fairly.

Moreover, the best knowledge of the research study has been carried out previously in this regard. Thus, the researcher believes that it is worth understanding the study. Therefore, this research paper focused on the distribution channel and tried to make an assessment of the existing practice at MOHA Soft Drinks Industry S.C. in Addis Ababa. To find out their purpose, study the practices in place explore the challenges in the process and investigate the underlying causes of issues raised by customers.

1.3 Basic Research Questions

In line with the problem statement the study addressed the following question.

- What is the existing distribution strategy?
- What is the set of criteria used to select and evaluate distribution outlet?
- What is the basic constraint in the distribution channel of MOHA?
- What must be done to make effective channel?

1.4   Objective of the Study

The major objective of the study is to make an extensive analysis of distribution frame work at MOHA Soft drinks Company in Addis Ababa.

Specific objective of the study are:-

- To examine the existing distribution strategy.
- To identify and evaluate distribution criteria.
- To analyze the distribution channel of the company.
- To examine the distribution channel that satisfies customer need.
- To recommend possible solutions to the management regarding distribution framework by the company.

1.5   Signification of the Study

This study is believed to have the following significances.

- It enables the management of the company to resolve the problem of the distribution channel.
- It serves as a stepping stone for other researches to undertake further study.
- It enhances the research skill and knowledge of the researcher.
- It adds value on the existing stock of knowledge.

1.6   Scope of the Study

At the time of the study, the secondary data may not be available as required. Since, the culture of organizing data base has not yet been developed in the business organization like the one under the study. Furthermore, as the issue raised in the study is not yet researched well in Ethiopia. The researcher may face difficult to obtain sufficient literature to learn about what has been done so far in this regard. It would be appropriate to include the methods, findings and conclusions of previous studies undertaken domestically. The study was covered only in Addis Ababa.

1.7 Definition of Terms

1.7.1 Operational Definition

- **Territory University (TU): -** The distribution strategy of MOHA Soft Drink Industry S.C in Addis Ababa.
- **Market Unity Manager (MUM)** - a person who is responsible for the whole.
- **Territory Development Manager (TDM):** A person who is responsible to the limited territory sales function
- **Account Development Representative (ADR)** – A person who is responsible to develop new business opportunity
- **Territory Co-ordinator (TC**) – A person who support key work in daily operation.
- **Customer Representative (CR) -** A person who is responsible for volume development and customer service.
- **PCI** (Pepsi Cola International)

1.7.2 Conceptual Definition

- Marketing:- The commercial function involved in transferring goods from producer to consumer (V.P Gupta & 11a Sinha 2007 p4).
- Market Segmentation: - Dividing a market into smaller groups with distinct needs characteristics or behaviors who might require separate product or marketing mix (Phili ps K et. Al 2008 p184).
- Distribution efficiency:- provide salesmanship to facilitate relationship with the customers (Yogendra Singh and Manatapandy 2004 p242).
- Marketing channel :- A major determinant of the firms Long-run effectiveness and efficiency (PETER Doyle 2002 P312).

1.8 Organizational of the Study

This study was organized under five chapters. The first chapter is an introduction part and deals with the background of the study, statement of the problem, basic research question,

objective, significance and scope of the study. The second chapter addresses the review of relevant literature that is pertinent to the issue under study. This is followed by the third chapter which contains the description of the type and design of the study, participant in the study, the source of data, the data collection instrument and the methodology as well as data analysis, results and discussion of the study are stated in the fourth chapter. Here, the findings of the study are interpreted and discussions of the findings or the results of the research are summarized. Finally, or the fifth chapter summary of the finding, concluding remarks, limitations or drawbacks of the study and recommendations were addressed.

1.9   Limitation of the Study

The limitation of the study includes the following:-

- It was extremely difficult to persuade customers to respond to questionnaires.
- Some of the respondents were not co-operative and lack of interest to fill the questionnaires.
- The study had not been conducted on a very large scale, and the possibility of committing error, cannot be ruled out.
- There was a time limitation.
- Sometimes the weather conditions were not favorable that was heavy rainy season
- Some customers know me as I am from Pepsi, and then there was a chance of being biasness.
- The company did not provide financial assistance during the survey.
- The time allowed for the project was very short. It was impossible to study deeply in that short period.

2. LITERATURE REVIEW

In this chapter, we have concentrated on a definition of market, criticism of marketing mix, marketing channel role and importance of distribution channel, steps in developing distribution channel, the important of distribution, functions of distribution channels, the internet in the distribution channel, wholesaling, independent, intermediaries, merchant wholesalers, merchandise agents or brokers, manufacturer-owned intermediaries, type of distribution channels channel length, factors influencing marketing channel strategies, consumer channel, channel for services, horizontal marketing system, multichannel distribution system, channel strategy, marketing channel selection, distribution intensity, intensive distribution, selective distribution exclusive distribution, channel conflict horizontal and vertical conflict, physical distribution meaning objective and important of physical distribution is covered in detail.

2.1 Nature and Meaning of Marketing

What does the term marketing mean? According to the Kotler & Armstrong (2004) many people think of marketing only as selling and advertising. And no wonder every day we are bombarded with television commercials, newspaper ads, direct-mail offers, sales calls, and interest pitches. However, selling and advertising is only the tip of the marketing iceberg.

Today marketing must be understood not in the old sense of making a sale "telling and selling" but in the new sense of satisfying customer needs. If the marketer does a good job of understanding customer needs, develops products that provide supervisor value, and prices, distributed and promoted them effectively, these products were sold very easily. Thus, selling and advertising are only part of a larger "marketing mix" a set of marketing tools that work together to affect the market place.

We define marketing as a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.

Marketing more than any other business function, deals with customers, although we will soon explore more detailed definitions of marketing, perhaps the simplest definition is one: marketing is managing profitable customer relationship. The twofold goal of marketing is to attract new customers by promising surplus value and to keep and grew current customers by delivering satisfaction (Kotler, 2008).

Marketing can occur any time a person or organization strives to exchange something of value with another person or organization. Thus, at its core marketing is a transaction or exchange. In this broad sense, marketing consists of activities designed to generate and facilitate exchanges intended to satisfy human or organizational needs or wants. (Michael J. Etzel 2004).

Marketing mix is a broad concept which includes several aspects of marketing to create awareness and customer loyalty, market mix is the set of marketing that uses to pursue and achieve its marketing objectives in the target market. The term is often summarized as referring to the "Four Ps". The Four Ps are effectively blended they form a marketing program that provides want-satisfying goods and services for the company's market (Spiro, Gregory, William, 1998).

Marketing is a very broad term that is difficult to conceptualize and define. The American marketing association defines marketing as the process of planning and executing conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objective. Marketing is concerned with the decisions that relate to business customers make choices and how companies should design products, services and programs to satisfy their customer needs (Professor V.P Gupta & Ms. Llasinha 2007).

Marketing should result in a customer who is ready to buy out of such tools is a marketing mix (Kotler 2000). It is a framework that firms us to purpose their marketing goals in the target market. Marketing mix is classified into four broad groups that he called four Ps of marketing product, price, place and promotion (Chail Lee Goi 2009).

The first thing you need if you want to start a business is a product. Therefore, product is also the first variable in the market mix. Products are the decisions you need to take before marketing any marketing plan. A product can be divided into two parts. The core product and the augmented product.

Pricing of a product depends on a lot of different variables and hence it is constantly updated. Major consideration in pricing is the costing of the product, the advertising and marketing experience, any price fluctuation in the market distribution costs etc. Many of these factors can change separately.   Thus the pricing has to be such that it can bear the brunt of changes for a certain period of time. However, all these variables change, then the pricing of product has to be increased and decreased accordingly.

Place refers to the distribution channel of a product. If a product is a consumer product it needs to be available as far and wide as possible. On the other hand, if the product is a premium consumer product, it will be available only in selected stores. Similarly, if the product is a business product you need a team who interacts with business and makes the product available to them.

Promotion is the complete integrated marketing communication which in turn includes advertising as well as sales promotion. Promotion is dependent a lot on product and pricing decision. What is the budget for marketing and advertising? What stage is the product in? If the product is completely new in the market, it needs brand product awareness promotion where as if the product already exists then it will need brand recall promotion (Hitish Bhasin 2011).

2.2   Criticism of Marketing Mix

Marketing mix modeling helps to isolate effects. It is less effective at assessing how different marketing elements work in combination (Philip K et.al 2009).

 According to Wharton's Dave Reenbstlin(2007) also notes three other short comings.

1.   Marketing mix modeling focuses on incremental growth instead of baseline sales or long term effects.
2.   Despite their importance, the integration of metrics such as customer sales factors awareness and brand equity into marketing mix in limited.
3.   Marketing mix modeling generally fails to incorporate metrics related to competitors. The trade or the sales force and trade promotion as well as on consumer promotion.

However, with all these criticism and limitations, because of its simplicity perhaps, the use of this framework remains strong and many marketing text books have been organized around it. In spite of its deficiencies the 4 Ps remains to be major elements of the marketing mix (Chai Lee Goi, 2009).

The purpose of this study is therefore to analyze the marketing place (distribution) of MOHA Soft Drinks Industry Share Company in Addis Ababa within the framework of marketing mix.

2.3   Marketing Channel

Most producers do not sell their goods directly to the final users, between them stands a set of intermediaries performing a variety of functions. These intermediaries constitute a marketing channel (also called a trade channel or distribution channel). Formally marketing channels are sets of interdependent organizations involved to the process of making and products or services available for use or consumption. They are the set of pathways a products or services follows after production, culminating in purchase and use by the final end user (Kottel et al 2009).

The primary role played by the trade channels is their basic function of reducing transactions between the producer and consumer, with the attendant saving of time and money for each. In modern economics, various trade channels have entered their role to perform the new function. Conventional market channel structures have been used in many countries for many years. These accustomed structure, however, have become obsolete. They are too inflexible and need to be updated to reflect in the marketplace.

Today's consumers do not want to shop in small dark stores with bored shopkeepers who sell goods produced by some anonymous supplier. Huge shopping malls with multiple floors and glass buildings have transformed retailers into building have transformed retailers into buildings have transformed retailers into giant companies that are producing their own specially brands. Retailers and wholesalers are specially brands. Retailers and wholesalers are getting into the production business. The old linkage has been smashed and a new definition of "channel marketing" is needed.

Channel of distribution is one of the hottest areas in the marketing and sales to day. Managing channels of distribution supplies a much-needed source of knowledge and expertise that professionals can rely on. Based on case studies and real-life experience, the book explains the complicities of managing multiple channels-distributers, dealers, manufacturer's reps, private labels, brokers, wholesalers, retailers and all the rest. In the process both macro and micro business influences that affect channel effectiveness. Special attention is paid to the frustrating areas of channel power and conflict, the dangerous issue of legalities and the most critical topic of all the channel design sequence. (V.P Gupta & llasirha 2007)

All marketing channels have the potential for conflict and competition resulting from such sources as goal incompatibility, poorly defined roles and rights, perceptual differences and interdependent relationships. Companies can manage conflict by striving for super ordinate goals, exchanging people among two or more channel levels co-opting the support of leaders in different parts of the channel encouraging joint membership in and between trade associations employing diplomacy, mediation or arbitration or pursuing legal recourse. Marketing channels are characterized by continuous and sometimes dramatic change. Three

of the most important friends are the growth of vertical marketing systems, horizontal marketing systems and multichannel marketing systems.

Channel roles are the sorts of activities or behavior assigned to each intermediary in a channel system. It is very important to understand the roles of the marketing channel. The first and foremost role of a marketing channel is to fill the gaps between the production and consumption of process. These gaps are categorized at time gaps, space gaps, quality gaps and variety gaps. Time gaps arise because there is a considerable time difference between the production and consumption of goods. For example the tooth paste that we use today must have been prepared at least a month earlier manufacturers in their production process follow schedules that ensure continuity of production and help them improve their production efficiency. Space gaps occur when production takes place at one or a relatively small number of locations. Since the place of production need not be close to the final consumers. It resets in space gaps. Quantity gaps occur because manufacturers produce products in much larger quantities than the individual customers would purchase. This gives rise to the need for breaking down these large quantities into smaller quantities in order to match the needs of individual customers (Gupta, 2007).

2.3.1   Role and Importance of Distribution Channel

According to Yogendra Singh and Mamtapandry (2004) distribution efficiency to the manufactures work is divided between distributor and manufacturer, channel supplies product in required assortments (combination of product of different manufactures) channel provide salesmanship to facilitate relationship with the customers. In the other hand the role of distribution channel helps merchandizing of the product, buying and assembling and selling becomes convenient, as well as supports in implementing pricing mechanism, distributions and retailers being in touch the customers provide a feedback about the price customers are ready to buy.

2.3.2 Steps in Developing Distribution Channel

1. Formulation of channel objective

    *   Coverage of the target market

    *   Ensuring that the consumer goes through minimum exertion in procuring the product easy approach e.g. Convenience of trading on the internet.

    *   Ensuring that the firm is able to carry on with its manufacturing activities confident that the channel will take care of the distribution works.

    *   Ensuring that the distribution is cost effective.

2. Identification of channel functions.

3. Analyzing the product characteristics and linking channel. Different products need different channels e.g. IT enabled services can be purchased through the internet whereas computers generally are purchased through a physical distribution channel.

4. Evaluation of competitors channel pattern.

5. Evaluation of distribution environment, including legal aspects.

6. Matching the channel design with the resources of the company, channel pattern are different for new entrants in the market as compared to the existing marketers.

7. Identifying the alternative channel and selecting the best one.

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quantities that the individual customers would purchase. This gives rise to the need for breaking down these large quantities into smaller quantities in order to match the needs of individual customers (Gupta, 2007).

2.3.3 The Importance of Distribution

Most Producers use intermediaries to bring their product to a market. They try to develop a distribution channel (Market Channel) to do this. A distribution channel is a set of interdependent organization that helps make a product available for use or consumption by the consumer or business user. Channel intermediaries are firms or individuals such as wholesalers, agents, by the consumer or business user. Channel intermediaries are firms or individuals such as wholesalers, agents, brokers or retailers who help move a product from the product to their consumer or business user.

A company's channel decisions directly affect every other marketing decision. Place decisions, for example affecting pricing. Marketers that distribute products through mass merchandising such as Wal-Mart will have different pricing objectives and strategies than will those sell to specially stores. Distribution decisions can sometimes give a product a distinct position in the market. The choice of retailers and other intermediaries is strongly field to the product itself. Manufactures select mass merchandisers to sell mid-price-range products while they distribute top-of the-line products through high-end department and specialty stores. The firm's sales force and communications decisions depend on how much per-suasion, training, motivation and support its channel partners need.

Whether a company develops or acquires certain new products may depend on how well those products fit the capabilities of its channel members. Some companies pay too little attention to their distribution channels. Others, such as fedex, Dell computer, and Charts Schwals have used imaginative distribution system to again a competitive advantage.

2.3.3.1   Functions of Distribution Channels

Distribution channels perform a number of functions that make possible the flow of goods from the producer to the customer. These functions must be handled by someone in the channel. Though the type of organization that performs the different functions can vary from channel to channel, the functions themselves cannot be eliminated channels provide time, place, and ownership utility. They make products available when, where and in the sizes and quantities that customers want. Distribution channels provide a number of logistic or physical distribution functions that increase the efficiency of the flow of goods from producer to customer. Distribution channels create efficiencies by reducing the number of transaction necessary for goods to flow from any different manufacturers to large number of customers. This occurs in two ways. The first is called breaking bulk, wholesalers and retailers purchase large quantities of goods from manufactures but sell only one or a few at a time to many different customers.

So that customers can conveniently buy many different items from one seller at one time, channels are efficient. The transportation and storage of goods is another type of physical distribution function. Retailers and other channel members move the goods from the production site to other locations where they are held until they are wanted by customers. Channel intermediaries also perform a number of facilitating functions, functions that make the purchase process easier for customers and manufacturers. Intermediaries often provide customer services such as offering credit to buyers and accepting customer returns. Customer services are often times more important which customer's larger quantities of higher-price products.

Some wholesalers and retailers the manufacturer by providing repair and maintenance service for products they handle. Channel members also perform a risk taking function. If a retailer buys a product from a manufacturer and it doesn't sell it is "stuck"   with the item and will lose money. Last, channel members perform a variety of communication and transaction functions. Wholesalers buy products to make them available for retailers and sell products to other channel members. Retailers handle transactions with final consumers. Channel

members can provide two-way of communication for manufacturers. They may supply the sales force, advertising and other marketing communication necessary to inform consumers and persuade them to buy and the channel members can be invaluable sources of information on consumer complaints changing tastes and new competitors in the market.

2.3.3.2 The Internet in the Distribution Channel

By using the Internet, even small firms with limited resource can enjoy some of the same competitive advantages as their largest competitors in making their products available to customers internationally at low cost. E-commerce can result in radical changes in distribution strategies. Today most goods and mass-products from manufacturers with the Internet, however, the need for intermediaries and much of what has been assumed about the need and benefits of channels will change. In the further, channel intermediaries that physically handle the product may become largely obsolete. May traditional intermediaries are already being eliminated as companies question the value added by layers in the distribution channel. This removal of intermediaries is termed intermediation, the elimination of some layers of the distribution channel in order to cut costs and improve the efficiently of the channel.

2.3.3.3 Wholesaling

Wholesaling is all activities involved in selling products to those buying for resale or business use. Wholesaling intermediaries are firms that handle the flow of products from the manufacturer to the retailer or business user. Wholesaling intermediaries add value by performing one or more of the following channel function

- Selling and promoting
- Buying and Assortment building
- Bulk Breaking
- Warehousing
- Transportation
- Financing

- Risk Bearing
- Market information giving information to suppliers and customers about competitors, new product and price developments
- Management services and Advice-helping retailers train their sales clerks, improving store layouts and displays, and setting up accounting and inventory control systems.

2.3.3.4 Independent Intermediaries

Independent intermediaries do business with many different manufactures and many different customers. Because they are not owned or controlled by any manufacturer, they make it possible for many manufacturers to serve customers throughout the world while keeping prices law.

2.3.3.5 Merchant Wholesalers

Merchant wholesalers are independent intermediaries that buy goods from manufacturers and sell to retailers and other customers. Because merchant wholesalers take little to the goods, they assume certain risks and can suffer losses if products get damaged, became out-of-date or obsolete, are stolen or just don't sell. At the same time, because they own the product, they are free to develop their own marketing strategies including setting prices. Merchant wholesalers include full service merchant wholesalers and limited service wholesalers. Limited-service wholesalers are comprised of cash-and-carry wholesalers, truck jobbers, drop shippers, mail-order wholesalers and rack jobbers.

2.3.3.6 Merchandise Agents or Brokers

Merchandise agents and brokers are a second major type of independent intermediary. Agents and brokers provide service in exchange for commissions. They are or may not take possession of the product but they never take title that is they do not accept legal ownership of the product. Agents normally represent buyers or sellers on an ongoing basis, whereas brokers are employed by clients for a short period of time. Merchandise agents or brokers include manufacturers' agents selling agents commission merchants, and merchandise brokers.

2.3.3.7 Manufacturer-owned Intermediaries

Manufacturer owned intermediaries are set up by manufacturers in order to have separate business units that perform all the functions of independent intermediaries while at the same time maintain complete control over the channel. Manufacturer owned intermediaries include sales branches, sales offices, and manufacturers' showrooms. Sales branches carry inventory and provide sales and service to customers in a specific geographic area. Sales offices do not carry inventory but provide selling factious for the manufacturer in a specific geographical area. Because they allow members of the sales force to be located close to customers, they reduce selling costs and provide better customer service. Manufacturers' showrooms permanently display product to visit. They are often located in or near large merchandise marts, such as the furniture market in high point.

2.3.4 Type of Distribution Channels

The first step in selecting a marketing channel which type of channel will best meet both the seller's objectives and the distribution needs of customers.

2.3.4.1 Channel Length

Distribution channels can be described as being either short or long. A short channel involves few intermediaries. A long channel on the other hand, involves many intermediaries working in succession to move goods from producers to consumers. In general, business products tend to move through shorter channels than consumer products due geographical concentrations and comparatively few business purchases. Service firms market primarily through short channel because they sell intangible products and need to maintain personal relationships within their channels. Not-for-profit institutions also tend to work with short, simple and direct channels.

2.3.4.2   Factors Influencing Marketing Channel Strategies

	Characteristics of short channels	**Characteristics of long channels**
Market	Business users	Consumers
	Geographically concentration	Geographically dispersed
	Extensive technical knowledge and regular service required	Little technical knowledge requires servicing not required
	Large orders	Small order
Product Factors	Perishable	Durable
	Complex	Standardized
	Expensive	In expensive
Producer Factors	Manufacturer has adequate	Manufacturer lacks adequate resources to perform channel functions
	Broad product Line	Limited product line
	Channel control important	Channel control not important
Competitive Factors	Manufacturing feels satisfied with marketing intermediaries performance in promoting products	Manufacturing feels dissatisfied with marketing intermediaries performance in promoting products.

2.3.5   Consumer Channel

The simplest and shortest distribution channel is a direct channel. A direct channel carries goods directly from a producer to the business purchaser or consumer. One of the newest means of selling in a direct channel is the intermediaries may increase the price above what consumers are willing to pay. Another reason to use a direct channel is control. Many producers, however, choose to use indirect channels to reach consumers. Customers are familiar with certain retailer or other intermediaries and habitually turn to them when looking for what they need. Intermediaries also help producers fulfill the channel functions previously cited. By creating utility and transaction efficiencies, channel member make producers' lives easier and enhance their ability to reach customers. The producer-retailer-consumer channel is the shortest indirect channels. Company uses this channel when it sells small appliance through large retailers such as Wal-Mart or sears. The producer-wholesaler-retailer-consumer channel is another common distribution channel in consumer marketing.

2.3.6 Channels for Services

Because services are intangible, there is no need to worry about storage, transportation and the other functions of physical distribution. In most cases, the service travels directly from the producer to the customer. Some services however, do need an intermediary, often called an agent who helps the parties complete the transaction. Examples include insurance agents, stockbrokers and travel agents.

Note the alternative distribution channels for consumer goods, business goods, and services illustrated below.

Consumer Goods

Producer	- -▸			Consumer
Producer	- ▸		Retailer - -▸	Consumer
Producer	- - - - - - - - - - - - - - - - - - ▸	Wholesaler - -▸	Retailer - -▸	Consumer
Producer	——▸	Agent/Broker ▸	Wholesaler ▸	Retailer - -▸ Consumer

Business Goods

Producer	- ▸		Business user
Producer	- -▸ Agents/Broker - ▸		Business user
Producer	- - - - - - - - - - - - - - - ▸ Wholesaler - - - - - - - - ▸		Business user
Producer	- - - - - - ▸ Agents/Broker - - - - ▸ Wholesaler - - - - - ▸		Business use

Services

Service Provider	- ->		Consumer or Business user
Producer	- - - - - - - - - ->	Agent/Broker	- - - - -> Consumer or business user
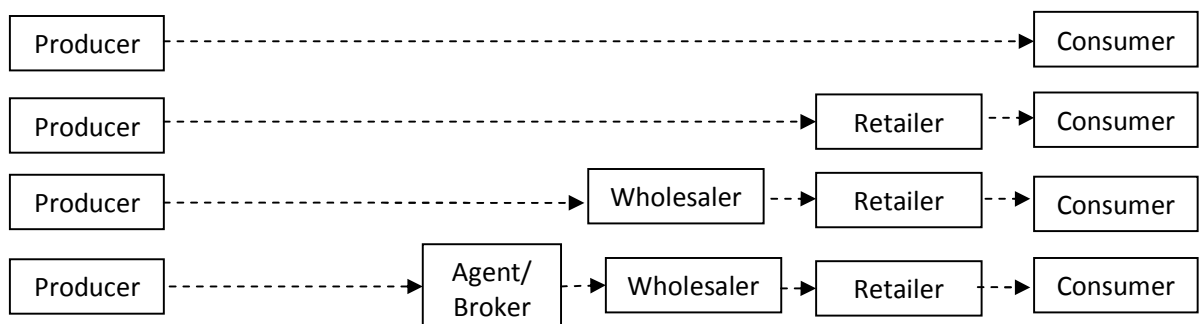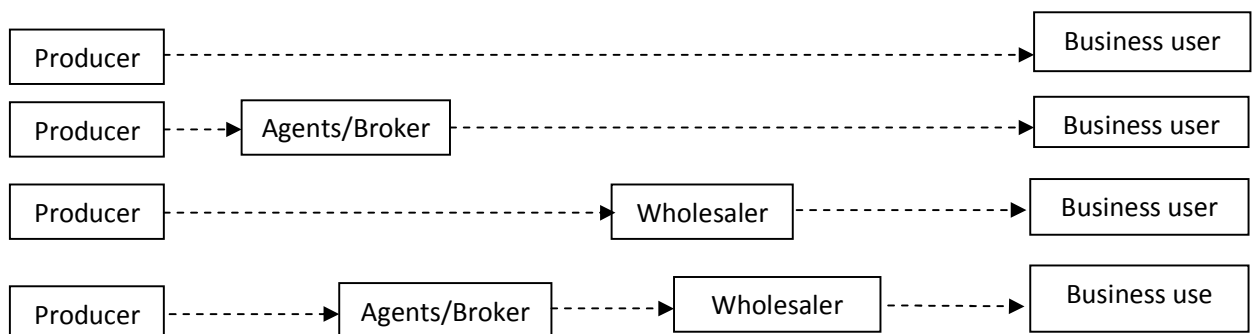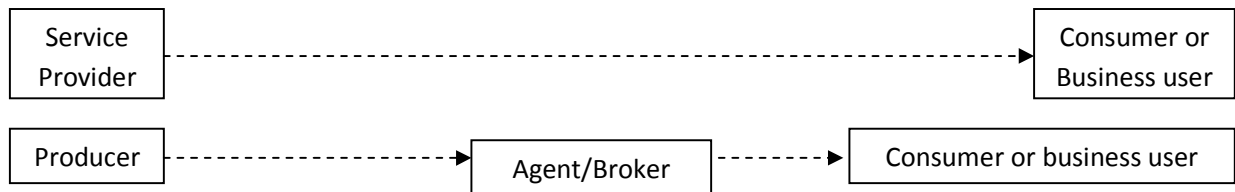
Source: Kotler & Armstrong (2004)

2.3.7   Horizontal Marketing System

A horizontal marketing system is a channel arrangement in which two or more companies at one level join together to follow a new marketing opportunity. By working together companies can combine their financial, production or marketing resources to accomplish more than any one company could alone. Companies can join forces with competitors. Mcdonald's places "express: versions of its restaurants in wal-mart stores. Mc Donald's benefits from Wal-mart's considerable store traffic, while wal-mart keeps hungry shoppers from having to go elsewhere to eat.

2.3.8   Multichannel Distribution System

A multichannel distribution system is a distribution system in which a single firm sets up two or more marketing channels to reach one or more customer segments. This is also called a hybrid marketing channel. Multichannel distribution systems offer many advantages to companies facing large and complex markets. With each new channel, the company expands its sales and market coverage and gains opportunities to tailor its product to the specific needs to diverse customers. Multichannel distribution system, however are harder, and they generate conflict as more channels complete for customers and sales.

2.3.9   Channel Strategy

Marketers face several strategic decisions in choosing channels and marketing intermediaries for their product. Selecting a specific channel is the most basic of these decisions. Marketers

must also resolve questions about the level of distribution intensity, the desirability of vertical marketing systems, and the performance of current intermediaries.

2.3.9.1 Marketing Channel Selection

Marketing channel selection can be facilitated by analyzing market, product, producer, and competitive factors. A market could refer the distribution channel should be short or long for the product in question. Then, he or she refers to consider the alternative long or short channels for consumer goods, business goods, or services.

2.3.10 Distribution Intensity

Distribution intensity refers to the number of intermediaries through which a manufacturer distributes its goods. The decision about distribution intensify should ensure adequate market coverage for a product. In general, distribution intensify varies along a continuum with three general categories intensive distribution, selective distribution, and exclusive distribution.

2.3.11 Intensive Distribution

An intensive distribution strategy seeks to distribute a product through all available channels in an area. Usually, an intensive distribution strategy suits items with wide appeal across broad groups of consumers, such as convenience goods.

2.3.12 Selective Distribution

Selective distribution is distribution of a product through only a limited number of channels. This arrangement helps to control price cutting. By limiting the number of retailers, marketers can reduce total marketing costs while establishing strong working relationships within the channel. Moreover, selected retailers often agree to comply with the company's rules for advertising pricing and displaying its product. Where service is important, the manufacturer usually provides training and assistance to dealers it choose. Cooperative advertising can also be utilized for mutual benefit. Selective distribution strategies are

suitable for shopping product such as clothing, furniture, household appliances, Computer, and Electronic equipment for which consumers are willing to spend time visiting different retail outlets to compose product alternatives. Producers can choose only those wholesalers and retailers that have a good credit rating, provide good market coverage, serve customers well, and cooperate effectively. Wholesalers and retailers like selective distribution because its results in higher sales and profit than are possible with intensive distribution where sellers have to compete on price.

2.3.13 Exclusive Distribution

Exclusive distribution of a product through one wholesaler or retailer in a specific geographical area. The automobile industry provides a good example of exclusive distribution.   Though marketers may sacrifice some market coverage with exclusive distribution, they often develop and maintain an image of quality and prestige for the product. In addition, exclusive distribution limited marketing costs since the firm deals with a smaller number of accounts. In exclusive distribution, producers and retailers cooperate closely in decisions concerning advertising and promotion, inventory carried by the retailers, and price. Exclusive distribution is typically used with product that are high priced that have considerable service requirements, and when there are a limited number of buyers in any single geographic area. Exclusive distribution allows wholesalers and retailers to recoup the costs associated with long selling processes for each customer and, in some cases, extensive after service, specialty goods use are usually good candidates for this kind of distribution intensity.

2.3.14 Channel Conflict

The channel captain or leader, the dominant and controlling member of a distribution channel must work to resolve conflicts between channel members; conflicts can horizontal and vertical.

2.3.14.1   Horizontal and Vertical Conflict

Horizontal conflict occurs among firms at the same level of the channel (i.e. between two retailers).   Vertical conflict is conflict between different level of the same channel (i.e. between a wholesaler and a retailer). Some conflict in the channel takes the form of healthy competition. Severe or prolonged conflict, however, can disrupt channel effectiveness and cause lasting harm to channel relationship.

2.3.15   Physical Distribution

Physical distribution activities and decisions are important for many kinds of manufacturers wholesalers and retailers, affecting both customer satisfaction and bottom – line profit performance – the management of physical distribution provides an existing opportunity for improving customer services reducing costs.

2.3.15.1   Meaning Objective and Important of Physical Distribution

Meaning: - physical distribution involves planning implementing and controlling the physical flows of materials and final goods from points of origin to points of use to meet customer needs. The national council of physical distribution management Chicago, USA 1998 P 210 states that physical distribution is a term employed in manufacturing and commerce to describe the broad range of activities concerned with efficient movement of finished products from the end of the production line to the consumer.   These activities include freight transportation warehousing, materials handling, protective packaging and inventory control plant and warehousing site location order processing, market forecasting and customer service.

Like other components of the marketing mix physical distribution, too strikes to achieve two broad marketing objectives that is customer satisfaction and profit maximization.

By delivering products to target consumers at the place and time required, physical distribution ensures better customer services. In the process it adds to the value satisfaction of

consumers. An efficient service increases the probability of report sales, higher customer retention rate the addition new customers.

An efficient physical distribution facilitates lowering the level of stock and avoid out of stock situation. This is achieved through devising a constant delivery schedule. Delisting a constant delivery schedule results into lower inventory caring costs and reduction in the amount of capital tied up in inventory. A significant reduction in cost is also brought about by determining the optimum number and location warehouses, improving the handling of materials, increasing stock turnover and so on. All these help ultimately in profit maximization(William & Moller 1971).

According to Kotler & Armstrong (2004) Lecture notes completed by David Gerth Logistics has the objective of delivering exactly what the customer wants, at the right time, in the right place and at the right price. In planning for the delivery of goods to customers, marketers have usually looked at a process termed physical distribution, which refers to the activities used to move finished goods from manufacturers to final customers. Physical distribution activities include order processing, warehousing, materials handling, transportation and inventory control. This process impacts how marketers physically get products where they need to be there, and at those lowest possible costs.

In logistics, the focus is on the customer. When planning for the logistic functions, firms consider the needs to the customer first. The customer's goals become the logistics provider's goals. With most logistics decision, firms must compromise between low costs and high customer service.

CONCEPUTAL FRAMWORK
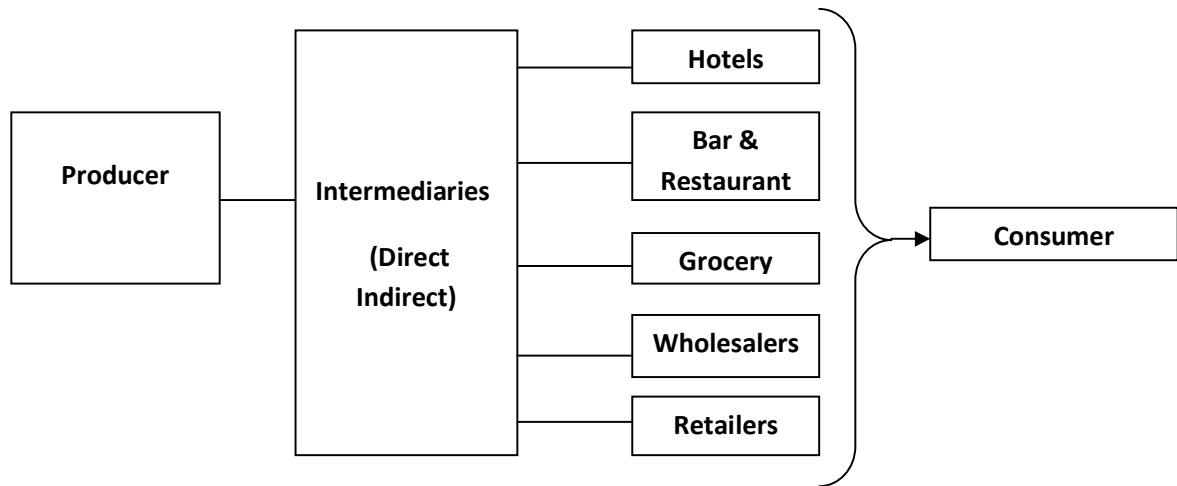
The above conceptual framework indicated that producer transfer its product through distribution channel which are intermediaries such as direct channel by sales force or indirect channel by agents to the outlet such as Hotel, Bar & Restaurant, Grocery, Wholesalers and Retailers in order to address the end users or consumers.

3. RESEARCH DESIGN AND METHODS

In this chapter, research design, sample and sampling technique, source of data, tools of data collection procedures of data collected will be discussed.

The type of research of this study was survey research method.   A survey is an attempt to collect data from members of a population in order to determine the current status of the population with respect to one or more variables. The purpose of a survey research is to seek and obtain information that describes existing phenomena by asking individuals about their perceptions, attitudes, behavior or values. Survey research is therefore a type of descriptive research (Mugenda, 2003).

Thus, the survey method was appropriated to obtain data for this study, which aims to collect information on the existing practices of the distribution channel at MOHA Soft Drink Industry and make a report on the findings describing the strengths and weakness as well as causes for underlying problems and gaps in the system.

The study has been employed both qualitative and quantitative research methods. Qualitative research includes designs, techniques and measures that do not produce discrete numerical data. More often the data are in the form of words rather than numbers and these words are often grouped into categories. Qualitative method is advantageous in that is permits research to go beyond the statistical results usually reported in quantitative research (Mugenda, 2003).

In order to obtain data, an interview was conducted with randomly selected sales officials from three plants in Addis Ababa, Interview was helped the researcher in understanding how the system works and how supervisors make decisions with regards to customers complaint. In addition, qualitative data was obtained through focus group discussion with randomly selected employees based on availability and convenience sampling, in order to obtain their perspective with regards to the distribution system of MOHA Soft Drinks Industry S.C. Both interview and focus group discussions were help in obtaining information that may not be captured through questionnaires.

On the other hand, quantitative research includes designs, techniques and measures that produce discreet numerical or quantifiable (Mugenda, et al..., 2003). Quantitative data was collected through distribution of questionnaires believed to address issues raised in the research questions and objectives of the study. A questionnaire was helped to access a large sample of the population under study and address many questions at a time. It also has given respondents the freedom to provide genuine replies to the questions. The questionnaire was hand delivered to a sample of respondents from the target population in order to obtain information relevant for the study.

3.1   Sample and Sampling Techniques

The target population of this study was customers of MOHA Soft Drinks Industry S.C. in Addis Ababa. The total of the target population is around 14000 customers. The type of customers are such as owners of Hotels, Bar and Restaurants, Grocery, Wholesalers and Retailers. For descriptive studies as suggested by Sekaran (in Han & liu 2007) that sample size larger than 30 and smaller than 500 are appropriate for most research. However, in order to account for questionnaires that may not be returned to the researcher for various reasons, a sample around 545 have taken to represent the population under study. Actually the fiscal questionnaires have been collected from respondent around 417 that is 77% of the distribution. Thus the research has reliable information as a sample. The population has classified into sub groups that show the table below.

Table 2: No. Of Outlet in Addis Ababa							
S/N	**Name of the Plant**	**Types of Outlet**					**Total**
		Hotel	**Bar & Restaurant**	**Grocery**	**Wholesaler**	**Retailer**	
1	N/S Plant	231	670	686	82	3,914	5,583
2	T/H Plant	380	588	582	90	4,810	6,450
3	Summit Plant	62	209	320	63	1,449	2,103
	Total	673	1,467	1,588	235	10,173	14,136

Source (Customer inventory 2009 PC1)

Table: 3 Summary of Sampling Distributed							
S/N	Name of the plant	Hotel	Bar & Restaurant	Grocery	Wholesaler	Retailer	Total
1	N/S Plant	9	27	27	3	157	223
2	T/H Plant	15	24	23	4	192	258
3	Summit Plant	2	8	13	3	58	84
	Total	26	59	63	10	407	565

Source (Han & LIU 2007.34)

3.2 Sources of Data Collection

In conducting this research, both primary and secondary data was collected through a questionnaire was distributed among the selected samples the target population. In addition, primary data was obtained through an interview with randomly selected sales officials and a focus group discussion with selected employees based on convenience and availability sampling. The collection of primary data helped in obtaining first hand information from the customers about their perception practical experience and comments on the distribution channel of the company.

Secondary data has collected from company reports, manuals, etc. The purpose of secondary data to obtain a better understanding on policies and procedures of the company with regards the distribution channel. Moreover, secondary data helped to capture and fill in information gap that might not be obtained through questionnaires.

3.3 Types and Tools of Data Collection

In order to collect primary data, hand delivered questionnaires have distributed to all customers randomly selected all over Addis Ababa city. An interview with selected sales officials from three plants that located in Addis Ababa and a focus group discussion was made with randomly selected employees based on availability and convenience sampling. This was helped to support and better understand the distribution system of the company.

Secondary data has collected from company reports, handbooks, procedures etc. This was supplement information that obtained through primary data.

3.4   Procedures of Data Collection

In order to collect data, questionnaires that is tried to address the research questions developed based on the objectives of the study. The questionnaires first revised by friends and colleagues after which was submitted to the advisor for comments and possible modifications. The questionnaire was finalized based on comments from the advisor and a palate test was done.

Normally a palate test sample is between 1%-and 10% depending on the sample size (Mugenda, et.al 2003) thus a sample of 2% from the actual sample i.e. (2% of 565=11 samples) used for the palate test. Eleven samples were distributed to the customers based on their share in order to carry at the palate test. Hereafter the questionnaires have been finalized incorporating comments and suggestions from the palate test and printed as well as distributed to the actual sample population. Data was collected within 3-4 weeks.

3.5   Methods of Data Analysis

Data collected through questionnaires were coded and analyzed quantitatively using descriptive statistics method. Descriptive statistics is the term given to the analysis of data that helps to describe, show or summarize data in a meaningful way. Descriptive statistics are very important because presenting raw data would be hard to visualize what the data is showing.

In quantitative analysis, the first step is data analysis to describe or summarize the data using descriptive statistics. The purpose of descriptive statistics is to enable the researcher meaningfully describe a distribution of scores or measurement using a few statistics (Mugenda, et.al, 2003). Accordingly, data was described using mean, which is the average of a set of scores, and the most frequently used measure of central tendency. Data has presented using percentage and frequency distribution. A percentage was the proportion of a subgroup

to a total group or sample and ranges from 0% to 100%. A frequency distribution has been shown the distribution of scores in a sample for specific variable. The sample data has been show in percentage as well as in table and interpreted accordingly. Data collected through interview and focus group discussion was categorized and analyzed systematically in order to come to some useful conclusions and recommendation that was described qualitatively.

4. RESULTS AND DISCUSSION

This chapter focused on the results and discussion based on the analysis of data gather from the primary sources the results of questionnaires was described as follow. To make the research more reliable 565 questionnaires were distributed which was 4% of the total population from this 417 questionnaires were returned with response and the remaining was not returned. Interview and discussion was conduct with top level sales managers, supervisors and sales forces who worked in three plants that located in Addis Ababa.

4.1   Analysis of Data Pertaining to the Study Demographic Profile of Respondents

The table shows that the Gender.

Table 4:- Gender

		Frequency	Percent	Valid Percent
	Male	292	70	70.9
	Female	120	28.8	29.1
	Total	412	98.8	100
	Unanswered	5	1.2	
Total		417	100	

Source: survey, 2013

As shown in the table 4, about 70% of the sample population was male and 28.89% of female. The remaining 1.2% of was and answered. This indicates that the most population in Soft Drink business performed by male.

The table shows that the age of the respondents.

Table 5:- Age of the respondents

		Frequency	Percent	Valid Percent
	18-30	158	37.9	39.5
	31-40	148	35.5	37
	41-50	65	15.6	16.25
	51-60	24	5.8	6
	Above 61	5	1.2	1.25
	Total	400	95.9	100
	Unanswered	17	4.1	
Total		417	100	

Source: survey, 2013

According to the table 5, the age of the sample population year 37.9% year 18-30, 35.5% of sample year 31-40, 15.6% of the sample year 41-50, 6% of sample year 51-60, 1.2% of sample above 60, 4.1% of sample unanswered their age. This evidence shows that the sample populations are mostly younger people.

The table shows that education background of the respondents.

Table 6:- Education background of the respondents

		Frequency	Percent	Valid Percent
	4 up to grade 8	83	19.9	20.3
	9 up to 12	175	42.0	42.9
	Diploma	92	22.1	22.5
	Degree	49	11.8	12.0
	2nd degree	9	2.2	2.2
	Total	408	97.8	100
	Unanswered	9	2.2	
Total		417	100	

Source: survey, 2013

Education background was between 4-8 grade 19.9%, 9-12 grade 42%, Diploma 22.1%, Degree 11.8%, 2nd degree 2.2%,unanswered also 2.2% due to this more of the respondents education background was 9-12 grade.

The table shows that income of the respondents.

Table 7:- Income of the Respondents

	Frequency	**Percent**	**Valid Percent**
1000-2000	155	37.2	43.1
2001-3000	74	17.7	20.6
3001-4000	56	13.4	15.6
4001-5000	34	8.2	9.4
5001& above	41	9.8	11.4
Total	360	86.3	100
Unanswered	57	13.7	
Total	417	100	

Source: Survey, 2013

According to the summary in table 7 monthly incomes of the respondents 1000-2000, 37.2% of 2001-3000 17.7%, 3001-4000 13.4% 4001-5000 8.2%, 5001 and above 9.8%, unanswered 13.7% due to this more of respondents monthly income was 1000-2000.

4.2   General Opinion of Respondents

The table shows that customer sell Pepsi product.

Table 8: - Sell Pepsi Products

		Frequency	**Percent**	**Valid Percent**
	Yes	397	95.2	96.1
	No	16	3.8	3.9
	Total	413	99.0	100
	Unanswered	4	1.0	
Total		417	100	

Source: - Survey, 2013

The respondents were replied 95.2% of yes and 3.8% were no the remaining 1% were unanswered. Due to the table that shows almost all respondents were the real customers of the MOHA's product.

The table shows that category of business.

Table 9:- Category of Business

		Frequency	Percent	Valid Percent
	Hotel	62	14.9	15.2
	Bar & Restaurant	72	17.3	17.6
	Grocery	46	11.0	11.3
	Wholesaler	36	8.6	8.8
	Retailer	192	46.0	47.1
	Total	408	97.8	100
	Unanswered	9	2.2	
Total		417	100	

Source: - Survey, 2013

The respondents were replied 14.9% of Hotels 17.3% Bar & Restaurants 11% Grocery, 8.6% wholesalers 46% Retailers and 2.2% unanswered according to the ratio of sample population it was reasonable.

The table shows that customer reason for selling Pepsi.

Table 10:- Reason for Selling Pepsi

		Frequency	Percent	Valid Percent
	Margin	206	49.4	51.4
	Promotional Schemes	60	14.4	15.0
	Demand	62	14.9	15.5
	Dealer Relationship	12	2.9	3.0
	Credit Policy	53	12.7	13.2
	Other Reasons	8	1.9	2.0
	Total	401	96.2	100
	Unanswered	16	3.8	
Total		417	100	

Source: - Survey, 2013

The respondents were replied 49.4% of the respondent's profit margin, 14.4% of the respondents promotional schemes, 14.9% the respondents consumer demand, 2.9% of the respondents dealer relationship 3% of the respondents dealer relationship, 12.7% of the respondents credit policy, 1.9% of the respondents unanswered. This shows that basic interest of the customers to sell Pepsi product profit margin as well as consumer demand and the company promotion.

The table shows that time takes for delivery of Pepsi product after ordering.

Table 11:- Time Takes for Delivery of Pepsi Product after Ordering.

	Frequency	Percent	Valid Percent
6-12 hrs	43	10.3	10.6
1-2 days	70	16.8	17.2
2-7 days	149	35.7	36.7
7-15 days	121	29.0	29.8
More than 15 days	23	5.5	5.7
Total	406	97.4	100
Unanswered	11	2.6	
Total	417	100	

Source:- Survey, 2013

The respondents were replied 10.3% of the respondent's 6-12hrs, 16.8% of the respondents 1-2 days, 35.7% of the respondents 2-7 days, 29% of the respondents 7-15 days, 5.5% of the respondents more than 15 days and the remaining 2.6% of the respondents unanswered their opinion.

The table shows that the rate of the schemes of the company.

Table 12:- Rate of the schemes of the company

Rate the scheme of the company			
	Frequency	Percent	Valid Percent
Good	132	31.7	32.2
Average	173	41.5	42.2
Poor	105	25.2	25.6
Total	410	98.3	100
Unanswered	7	1.7	
Total	417	100	

Source: - Survey, 2013

According to table shows 31.7% of Good, 41.5% Average 25.2% of Poor and 1.7% of unanswered. According to respondents result the rate of scheme of the company indicated mostly an average. Thus, should be needed more effort in order to increase good result.

The table shows that the rate of the margin of the company.

Table 13:- Rate of the margin of the company

	Frequency	Percent	Valid Percent
Good	171	41.0	43.2
Average	159	38.1	40.2
Poor	66	15.8	16.7
Total	396	95.0	100
Unanswered	21	5.0	
Total	417	100	

Source:- Survey, 2013

The table indicated that 41% of Good, 38.1% of average 15.8% of poor the remaining 5% is unanswered therefore the company rate of margin is in good condition.

The table shows that the rate of the credit policy of the company.

Table 14:-   Rate of the credit policy of the company

	Frequency	Percent	Valid Percent
Good	66	15.8	20.8
Average	106	25.4	33.4
Poor	145	34.8	45.7
Total	317	76.0	100
Unanswered	100	24.0	
Total	417	100	

Source:- Survey, 2013

The respondents were replied 15.8% of Good, 25.4% of average 34.8 poor the remaining 24% of unanswered therefore the credit policy of the company was not accepted by customers.

The table shows that the rate of the quality of Pepsi products.

Table 15:-   Rate of the quality of Pepsi products.

	Frequency	Percent	Valid Percent
Good	265	63.5	65.6
Average	111	26.6	27.5
Poor	28	6.7	6.9
Total	404	96.9	100
Unanswered	13	3.1	
Total	417	100	

Source: - Survey, 2013

The respondents were replied 63.5% of good, 26.6%average, 6.7% of poor the remaining 3.1% of unanswered according to the respondents result the company quality of product is accepted.

The table shows that MOHA distribution channel preferred to your business.

Table 16:- MOHA distribution channel preferred to your business

		Frequency	Percent	Valid Percent
	Yes	282	67.6	70.0
	No	121	29.0	30.0
	Total	403	96.6	100
	Unanswered	14	3.4	
Total		417	100	

Source: - Survey, 2013

The respondents were replied 67.6% of yes, 29% No, the remaining 3.4% were unanswered. Hence the company distribution channel should be needed some arrangement based on the respondents opinion.

The table shows that distribution channel the business uses.

Table 17:- Distribution channel your business use

		Frequency	Percent	Valid Percent
Valid	Direct distribution door to door	239	57.3	71.6
	Indirect distribution through agent	63	15.1	18.9
	By wholesalers	13	3.1	3.9
	Others	19	4.6	5.7
	Total	334	80.1	100
	Unanswered	83	19.9	
Total		417	100	

Source:- Survey 2013

The respondents were replied 57.3% of direct distribution door to door service, 15.1% of indirect distribution through agent, 3.1% of by wholesalers, 4.6% of by others, 19.9% of the respondents unanswered. Therefore the direct distribution also most prefer to the customers.

The table shows that evaluation of MOHA distribution channel.

Table 18:-   Evaluation of MOHA distribution channel

	Frequency	Percent	Valid Percent
Excellent	53	12.7	13.2
Very good	66	15.8	16.5
Good	135	32.4	33.7
Poor	118	28.3	29.4
Prefer not to say	29	7.0	7.2
Total	401	96.2	100
Unanswered	16	3.8	
Total	417	100	

Source: - Survey 2013

The respondents were replied 12.7% of excellent, 15.8% of very good, 32.4% good, 28.3% of poor, 7% of prefer not to say, 3.8% of the respondents unanswered.

The table shows that if customer answer is poor the major reason.

Table 19:- Answer is poor major reason.

	Frequency	Percent	Valid Percent
Lack of distribution strategy	35	8.4	15.5
Lack of system to handle	43	10.3	19.0
Lack of effective relationship between the customer and the company	68	16.3	30.1
Misleading the appropriate distribution channel	80	19.2	35.4
Total	226	54.2	100
Unanswered	191	45.8	
Total	417	100	

Source (survey 2013)

The respondents were replied 8.4% of lack of distribution strategy, 10.3% of lack of system to hand, 16.3% of lack of effective relationship between customers and the company. 19.2% of misleading the appropriate distribution channel the remaining 45.8% of the respondents were

unanswered their opinion. Showing to the respondent's results the company should be given attention for further study to overcome the gap.

The table shows that kind of drink selling.

Table 20:- Kind of drink selling

	Frequency	**Percent**	**Valid Percent**
Cold Drink	262	62.8	65
Juice	4	1.0	1
All	137	32.9	34
Total	403	96.6	100
Unanswered	14	3.4	
Total	417	100	

Source:- Survey 2013

The respondents were replied 62.8% of cold drink, 1% of juice, 33.9% of all the remaining 3.4% unanswered.

The table shows that rank of Coca Cola demand compared to the other.

Table 21:- Rank Coca Cola demand compared to the other

	Frequency	Percent	Valid Percent
1	72	17.3	21.1
2	216	51.8	63.3
3	44	10.6	12.9
4	8	1.9	2.3
5	1	0.2	0.3
Total	341	81.8	100
Unanswered	76	18.2	
Total	417	100	

Source: Survey 2013

According to the table Rank of Coca Compared to others 21.1% of 1st, 63.3% of 2nd, 12.9% of 3rd 2.3% of 4th and 0.3% of 4th and 0.3% of 5th. Therefore the rank of Coca Cola with other soft drink is 2nd.

The table shows that rank of Mirinda demand compared to other products.

Table 22:- Rank Mirinda demand compared to the other

	Frequency	**Percent**	**Valid Percent**
1	319	76.5	78.6
2	72	17.3	17.7
3	6	1.4	1.5
4	8	1.9	2.0
5	1	0.2	0.2
Total	406	97.4	100
Unanswered	11	2.6	
Total	417	100	

Source: Survey 2013

The table shows Rank of Mirinda demand compared to others 76.5% of 1st, 17.3% of 2nd 1.4% of 3rd, 1.9% 4th and 0.2% of 5th. Accordingly, Mirinda demand in the market was the 1st demand among soft drinks.

The table shows that rank of Fanta demand compared to other products.

Table 23:- Rank fanta demand compared to the others

	Frequency	Percent	Valid Percent
2	21	5.0	6.6
3	94	22.5	29.7
4	157	37.6	49.7
5	44	10.6	13.9
Total	316	75.8	100
Unanswered	101	24.2	
Total	417	100	

Source: Survey 2013

With regard to the table Rank of Fanta demand compared to others 0% of 1st, 7% of 2nd, 30% of 3rd, 50% of 4th and 14% of 5th. Therefore the Fanta demand among other soft drinks in the market was indicated rank.

The table shows that rank of Pepsi demand compared to other products.

Table 24:- Rank Pepsi demand compared to others

	Frequency	**Percent**	**Valid Percent**
1	22	5.3	6.7
2	28	6.7	8.5
3	157	37.6	47.7
4	88	21.1	26.7
5	34	8.2	10.3
Total	329	78.9	100
Unanswered	88	21.1	
Total	417	100	

Source: Survey 2013

As the respondents were replied the ranked of Pepsi demand compared to others 6.7% of 1st 8.5% 2nd 47.7 3rd, 26.7 of 4th, 10.3% of 5th. Hence, the rank of Pepsi demand compared to others was 3rd.

The table shows that rank of other demand compared to Pepsi, Mirinda, Coca and Fanta.

Table 25:- Rank other demand compared to Pepsi, Mirinda, Coca and Fanta

	Frequency	Percent	Valid Percent
1	4	1.0	1.2
2	6	1.4	1.9
3	29	7.0	9.0
4	53	12.7	16.4
5	231	55.4	71.5
Total	323	77.5	100
Unanswered	94	22.5	
Total	417	100	

Source: Survey 2013

According to the table shows the rank of other demand compared to Pepsi, Mirinda, Cola and Fanta were 1% of 1st, 1.9% of 2nd, 9% of 3rd, 16.4% of 4th and 71.5% of 5th. Therefore, the demand of other was 5th or the least.

The table shows that the peak season for Pepsi market.

Table 26:- The peak season for Pepsi market

	Frequency	Percent	Valid Percent
Summer	279	66.9	67.6
Winter	46	11.0	11.1
All	86	20.6	20.8
Other	2	0.5	0.5
Total	413	99.0	100
Unanswered	4	1.0	
Total	417	100	

Source: Survey 2013

The respondents were replied that 67.6% of summer, 11.1% of winter and 20.8% of all and 0.5% of other. Thus, the peak season of Pepsi market was in summer.

The table shows that what attract consumers while buying the Pepsi.

Table 27:- Attract Consumers while buying the Pepsi

	Frequency	**Percent**	**Valid Percent**
Packing	23	5.5	5.8
Pricing	32	7.7	8
Taste	304	72.9	76
Display	41	9.8	10.3
Total	400	95.9	100
Unanswered	17	4.1	
Total	417	100	

Source: Survey 2013

The respondents were replied 5.8% of packing 8% of pricing, 76% of taste and 10.3% of display. Therefore, attracting consumers while buying the Pepsi products were taste.

The table shows that company margins on the product.

Table: - 28 Company margins on the product

		Percent	Valid Percent
Pepsi	146	35.0	36.0
Coke	190	45.6	46.9
Other	69	16.5	17.0
Total	405	97.1	100
Unanswered	12	2.9	
Total	417	100	

Source: Survey 2013

According to the table shows the respondents were replied 36% of Pepsi Company, 46.9% of Coca Company and 17% of others. In this regard the coca company more margins on the product.

The table shows that on which products offer & discount.

Table 29:- On which products offer & discount

	Frequency	Percent	Valid Percent
Pepsi	132	31.7	36.0
Coke	156	37.4	42.5
Other	79	18.9	21.5
Total	367	88.0	100
Unanswered	50	12.0	
Total	417	100	

Source: Survey 2013

The respondents were replied 31.7% of Pepsi, 37.4% of coke, 18.9% of others and the remaining 12% of unanswered. Regarding the respondent feedback Pepsi is less offer and discounts than Coke. Thus Pepsi Company (MOHA) is needed effort for discount and offer in order to increase its market share and good will.

The table shows that frequent buyers of soft drink.

Table 30:- Who are frequent buyers of soft drink

Who are the most frequent buyers			
	Frequency	Percent	Valid Percent
Children	43	10.3	10.9
Adults	216	51.8	54.5
House wives	137	32.9	34.6
Total	396	95.0	100
Unanswered	21	5.0	
Total	417	100	

Source: Survey 2013

The respondents were replied 51.8% adults, 32.9% of house wives, 10.3% of children and 5% of unanswered.

The table shows that which pack has more selling.

Table 31:- Which pack has more selling

	Frequency	Percent	Valid Percent
300 ml	350	83.9	87.5
500 ml	24	5.8	6
1 lit	18	4.3	4.5
1.5 lit	8	1.9	2
Total	400	95.9	100
Unanswered	17	4.1	
Total	417	100	

Source: Survey 2013

The respondents were replied 83.9% of 300 ml, 5.8% of 500ml 4.3% of 1 litter, 1.9% of 1.5 litter and 4.1% of unanswered the company should be focused on less percentage such as 1 litter and 1.5 lit in order to increase the demand in terms of packaging cost.

The table shows that company has good distribution channel.

Table 32:- company has good distribution channel

	Frequency	Percent	Valid Percent
Pepsi	179	42.9	45.4
Coke	179	42.9	45.4
Other	36	8.6	9.1
Total	394	94.5	100
Unanswered	23	5.5	
Total	417	100	

Source: Survey 2013

The respondents were replied 42.9% of Pepsi, 42.9% of Coke, 8.6% of other and 5.5% of unanswered.

The table shows that Pepsi demand compared to the other MOHA products.

Table 33:- Pepsi demand compared to the other MOHA product

	Frequency	Percent	Valid Percent
1	4	1.0	1.4
2	94	23.0	32.9
3	95	23.3	33.2
4	42	10.3	14.7
5	51	12.5	17.8
Total	286	70.1	100
Unanswered	122	29.9	
Total	408	100	

Source: Survey 2013

The respondents were replied 1% of 1st, 32.9% of 2nd, 33.2 of also 3rd, 14.7% of 4th and 17.8% of 5th. Therefore Pepsi demand compared to the other MOHA product between 2nd and 3rd.

The table shows that Mirind orange demand compared to the other MOHA product.

Table 34:- Mirinda Orange demand compare to the other MOHA product

	Frequency	Percent	Valid Percent
1	369	90.4	91.1
2	11	2.7	2.7
3	20	4.9	4.9
4	3	0.7	0.7
5	2	0.5	0.5
Total	405	99.3	100
Unanswered	3	0.7	
Total	408	100	

Source: Survey 2013

The respondents were replied 91.1% of 1st, 2.7% of 2nd, 4.9% of 3rd, 0.7 of 4th and 0.5% of 5th. Therefore, Mirinda orange demand 1st rank among the MOHA products.

The table shows that Mirinds apple demand compared to the other MOHA product.

Table 35:- Mirinda Apple demand compare to the other MOHA product

	Frequency	Percent	Valid Percent
1	26	6.4	8.9
2	142	34.8	48.6
3	55	13.5	18.8
4	35	8.6	12.0
5	34	8.3	11.6
Total	292	71.6	100
Unanswered	116	28.4	
Total	408	100	

Source: Survey 2013

According to the respondents answered 8.9% of 1st, 48.6% of 2nd, 18.8% of 3rd, 12% of 4th and 11.6% of 5th. Hence the Mirinda Apple demand compare to the other MOHA products were 2nd rank.

The table shows that Mirinds tonic demand compared to the other MOHA product.

Table 36:- Mirinda tonic demand compared to the other MOHA product

	Frequency	Percent	Valid Percent
1	5	1.2	1.8
2	31	7.6	10.9
3	70	17.2	24.6
4	78	19.1	27.5
5	100	24.5	35.2
Total	284	69.6	100
Unanswered	124	30.4	
Total	408	100	

Source: Survey 2013

The respondents were replied 1.8% of 1st, 10.9% of 2nd, 24.6% of 3rd, 27.5% of 4th and 35.2% of 5th. Therefore the demand of tonic product compare to other MOHA product 5th rank. (See table 36).

The table shows that 7up demands compare to the other MOHA product.

Table:- 37 7up demands compare to the other MOHA product

	Frequency	Percent	Valid Percent
1	3	0.7	1.1
2	18	4.4	6.4
3	49	12.0	17.5
4	123	30.1	43.9
5	87	21.3	31.1
Total	280	68.6	100
Unanswered	128	31.4	
Total	408	100	

Source: Survey 2013

The respondents were replies 1.1% of 1st, 6.4% 2nd, 17.5% of 3rd, 43.9% of 4th and 31.1% of 5th. Therefore the demand of 7 up among MOHA products was 4th rank.

The table shows that satisfied MOHA distribution strategy.

Table 38:- Satisfied by MOHA distribution strategy

	Frequency	**Percent**	**Valid Percent**
Yes	144	34.5	35.6
No	261	62.6	64.4
Total	405	97.1	100
Unanswered	12	2.9	
Total	417	100	

Source: Survey 2013

The respondents were replied 35.6% of yes and 64.4% of No.

The table shows that customers major reason to say no.

Table 39:- Major customers reason to say No

	Frequency	Percent
Lack of customer services	65	15.6
Lack of available product	198	47.5
Lack of skilled sales person	52	12.5
Lack of intermediary distributors performance	120	28.8
Total	314	75.3
Unanswered	103	24.7
Total	417	

Source: Survey 2013

According to the respondents answered 15.6% of lack of customer service, 47.5 of lack of available product, 12.5% of lack of skilled sales person, and 28% of lack of intermediary distribution performance. The remaining 24.7% of unanswered.

4.3 Summary of Respondents Suggestion

- The company has lack of product availability during summer season.
- Distribution system of the company should be revised based on customer satisfaction such as door to door service.
- The deposit cost of bottles and cases are highly expensive vs. Competitors thus should be amended with competitors.
- The demand of Pepsi brand is declined day to day should be needed aggressive promotion
- It has relation gap among the company sales officials and customers.
- The plastic pack product of the company should be distributed door to door like the bottle product
- The demand of Mirinda Apple and 7^{up} is increased. However not yet available in the market
- Increased number of depot (agents) and give them specific territory.
- Boost Mirinda product because today Mirinda is market leader among soft drink brands.
- Coaching selfish sales persons as much as possible.
- All brands should be available ever day.
- Improve credit facilities to customers.
- Cooler maintenance not serve on time as well as cooler distribution also unfair.
- The company should be concentrated on distribution activities during summer season.
- Give training to sales forces at all level.
- MOHA should be made strategic plan in order to overcome basic constraints during operation such as raw materials, spare parts in order to satisfy the market based on demand and supply.
- Reduce obligation of unwanted product because customers have right to buy their need.
- Reorganized management team particularly on sales and marketing department from top up to bottom as soon as possible.

4.4 Discussion

Place or distribution includes all activities to made products available to customers with the required quantity as well as quality, at the right time and place. This requires the management of available resources (human, physical and financial to move the products to the target customers so as to satisfy their needs and thereby achieve the goal of profit making of the company.

In general, while designing a product distribution strategy within the framework of marketing mix, companies should consider different condition in choosing the best way or channel to place the product in order that serve the customers properly. Cognizant of all this and assuming that the human involvement in this particular aspect of marketing mix is central, customers were asked about the service they obtain form employees involved in the product distribution activities.

The intention here was to measure their overall satisfaction in the distribution services. In dealing with this, customers were asked whether they have ever made a complaint or not and significant number of them responded yes. Those who said yes were asked a subsequent question with regard to the way their complaints were handled. And these customers have expressed their evaluation calling it as satisfactory and somewhat satisfactory. The result has shown that there existed both satisfied and unsatisfied customers in the particular aspect.

Still emphasizing on the human element and in an attempt to evaluate the efficiency of sales force, customers were asked about the quality and effectiveness of the service rendered to them in terms of quick response for their telephone call product delivery and availability. For all injuries in all aspects of the distribution issues raised, customers responded positively by expressing their satisfaction and agreement on the service. There were large number of customers who have evaluated their service as poor and also expressed their disagreement particularly on the responsiveness of the Customer Representatives, product delivery and availability. The implication here is that improvement is needed in distribution channel as well as in the quality of the service in order to avoid the gap between the company and customers to attain the company objective by fully satisfy and retain the existing customers as well as attract the new ones.

4.5 Qualitative Analysis and Discussion

This is a section where qualitative information are analyzed and discussed. As per the design of the study, in addition to the customer survey conducted written opinion of customer, focus group discussion were also carried out with a view to generate qualitative data from sales employees and sales managers engaged in the distribution channel activity of the company. These personnel, who are knowledgeable in the strategy and execution of the distribution channel of the company have been assembled to make discussions based on the guidance and questions from the student researcher. The information obtained from the discussion summarized as follows.

According to the discussion, the company is applying a territory university in Addis Ababa. For instance as shows the above distribution structural in Teklehaimanot plant has three territories with sales forces. The role of the sales forces as follows.

Market Unit Manager (MUM)

A person who lead sales territories through plant co-ordinate, organize and support sales forces as a line manager in order to achieve the plant objective.

Territory Development Manager (TDM)

A person who develop profile new business and grow existing customer base by selection, coaching, training the territory team. Be voice of the territory customers within the company in this specific territory.

Account Development Representative (ADR)

A person who develop new business opportunities with individual customers within the territory, support austomer Representative(CR) in growing accounts by selling new distribution and program as well as managing the development of specific regional accounts with the territory.

Territory Co-cordinator(TC)

A person who support key work by compensating for execution failures in daily operation and facilitating unplanned word as well as provide relief coverage across the territory.

Customer Representative (CR)

A person who have complete responsibility for volume and customer service delivery for all individual customers.

Depot (Agent)

A person who distributes the product of the company that assigned in specific route under supervision of TDM.

Sales Developer (SD)

A person who support Depot (Agent) that assigned in specific route to increase market share of the company as well as supporting, facilitating, relationship between customers and Depot owner in order to satisfy customer as well as consumer need.

The role of the sales force under distribution is applying supporting the clarity of responsibilities, accountability and measures within the sales team. Sales force objectives should be extracted from and in line with MOHA objective as well as ensure compliance to sales development objectives and quality the business results. Deeper key performance indicates is analyzing to more understanding of the market.

Based on the discussion under this TU system there are sales route. Every route in the system must get product twice a week for each customer in a route has to be visited by the Customer Representative (CR) every week. Participants in the discussion believed that they have the best distribution system and explained the benefits from applying such a system as follows.

- Permits two way communication between the customers and plants
- It increases sales force productivity
- It allows timely delivery and follow-up

- It helps control and regulate product price
- It provides better way to manage complaint handling

As per the discussion the major problem stated earlier the group member have suggested that low plant capacity demand of the market not covered, due to this customer complaint increased. With regard to the possible solution for the problem described, the participant in discussion suggested that improvement in production capacity is needed.

Sales Manager Interview

Interview had been conducted with sales managers of three plants such as Nefasilk plant, Tekelehaimanot plant and Summit plant. The interview point based on survey result as well as discussion with sales forces and some question was raised such as:-

- Major constraints of distribution channel
- Significant performance in pact on the entire company as well as customers.
- The research survey indicated that customers have complaint in distribution strategies for instance product delivery on time, obligation of unwanted product, lack of cooler maintenance, lack of selection of agent etc…

The managers replied distribution channel of the company is very good. However, major constraints were happened such as lack of available product, loading and unloading activities in warehouse was inefficient performance of Forklift equipment. According to survey result that mentioned all managers were accepted and agreed such as lack of on time delivery most happened, lack of cooler maintenance and selection of agent also might be happen. However obligated customers to pay unwanted product did not accepted all sales managers. In the other hand sales managers replied the relationship between sales force and customers about 75% of the sales force have good relation with customer. Perhaps problems were appeared at peak season, due to the capacity of the company lack of availability of production with the demand of the customers. Moreover some selfish sales force might be misused customer handling approach as well as unfair distribution system against the company policy and procedure.

5.   Summary of Finding, Conclusion and Recommendation

This chapter is concerned with highlights of the study, findings and conclusions that are derived from the data analysis and discussions. Recommendations are provided at the end based on the findings and conclusion drawn from the study.

5.1   Summary of Findings

As per the discussion and data interpretation under taken in the previous chapters, the findings derived.

It was observed that distribution system of the MOHA in terms of time takes for delivery of Pepsi product after ordering most respondents was replied 35.7% is two up to seven days and 29% is seven up to one day 5.5% also more than fifteen days. Due to this the customers was not satisfied the company delivery activities.

Most respondents were covered the distribution channel by direct distribution door to door or indirect distribution through agent prefer the direct distribution door to door service.   In addition to this indirect distribution through agent is not much considered because it increases cost during load unload of the product as well as unfair distribution.

It is discovered that the evaluation of MOHA distribution channel which is lack of distribution strategy and lack of system to handle is stated. In addition, majority of respondents consider that lack of effective relationship between the customer and the company as well as misleading the appropriate distribution channel. In this regard the customers are not happy with it.

The company product mirinda orange demands most prefer in the market among the soft drink brands. However the company product of Mirinda orange not sufficient in the market. In this study it is revealed that most customers are dissatisfied with mirinda supply.

The impression of the major compilation companies in soft drink market Pepsi and Coca in terms of more margin and offer to customers most respondents are preferred Coca rather that MOHA(Pepsi), this shows that MOHA distribution strategy is needed some improvement in order to fulfill customers expectation.

As per the discussion with sales forces and sales managers of three plants in Addis Ababa, the major problem have suggested that the low plant capacity against demand of the market not covered, due to this customer complaint increased. With regard to the possible solution for the problem described, the participants in discussion suggested that improvement in production capacity is needed.

From the researchers observation the distribution channel of the company the major constraints lack of availability of product during summer season. Moreover the company didn't do much on the awareness and training of sales forces as well as agents on customer handling approach. For example most respondents suggest that employees who are involved on distribution channel lack of effective relationship between the customers and the company as well as misleading the appropriate distribution channel.

5.2   Conclusions

Distribution (place) one of the marketing mix as a tool between distributor and manufacturer. Channel suppliers product in required assortment, channel provides salesmanship to facilitate relationship with the customer. In the other hand the role of distribution channel helps merchandizing of the product buying and assembling and selling becomes convenient as well as supports in implementing pricing mechanism, distribution and retailers being in touch the customers are ready to buy.

Based on this finding of study at MOHA Soft Drink Industry S.C distribution channel in Addis Ababa using different channels and applying Territory University (TU) system. The sales managers interview as well as focus group members discussion about the distribution issue they have witnessed that, the company has benefited a lot from applying the TU system. The result from the customer survey supports this proved that distribution of the company is

satisfactory in terms of customer service. However, there are some cases to be addressed in terms of quality of services, availability of the product as well as on time its delivery.

According to the survey the finding has shown the company has lack of product availability, the company distribution system should be needed some amendment, deposit cost of bottles and cases expensive vs. Competitors, lack of cooler maintenance and distribution, lack of credit facilities to customers, the demand of Mirinda orange very high in the market but the distribution of the product was not available, obligate unwanted product to buy customer, as well as relationship between the company and customers had shown some basic gaps.

5.3 Recommendations

The following suggestion and recommendation are brought forward based on the conclusion made earlier so as to allow the management of the company to take appropriate actions to set the problem identified in the study right.

- The respondents said that the availability of Mirinda during the summer season is inadequate. Thus, the company is advised to increase the quantity of Mirinda product.
- Continuous skills and development training should be given to employees and agents engaged in customer handling in order to improve the gap between company performance and customer expectation.
- Cooler supply and maintenance department should be organized with skilled man power and logistics in order to minimize customer complaint.
- Time taking for delivery after ordering should be needed attention according to customer expectation.
- The company management team particularly on sales and marketing department in all plants in Addis Ababa should be create team spirituality in order to achieve the company objective as well as to upper hand market share against competitors.
- The credit policy of the Company should be needed amendment to enhance the market share as well as to make strong relation with customers.

Proper planning is required for producing and marketing Pepsi brands to address problems in the market concerning the availability and delivery of the product.

The company has not customer survey as well as customer inventory in the market. With regard to the relationship between customer and company has shown some gap. Therefore, further investigation and SWOT analysis needed in order to prove this and take appropriate measures to make the company products the most preferred soft Drink in the long term.

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Appendix I

A Research Questionnaire on Distribution Framework analysis of MOHA Soft Drink Industry S.C in Addis Ababa

(To be filled by Customers)

Dear Respondent:

Prior to all I would like to extent my deepest gratitude for allotting your time to provide me with in valuable information. This is a questionnaire designed for data collection to conduct an academic research.

The information obtained will be kept confidential and used only the purpose of achieving the objectives of the research.

I would like to bring to your consideration that as a quality of the research is highly dependent on the quality of the data to be generated, please answer the question to the best of your knowledge.

Thank you in advance for co-operating me

Markos Belay

(Student-Researcher)

Part I

Direction:- Please select your answer by encircling the appropriate response.

Demographic Profile of respondents.

1. Gender

    1. Male
    2. Female

2. Age Category
    1. 18-30
    2. 31-40
    3. 41-50
    4. 51-60
    5. Above 61

3. Education

    1. Up to grade 8
    2. 9 up to 12
    3. Diploma
    4. Degree
    5. 2nd degree

4. Income

    1. 1000-2000
    2. 2001-3000
    3. 3001-4000
    4. 4001-5000
    5. 5001 & above

Part II: Distribution Related Questions

Direction: Please select your answer by encircling the appropriate response.

1. Are you selling Pepsi products?
    1. Yes   2. No
2. If your answer is yes what kind of business you have?
    1) Hotel
    2) Bar & Restaurant
    3) Grocery
    4) Wholesaler
    5) Retailer
3. Reasons for selling Pepsi Products?
    1) Margin
    2) Promotional Schemes
    3) Demand
    4) Dealer relationship
    5) Credit Policy
    6) Other Reasons
4. How much time does it take for delivery of Pepsi product after ordering?
    1) 6-12 Hours
    2) 1 – 2 days
    3) 2 – 7 days
    4) 7 – 15 days
    5) More than 15 days
5. How do you rate the scheme of the company?
    1) Good
    2) Average
    3) Poor
6. How do you rate the credit policy of the company?
    1) Good
    2) Average
    3) Poor
7. How do you rate the margin of the company?
    1) Good
    2) Average
    3) Poor
8. How do you qualify of Pepsi Products?
    1) Good
    2) Average
    3) Poor

9. Do you agree the MOHA distribution channel is most preferred to your business?
   1. Yes   2 . No.
10. If your answer is "Yes" in question #. 10, what type of distribution channel Does your company use?
   1) Direct distribution door to door services
   2) Indirect distribution through agent
   3) By wholesalers
   4) Others
11. What is your evaluation on the MOHA distribution channel?
   1) Excellent
   2) V-good
   3) Good
   4) Poor
   5) Prefer not to say
12. If your answer is "poor" in question # 12 what is the major cause?
   1) Lack of distribution strategy
   2) Lack of system to handle
   3) Lack of effective relationship between the customer and the company
   4) Misleading the appropriate distribution channel
13. What kind of drink you are selling?
   1) Cold Drink   2) Juice   3) All
14. Which of the following products are demand more? Put there 1up 5 least.
   1) Coke_____
   2) Pepsi_____
   3) Mirinda_____
   4) Fanta_____
   5) Other_____
15. Which is the peak season for Pepsi's
   1) Summer
   2) Winter
   3) All
   4) Other
16. What attracts consumers while buying the Pepsi?
   1) Packing   3) Taste
   2) Pricing   4) Display
17. Which Company gives you more margins on the product?
   1) Pepsi
   2) Coke
   3) Other

18. On which product you get more offer and discounts from distributor?
  1) Pepsi
  2) Coke
  3) Other
19. Who are the most frequent buyers?
  1) Children
  2) Adults
  3) House wives
20. Which pack has more selling?
  1) 300 ml
  2) 500 ml
  3) 1 lit.
  4) 1.5 lit
21. Which company has good distribution channel?
  1) Pepsi
  2) Coke
  3) Other please specify……………….
22. Which of the following MOHA Products have more more demand?
  1) Pepsi
  2) Mirinda Orange
  3) Mirinda apple
  4) Mirinda Tonic
  5) 7 up
23. Do you agree the customer is satisfied by MOHA product distribution strategy?
  1) Yes   2) No
24. If you answer to question # 24 is "No", what is the major reason? You can circle more than your alternative
  1) Lack of customer services
  2) Lack of available product
  3) Lack of skilled sales person
  4) Lack of intermediary distributors performance
25. Your suggestion on how to improve the distribution system of the sales of Pepsi _____

APPENDEX II

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   1) 18-30
   2) 31-40
   3) 41-50
   4) 51-60
   5) •61 •••

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   1) •4• ••• 8• •••
   2) •9• ••• 12• •••
   3) ••••
   4) •••
   5) •••••• •••
4. ••
   1) 1000-2000
   2) 2001-3000
   3) 3001-4000
   4) 4001-5000
   5) 5001 •• ••• •••

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    2) ●●●● ●●●● ●●●● ●●●
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    4) ●●● ●●●●●
    5) ●●● ●●●●●

4. ●●● ●●●●●●● ●●● ●● ●●● ●● ●●●●?
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    2) ●1 ●●● 2 ●●●
    3) ●2 ●●● 7 ●●●
    4) ●15 ●●● ●●●

5. ●●●●● ●●●● ●●●● ●●● ●●●?
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16. •••• •••• ••• ••••• •••• •••• ••?
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    2) 500 •.•
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23. •?

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24. •.• 23 • • • • • • • • • • "• • • • •" • • • • • • • • • • • • • • • •? • • • • • • • • • • • •
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Appendix III

INTERVIEW

Distribution Channel Survey Results

You are kindly requested to allot few minutes for discussion as an interview the result of research survey of your company thank you in advance for cooperating me

Plant…………………………………………

Title…………………………………………

Department………………………………….

Year of service in plant…………………….

Question

1. How do you see the distribution channel of your plant? Do you believe it has brought significant performance impact on the entire company as well as customer?

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2. What are the major constraints of the company in distribution area?

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3. The research survey indicate that customer have some compliant in distribution strategies such us product delivery on time, obligation of unwanted product, Lack of cooler maintenance, lack of selection of agent or deposit candidate etc. What is your opinion?

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4. What do you think the relationship between sales force and customers?

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5. Are you believe your company distribution channel healthy in terms of customer satisfaction?

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6. Is there a clear distribution strategy policies and procedures? Are you satisfied with its content as compared to others similar organization as well as competitors?

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7. Do you have additional or different opinion regarding distribution channel in you plant?

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APPENDIX IV

QUESTIONS FOR FOCUS GROUP DISCUSSION

Dear Participants,

I would like to extend my deepest gratitude for your willingness and cooperation to participate in the group discussion and thereby provide me with an opportunity to learn many of you.

The discussion is organized to secure valuable information that needed for the purpose of undertaking an academic research on distribution channel of MOHA Soft Drink Industry S.C in Addis Ababa. The information obtained from the discussion will be kept confidential and only be used for the accomplishment of the set of research objective.

Please forward your ideas freely and to the best of your knowledge.

Thank you in advance for your active participation
1. What are the major constraints of the company in distribution area?
2. What is the distribution strategy of the company?
3. What is your assessment of the current distribution system in the company?
4. How do you see the relationship between customers & the company?
5. What do you suggest to solve the early mentioned is distribution problem?
6. Please comment on the overall marketing activity of the company?