ST. MARY'S UNIVERSITY

SCHOOL OF GRADUAT PROGRAMS

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SHELF SPACING COMPETITION ANALYSIS OF LOCAL &

INTERNATIONAL LIQUOR BRANDS

(THE CASE OF LIQUOR PRODUCTS)

By

Dejene Tsegaye

MAY, 2015

ADDIS ABABA, ETHIOPIA

SHELF SPACING COMPETITION ANALYSIS OF LOCAL & INTERNATIONAL LIQUOR BRANDS

(THE CASE OF LIQUOR PRODUCTS)

A SENIOR ESSAY SUBMITTED TO THE DEPARTMENT OF MARKETING MANAGEMENT

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IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF ART DEGREE IN BUSINESS ADMINISTRATION (MBA)

BY

DEJENE TSEGAYE

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SMUC

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DEPARTMENT OF MARKETING MANAGEMENT

APPROVED BY THE COMMITTEE OF EXAMINERS

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DEAN 'S OFFICE   SIGNATURE

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ADVISOR   SIGNATURE

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INTERNAL EXAMINER   SIGNATURE

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EXTERNAL EXAMINER   SIGNATURE

Approval

This is to approve that student Dejene Tsegaye has completed writing a senior essay entitled "Shelf spacing competition analysis of local and international liquor brands the case of Vodka, Whisky, Ouzo, Cognac and liquors products" with my advice and follow up. I also approve that his work is appropriate enough to be submitted as a partial fulfillment of the requirements for the Award of Master of Business Administration offered by the University.

Teklegiorgis Assefa (Asst.Prof)

Declaration

I Dejene Tsegaye assert that this study entitled "Shelf spacing computation analysis of local and International liquor brands the case of Vodka, Whisky, Ouzo, Cognac and liquors products" is my own original work that has not been presented for a Master study in any other University and that all sources of materials used for the study have been duly acknowledged.

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Acknowledgement

"To my beloved father"

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Abstract

The product proliferation is constrained by the limited store space and requires therefore an efficient decision making by the retailers about which products to offer and how to allocate the scare resource of shelf space. Assortment and shelf space optimization is one of the most important and difficult decisions that retailer managers have to face. Retail shelf management means cost-efficiently matching retail operations with consumer demand. Retailers need to match consumer demand with shelf supply by balancing variety (number of products), service levels (number of items of a product), and optimizing demand and profit via carefully calibrated prices. As a result the core strategic decisions a retailer must take involve assortment sizes (listing), shelf space management (facing), replenishing and pricing. Competition for Shelf Space means that the competition of each supplier of a retail store is competing for shelf space with all other possible suppliers of the store. In a sense each item in a store competes with all other items in the store for space. But the main competition any one item faces is that offered by other items in the same product classification. In addressing the research questions the student researcher considered the owner, manager and supervisor of the supermarket, minimarket and liquor shop or the employee of those organizations who decide the shelf space location with respect to the imported and local liquor product as respondents. Concerning the sample size, supermarkets, Minimarket and liquor house available in Addis Ababa was considered. Convenience sampling approach was used since their exact number and list of respondents is not available and this helps to get accurate data in terms of time and space.

KEY WORD*: shelf space, shelf space competition, Origin,, packaging and packaging size of the product and product labeling.*

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CHAPTER ONE

INTRODUCTION

1.1.Background of the Study

Retailers generally believe that display exposure influences product unit sales, so shelf space allocation is regularly manipulated to increase sales and profits. Products with high gross margins frequently are displayed in supermarkets at eye level, at high-traffic locations, and with many facings in large, well run supermarkets (C. Curhan, 1972). As C.Curhan, (1972) stated most items are allocated enough shelf space to position them relatively far along their respective shelf space/unit sales curve to a point of diminishing marginal return. Under this condition, one would expect few items to have so little shelf space that large unit sales could be realized from nominal space increases. Indeed, zealousness in allocating space to private brands could put these items beyond the point where any incremental return would be realized from additional space. This implies that greater elasticity may be expected for a shelf space decrease than for an equivalent space increase. As C.Curhan, (1972) cited, private brand products are more space elastic than their national-brand counter parts, because shelf space display likely is a less important component of the merchandising mix for national brands than for private label brands. It was hypothesized that private or packer's brands would have greater space elasticity than equivalent national brands by:

✓ **Market share**. The brand-type argument was extended to brand reputation in general. It was hypothesized that items with larger market share will be less space elastic rate of sales.

✓ **Faster-selling items** have been shown to respond more to changes in shelf space than slower selling items.

✓ **Shelf capacity.** Customers purchased 20% more when shelves were well stocked than they did under "normal" conditions.

✓ **Merchandise variety**. Items in multiband categories have been found to exhibit greater space elasticity than items in categories having fewer brands when there are a large

number of items in a merchandise category, the chances for distinction are substantially reduced and the importance of visibility in determining sales should be increased. However, if there are only a few items in the merchandise category, shelf space should exert a smaller influence on sales because there are only a few items to serve as distractions, even when shelf space is limited

✓ **Availability of substitutes.** Items with a lot of competition from substitutes were more responsive to shelf-space changes than those without competition, but determination of substitutes is difficult.

✓ **Repurchase frequency**. Brand loyalty decreased with the length of inter-purchase time. If brand names are less important for infrequently purchased products, it may be argued that other components of the merchandising mix, such as shelf space display, are more important (C. Curhan, 1972).

As Kotler, (2002) stated, brand manufacturers are facing intense competition from domestic and foreign brands, which is resulting in rising promotion costs and shrinking profit margins. They are being further buffeted by powerful retailers who command limited shelf space and are putting out their own store brands in competition with national brands.

Variety-seeking buying behavior applies to low-involvement products. In this category, consumers switch brands often because they want more variety. The market leader will therefore try to encourage habitual buying behavior by dominating the shelf space (Kotler, 2002).

When manufacturer lunch new product and reach on commercialization stage and if the firm moves quickly, sometimes a potential commercialization stage disaster can be averted. Grocery product pose special commercialization problem because shelf space is so limited and many supermarkets requires

• **Slotting fee** that the payment a manufacturer makes to place a new item on a retailer's shelf for new product, which can cost a lot for the single product.

• **Failure fee** a penalty payment by manufacturer for the product which doesn't achieve predetermine sales target. Failure fee required by retailers to compensate for sales of its valuable shelf space never made.

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To minimize the financial risk of a new-product failure, many grocery product manufacturer use regional rollouts, introducing the product sequentially into geographical areas to allow production levels and marketing activities to build up gradually (Berkowitz, Berkowitz, Crane, Kerin, Hartley and Rudelius, 2003).

A company will often introduce additional brands (multi brands) in the same product category. Sometimes the firm is trying to establish different features or appeal to different buying motives. Multi branding also enables the company to lock up more distributor shelf space and to protect its major brand by setting up flanker brands to protect its flanks. Ideally, a company's brands within a category should cannibalize the competitors' brands and not each other. At the very least, net profits from multi brands should be larger despite some cannibalism (Kotler, 2002). Manufacturers of a dominant brand are able to secure strong trade cooperation and support from resellers and are able to command high levels of cooperation from their resellers in connection with displays, shelf space, promotions, and price policies (Kotler, 2002).

1.2 Statement of the Problem

One of the scarcest resources in a self-service store is shelf space. In allocating shelf space, many food manufacturers and supermarket retailers employ decision rules which assume a positive relationship between the amount of shelf space given to a product and its sales. The ideal decision rule for shelf space allocations for retailers would consider contribution to profit and opportunity cost concepts. A brand should be given more shelf space if,

1 Its additional revenue is greater than its additional cost (contribution to profit concept)

2 There are no other alternative uses of that additional shelf space that will add more profit (opportunity cost concept).

The same concepts imply that manufacturers should strive for additional shelf space for their brands if;

1. The additional revenue gained is greater than the additional cost to acquire the shelf space, and

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2. There are no alternative ways of increasing revenue for their brands that will add more contribution to profit.

As C. Curhan, (1972) stated, a retailer may be considered as a seller of shelf space to various buyers. This idea can be combined with the appropriate cost concepts a "battle of the shelf space" occurs frequently between manufacturers and retailers. The manufacturer is interested in maximizing the revenue and profit of his brand, but the retailer is interested in maximizing the revenue and profit of the total product category. The retailer's increasing the amount of shelf space for a product category beyond a certain minimal level may be an inefficient method of space allocation a product brand with high consumer acceptance may have a lower threshold level in terms of the influence of shelf space than would a product brand with low consumer acceptance.

All in all the problems that exist in shelf space utilization, value of local and international brand of liquor product in supermarket, minimarket and liquors shop is substantial with the rapid growth rate of rental price of the building and the growth of the industry. It looks even many international companies coming to the country on foreign direct investment or by acquiring the existing facility to produce liquor apart the volume and the variety of imported international brands. This research is aimed to associate the utilization, value and shelf space computation with respect to the allocation of shelf space.

It was observed that, in all supermarkets, minimarket and liquors shop products might be stacked on shelf randomly. In some area the owner and the manager of the facility who is involved in arrangement of shelf, will put products as he/she feels that the display attract customer eyes easily. When products are packed with good packaging, when the packaging is placed on focal location, it creates attention for buyer to see, to touch and can be an opportunity to buy that product. When customers enter in one of those facilities they want to buy products which are arranged and decided in advance so that most of the customers will buy the goods listed in their mind or on pieces of paper. However, some people can make a buying decision influenced by attractive display because of one of the product characteristics.

Owners of supermarkets, mini markets and liquor shops might miss the real value of their shelf space which manufacturer must pay for the space that their products are stacked. Shelf space

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utilization is in question in some of the facilities that one can be witness that some products remain on the same position, on the same shelf space for a while. Sales crews manipulate shelf space allocation when they enter in those facilities for merchandise. Sales crews display their product on premium shelf space and change their rival product space without advising the facilities workers.

1.3 Research Questions

The research will address the following questions:

1. What are the factors that affect the decision of supermarket, minimarket and liquor shop space allocation for imported and local liquor products?

2. How far does space allocation depend on sales volume in supermarket, minimarket and liquor house for imported and local liquor products?

3. How much does the space allocation give competitive advantage to imported and local liquor products?

1.4 Objective of the Study

The following is the general and the specific objectives of the research study

1.4.1. General Objective

The general objective of the research paper is to evaluate the relations between shelf space allocation and sales volume and how shelf space allocation decision is made at supermarket, minimarket and liquor shop for imported and local product.

1.4.2 Specific Objective

The following specific objectives are designed to achieve the above stated problems related to the study

✓ To identify the factors that affects the shelf space allocation decision in relation with imported and local liquor products.

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✓ To determine as to whether shelf space allocation depends on sales volume in supermarket, minimarket, and liquor shops

✓ To examine the extent to which shelf space allocation provides with competitive advantage to imported and local liquor products.

1.5 Definition of Terms

Retail shelf space management: is assigns facing quantities to individual products with limited shelf sizes and restocking capacity. Planning models are provided for the quantity of inventory that should be carried out for each item (Urban 1998; Abbott and Palekar 2008; H˙ubner and Kuhn 2011e, a), the amount of space that is assigned to each product (Hansen and Heinsbroek 1979; Corstjens and Doyle 1981; H˙ubner and Kuhn 2011d) and its location within the store (Yang 2001; Hariga et al. 2007).

Supermarket: A large shop/store that sells food, drinks and goods used in the home. People chose what they want from the shelves and pay for it as they leave. Supermarkets equipped with scanners and electronic cash registers. Scanners read the Universal Product Code on each product purchased, recording the brand, size, and price for inventory and ordering purposes. Meanwhile, the firm has recruited a panel of these stores' customers who have agreed to charge their purchases with a special Shopper's Hotline ID card, which holds information about household characteristics, lifestyle, and income. Supermarket segmenting self-service, chains identification, assortment and shelf positioning that will optimize another promising new media site is that the store itself. In addition to using older promotional vehicles, such as displays and special price tags, some supermarkets are selling space on their floors for company logos, experimenting with talking shelves, and introducing "video carts," which contain a computerized screen that carries consumer-benefit information and advertiser promotions **(Kotler, 2002).**

Minimarket: A small shop/store that sells food, drinks and goods used in the home. People chose what they want from the shelves and pay for it as they leave and some time workers give what the customer's needs

Liquors/ Alcoholic beverage a colorless, limpid, volatile, flammable, water miscible liquid, having an ether like odor and pungent burning the intoxicating principle of fermented liquors

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produced by yeast fermentation of certain carbohydrates as grains, molasses, starch, or sugar. or obtained synthetically by hydration of ethylene or as a byproduct of certain hydrocarbon syntheses' used chiefly as a solvent in the extraction of specific substances, in beverages, medicines, organic synthesis, lotions tonics, colognes, rubbing compounds as an automobile radiators antifreeze, and as a rocket fuel. Alcohols are a drink that typically contains 3% – 40% ethanol (alcohol), a psychoactive drug. Alcoholic beverages are divided into three classes: beers, wines, and spirits (distilled beverages). They are legally consumed in most countries around the world. More than 100 countries have laws regulating their production, sale, and consumption. American psychological association, **www.thefreedictionery.com /liquors**

Liquor shop: is a small stricture or building that product sale medium or small volume to customers **(oxford dictionary)**

Shelf space: is a space that product and goods stacked or stored for display to communicate for customer**(oxford dictionary)**

Shelf space computation: is a computation (battle) that the manufacture to secure space to display their product on premium location to take advantage over their rival.

FDI: (Foreign direct investment) which is the inflow of foreign currency to the country which is the backbone of the development of the country.

1.6 Significance of the Study

This research study contributes significantly to the following parities:

✓ To provide information to the supermarket, minimarket and liquor shop owners to understand the value of their shelf space while they display product as part of an input for further investigation in the subject matter and come up with a strategy to enhance the performance

✓ It will provide with a good opportunity of introducing the student researcher in regard of doing research in practical context

✓ It will provides a base line to other interested researchers on similar topics for covering the gaps that have not been surveyed in this research paper

✓ Especially for manufacturers it contributes how shelf space is allocated and it gives good information on what to do in increasing the visibility of their products in the shelf so as to increase the sales volume.

1.7 Delimitation of the Study

Subject

In the study of shelf space competition, so many things could be incorporated. Location, shelf height, shelf position, facing of product, inventory management and volume of sample stocked on the shelf are some of the many. However, for this study, the research paper focuses mainly on factors such as origin of the product, packaging quality, attractiveness of the labeling Location, shelf space, shelf position and how those factors affects shelf space allocation and how the computation influenced on imported and local liquor products at supermarket, minimarket and liquor shops which sale the liquor products on whole sale and mall order. .

Population

The study will address supermarket, minimarket and liquor shop owners, managers' supervisor and employees of those organizations who decide on shelf space allocation.

Area

Since supermarket, minimarket and liquor shops are many in number it was not possible to address all; as a result the student researcher chose sample supermarket, minimarket and liquor shops available in Addis Ababa for the study,

Time

All the necessary information regarding the owners and employee of supermarket, minimarket and liquor shops and the data collected from those facilities which were collected from the respondents and different source up to 2014 is reasonably support the research study.

1.8 Organization of the Study

The study is organized in to five chapters. The first chapter includes background of the study, statement of the problems, Research questions, and objectives of the study, Definition,

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significance of the study, scope of the study and organization of the study. . In the second chapter, literature review is viewed. The third chapter deals with research design, population, sample size and sampling techniques, type of data to be collected, method of data collection, data analysis technique and limitation of the study The fourth chapter includes analysis and interpretation of findings, analysis of respondents general characteristics, analysis of major findings. Chapter five includes summary of major findings on closed- ended and open ended question, conclusion and recommendation of the study. Finally the bibliography and appendices is attached with the research paper.

Chapter II

Review of Literature

This chapter talks about literatures which will help the reader to have some clue what the study title is about and it gives a kind of direction and the relation with this particular study. The ideas are categorized into sub titles to make the reading more comfortable.

2.1 Theoretical Framework

2.1.1 Overview of Shelf Space

Shelf space is a very important asset of the retailer. Shelf space is used by retailers for multiple purposes e.g. placing product, enhancing displays, visibility, making comparison easy among the products etc. shelf space allocation decision to private and international brand is largely influenced by multiple factors (Hashim, Abdul and Syeda, 2012). The focus of this research is to understand retailers factors which more or less impact the retailers decision of shelf space allocation and to examine supermarket, minimarket and liquors stores shelf space issues related with shelf space allocation and assignment in connection with international and local liquors products and develop alternative recommendation that support assortment planning (which products to offer?), shelf space planning (how much space to allocate to products?), inventory planning (how to align restocking requirements?) to maximize the profitability of a supermarket, minimarket and liquors stores.. The number of facings for one product limits the space available to other products, and may require the delisting of other products.

As Hunber (2011) dictated from Hoch and Deighton (1989); Dr`eze et al. (1994); Xin et al. (2009) Chandon et al. (2009) An underlying assumption of shelf space management is that grocery shopping behavior is susceptible to retailer's manipulation. Better shelf display influences shopper behavior, since the majority of consumers decides about their final purchases in the store.

As Hashim, Abdul and Syeda,(2012) coated from Zaccour (2008) Shelf space allocation is serious issue in retail business. It is an important tool to attract the customer attention. Retailers managed the shelf space in such a way which builds strong supplier relationship and increases

the customer's satisfaction level. With the passage of time, issue of placing product in shelves is becoming crucial, because of increased computation between private and national brands. Retailers sells private as well as national brand

Retailers want to give more shelves to private brands, while the manufacturer also wants the proper shelf. If a retailer does not give the appropriate shelf space to national brand then it does not give the too good image of retailer. The reason is that customers are more aware of national brand, if they do not see national brand in the retailer outlet, and then customer perceive the retailer is of low quality. National industry is supposed as important industry of nation. The concentration of retailers increased day by day which is pretty good contributing to the GDP. (Hashim, Abdul and Syeda, 2012)

As Hashim, Abdul and Syeda,(2012) sited from (Kumar and Leone, 1988) price promotion, featuring and shelf display increase the sales of a brand within a store. Shelf space is not only impacts the retailers profit but also affects the manufactures profits.

Retail shelf space management focuses primarily on the demand side, and less on the cost side. However, retailers with limited space face a trade-off of putting fewer items out for sale against keeping inventories of other products. Proper control of retail costs requires balancing warehousing, transportation, inventory, and shelf space and in store handling costs (Curseu et al. 2009; van Zelst et al. 2009; Kuhn and Sternbeck 2011).

The factors including variables as

- ✓ Image building (Price and Promotion, Demand, Visibility, **B**rand awareness (Brand equity), Advertisement)

- ✓ Private label shelf space (Market share, Quality, Features, Assortment)

- ✓ Retailers bargaining power (Shelf space Allowances, Varity, in stock Availabilities)

As Ketzenberg (2002) stated, demonstrate the profit effect of replenishment and case pack sizes on store space management with a maximum profitability point by relying on substitution to reduce space requirements. Inventory systems are consequently included in space allocation in a third stream of studies. One of the core strategic decisions grocery retailers must take involves

determining their assortment and allocating it to the shelves. Retailers need to match consumer demand with shelf supply by balancing variety (number of products) and shelf service levels (number of items of a product). Offering broader assortments thus limits the appropriate service levels and vice versa, as shelf space is scarce. Retailers and producers try to satisfy consumers' needs with the right merchandise at the right store at the right time. However, the continually increasing number of consumer goods is in conflict with the fixed and scarce resource of shelf space. Consequently, retailers need to make same-time decisions on which products to offer ("listing"), and how much space to allocate for each product ("facing").

Some company developed a shelf management model to balance supply and demand effects, as firstly listing decisions affect possible demand substitutions from delisted to listed items. Secondly, facing decisions as space allocation impact the space-dependent demand and the frequency of refill operations. However, current space allocation models mainly focus on demand modified by space effects, whereas substitution models mainly cover out-of-assortment or out-of-stock effects, but do not consider space effects and the additional effort required for refilling depleted shelf inventory between two basic replenishment periods. (Fred, 1986)

Chandon et al. (2009) referred from (Iyengar and Lepper 2000; Sloot and Verhoef 2008). Also, Dr`eze et al. (1994), Iyengar and Lepper (2000) and Dhar et al. (2001) facing variation is the most significant in store factor – even stronger than positioning and pricing – using an eye-tracking experiment. Although these studies give different estimates of space-elasticity, they all recognize the positive impact of shelf space on demand and demonstrate that the sales increase is subject to marginal decreasing return. Assortments have become so excessive that reducing variety significantly increases sales report a positive impact of assortment size reductions and item delisting on demand. Most retailers mainly plan shelf space from a sales perspective, instead from an integrated sales and logistics perspective. Retailers usually adopt commercial shelf space planning programs for creating their planograms. These tools visualize shelf space arrangement, and report product sales and profit for example. In the past, actual decisions were made by simplistic allocation rules like proportional-to-sales and a limited number of manual adjustments. Advances in computing resources should now allow the development of more complex shelf space management models that are more consistent with consumer instore behavior and required retailer planning aspects in store logistics. Category managers from both

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retailers and consumer goods producers can use shelf space models to improve their decision making. The planning areas considered are assortment and shelf space planning. In that sense (Urban 1998) dictate that **Assortment planning** is the listing decision based on consumer-choice behavior and substitution effects and **Shelf space planning** is the facing and replenishment decision based on space elasticity effects, limited shelf space and operational restocking requirements.

Shelf space planning is all about (how much space to allocate to products?), inventory planning (how to align restocking requirements?) and price planning (which price to assign to each product?) to maximize the profitability of a retail grocery category. In addition to its classical supply function, shelf inventory has a demand generating function, as more facings lead to increasing consumer demand through higher product visibility (e.g., Inman et al. 2009, Chandon et al. 2009). Increasing the number of facings for one product limits the space available to other products, and may require the delisting of other products. This means also that latent consumer demand of the delisted products cannot be directly satisfied, and consumers may switch to other products or outlets. The demand side and the supply side therefore need to be aligned. For example, marketing activities such as price adjustments increase or lower demand, and overall supply and product availability can be influenced by adjusting replenishment frequency (Hubner 2011).

Assortment management is listing products for each outlet. When optimizing assortments, it is indispensable to include consumer demand (Anupindi et al. 2009; Smith 2009b). The total demand for a product not only consists of own initial demand, but also the substitution demand from other products (Borin et al. 1994). Mantrala et al. (2009) developed a framework that highlights trade-off decisions, which retailers must make for the assortment planning of how many categories to offer, assortment depth and establishing service levels.

Shelf space management assigns facing quantities to individual products with limited shelf sizes and restocking capacity. Planning models are provided for the quantity of inventory that should be carried out for each item (Urban 1998; Abbott and Palekar 2008; Hübner and Kuhn 2011e, a), the amount of space that is assigned to each product (Hansen and Heinsbroek 1979; Corstjens and Doyle 1981; Hübner and Kuhn 2011d) and its location within the store (Yang 2001; Hariga et al. 2007).

As Poul coated from Gundlach and Bloom (1998), that latent consumer demand of the delisted products cannot be directly satisfied, and consumers may switch to other products or outlets. Matching consumer demand with retail shelf supply is a key lever for increasing efficiency in the retail industry. Consumers are demanding better service levels and prices, while retailers respond with increasing product variety, becoming more prices competitive and striving towards higher service levels. These developments have greatly increased pressure on margins and the complexity of managing retail shelf space, which may be one of the scarcest and most strategically valuable operational resources.

The category manager's objective is how best to organize product assortments and merchandizing plans to generate greater profit contribution from their existing, limited shelf space; especially as the increasing product variety is in conflict with limited shelf space (Hubner 2011).

Retail shelf management means matching cost-efficient consumer demand with retail operations. This takes especially place at the point-of-sales in front of the retail shelf, where consumer demand meets retail offer. Shelf space and prices is a core problem with special regard to the increasing product variants and the demand for better service levels and prices, and becomes increasingly difficult for retailers.

Hansen et al. (2010) coated from (Grocery Manufacturers Association et al. 2005; Desrochers and Nelson 2006; Gutgeld et al. 2009) retailers need to resolve the conflict of ever-increasing number of consumer goods with scarce shelf space and the high operational costs relating to great product variety. Offering broader assortments thus may limit the appropriate service levels and vice versa. However, the continually increasing number of consumer goods is in conflict with the fixed and scarce resource of shelf space. Furthermore, as shoppers increasingly take purchase decisions in store, retail marketers are diverting a growing proportion of their marketing budgets from traditional out-of-store media advertising to in store marketing (Chandon et al. 2009).

As Hubner (2011) stated, the product proliferation is constrained by the limited store space and requires therefore an efficient decision making by the retailers about which products to offer and how to allocate the scare resource of shelf space. Assortment and shelf space optimization is one

of the most important and difficult decisions that retailer managers have to face, as it needs to reflect consumer behavior such as substitutions, product recognition, or price sensitivity, as well as inventory, replenishment, and operational costs Shelf space management addresses the space assignment for individual products (facing) based on space-elasticity effects and restocking frequencies and costs (replenishing).

As Hubner (2011) stated; retailers and consumer goods producers recently rated the "optimization of product portfolio and category management" as the most important task for achieving performance goals according to a survey of McKinsey & Company (Breuer et al. 2009). This is not surprising as shelf space competition in retail stores is at an all-time high, driven by the competitive need to constantly introduce new products. Since the 1990s, there has been significant product proliferation.

As James (1962) mentioned, competition for shelf space; each supplier of a retail store is competing for shelf space with all other possible suppliers of the store. In a sense each item in a store competes with all other items in the store for space. A retailer will be likely to furnish preferential shelf treatment-both as to quantity and quality-to those brands making the greatest contribution to gross profits per unit of space. All else being equal, the sales of an item in a store will increase (at least up to a point) with an increase in the amount of space allotted to it, and/or an improvement in the quality of the space. Hence, retail support is important for the manufacturer of a product, the sales of which are in large part a function of the number of people to whom the product is exposed in retail stores. Most of the leading food retailers offer their own "private brands" to the public, along with the "national brands" bearing the name or trademark of food processors. The relationship between the sale of private and national brands in the stores operated by these retailers depends, in large part, on the way in which shelf space is allocated. The national brand of the processor, in its struggle for retail shelf space, is in competition with brands controlled, and so likely to be favored by the retailer whose space the owner of the national brand is attempting to purchase. Since private brands effectively differentiate one retail store from another, there is a tendency for the retailer to stress these brands in his promotional activity and probably to favor them in his space allocation. Obtaining adequate shelf space in such a retail store is likely, therefore, to place an unusually heavy demand on the advertising of the national brand processor. In general, the rate of sales must be such as to make the gross profit

produced by the national brand per unit of retail space competitive with that derived from the retailer's private brand.

As Ronaldc (1973) sited, shelf space most often is measured in terms of display area. A more formal understanding of space elasticity might enable manufacturers to improve their brand management and product line decisions. Such understanding might enable retailers to develop more profitable assortment policies, make better decisions about store size, and develop more effective strategies for allocating shelf space to individual products and product families.

The pressures resulting from this situation have led retailers to focus their attention on problems of shelf space allocation. Because it seems so intuitively reasonable that different shelf space allocations can affect sales and, there-fore, profits, retailers have manipulated shelf space to favor particular products, especially those having high gross margins. Although shelf space manipulation is wide-spread, knowledge about the effects of shelf space allocation changes on product sales is fragmentary. Retail organizations have made countless trial-and-error changes, but have con-ducted few legitimate experiments. Those experiments that have been conducted have yielded very few results that can be generalized to classes of products. (Ronald, 1973)

Shelf management is a crucial task in retailing. Because of the large number of products found in most retail stores (sometimes more than 60 000), current shelf space management models can only solve sub problems of the overall store optimization problem, since the size of the complete optimization problem would be prohibitively large. Consequently, an optimal allocation of store shelf space to products has not yet been achieved. Experimental studies of the relationship between shelf space allocation and unit sales were mainly conducted during the 1960s and 1970s. (J Irion, J-C Lu, FA Al-Khayyal and Y-C Tsao, 2011)

As J Irion, J-C Lu, FA Al-Khayyal and Y-C Tsao, (2011) coated from Amrouche and Zaccour, (2007), shelf space is a limited resource that must be optimally divided among the different categories and their various brands. Because shelf space is a scarce and fixed resource and the number of potentially available products increases steadily, retailers must make frequent decisions on which products to include in the assortment and how much shelf space to allocate to them.

As Keith, (1970) stated, one of the scarcest resources in a self-service store is shelf space. In allocating shelf space, many food manufacturers and supermarket retailers employ decision rules which assume a positive relationship between the amount of shelf space given to a product and its sales. The ideal decision rule for shelf space allocations for retailers would consider contribution to profit and opportunity cost concepts. A brand should be given more shelf space if

(1) Its additional revenue is greater than its additional cost (contribution to profit concept), and

(2) There are no other alternative uses of that additional shelf space that will add more profit (opportunity cost concept).

The same concepts imply that manufacturers should strive for additional shelf space for their brands if

(1) The additional revenue gained is greater than the additional cost to acquire the shelf space, and

(2) There are no alternative ways of increasing revenue for their brands that will add more contribution to profit. A retailer may be considered as a seller of shelf space to various buyers

A retailer may be considered as a seller of shelf space to various buyers. Cairns shows how this idea can be combined with the appropriate cost concepts. To induce a retailer to sell him space, a supplier must offer a price for a unit of space which exceeds the "opportunity cost" of this space. This opportunity cost of a unit of retail space is the gross profit the retailer can obtain by allocating this space to the most profitable item not now in his assortment, or to the most profitable combination of items already stocked. Therefore, it is the marginal revenue and not the average revenue that should be considered in the decision rules for retailers and manufacturers (Keith, 1970)

With a well-designed shelf space management system, retailers can attract customers, prevent stock outs and, more importantly, increase the financial performance of the store while reducing operating costs (Yang and Chen, 1999).

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Mass retailers typically have adopted strategies which have resulted in the continuous growth of product assortments offered. The proliferation of new products and product variants promoted by manufacturers has contributed to this growth. Selling space per store of new and remodeled stores also has increased, but not in proportion to increases in the number of items these stores handle, and certainly not in proportion to increases in the number of products offered to the trade. The pressures resulting from this situation have led retailers to focus their attention on problems of shelf space allocation. Because it seems so intuitively reasonable that different shelf space allocations can affect sales and, therefore, profits, retailers have manipulated shelf space to favor particular products, especially those having high gross margins. Although shelf space manipulation is wide-spread, knowledge about the effects of shelf space allocation changes on product sales is fragmentary. Retail organizations have made countless trial-and-error changes, but have conducted few legitimate experiments (Ronald, 1973)

As Ronald (1973) coated from Brown and Tucker that proposed shelf space, as a scarce resource, might best be allocated if suppliers purchased desired shelf space from retailers. Occasionally suppliers have offered direct cash payments for preferred shelf locations and/or specified display frontage. For example, payments for specific location and for size of display have been offered by magazine publishers and cigarette manufacturers. Payment for off-shelf special displays is a common trade practice; but payment for on-shelf space is not usual, perhaps because of the problems inherent in determining fair rentals and in administering such a scheme. Although administration of an outright shelf rental system may be unfeasible, in practice gross margin serves as a surrogate for shelf rent and helps to equalize contribution. Generally gross margins obtained are inversely proportional to a product's rate of turnover.

How best to allocate finite and scarce retail shelf-space among alternative product offerings is a critical operational decision that is faced by all retailers. This decision directly relates to the profitability of a retailing organization as it affects both the cost and the revenue side of the operation. On the one hand, space allocation influences the perceptibility, and hence the demand and sales revenue, from particular product items. It also influences various costs, including those of transportation, ordering, holding and reshelving, and out-of-stock costs associated with particular product items. (Fred, 1986)

Slotting contracts influence retail shelf space allocation decisions in many product markets and in a variety of retail sectors. These contractual arrangements typically take the form of a payment by a manufacturer to a retailer in exchange for some form of promotional consideration, ranging from merely stocking the product to special displays or preferred shelf location, such as an end-aisle display or "eye-level" shelf space. They are an important part of today's retail landscape. (Joshua, 2007)

As Joshua (2007) stated, Slotting contracts are now a common feature of markets in which products are sold through retail distribution. The contracts occasionally include exclusive terms limiting the space available to a rival but generally require the retailer to commit a particular quantity or quality of shelf space to the supplier's product without any exclusive commitments. The term "slotting fee" is sometimes reserved for the use of upfront, lump-sum payments, which increased dramatically in the mid-1980s in terms of both the number of products covered and the magnitude of payment retail shelf space is a form of promotion because display of a product generates additional sales.

Shelf space allocation also affects store operating costs; products have very differing procurement, carrying and out-of-stock costs. In addition, such costs will normally be inversely related to the space allocated to a product. The smaller the space allocated to a product, the higher the chance of running out-of-stock and the greater there shelving frequency (Marcel and Peter, 1981)

As Jeffrey and Robert, (1969) mentioned; more reasonable to assume that only a portion of the increase in sales of the dealer brands results in sales losses of the manufacturers' brands. A more rational retail strategy is to maximize the sales of both the dealer's and manufacturers' brands. The allocation of shelf space offers the merchandiser a potent area of authority and a corresponding opportunity for financial gain from the intelligent management of shelf facings

Manufacturers of items sold through self-service retail outlets have a special interest in securing shelf space for their brands. A manufacturer interest in receiving a reasonable share of available shelf space stems from a desire to minimize stock outs and to attract more impulse items, putting the space squeeze on faster-selling nationally advertised brands. Other shelf space inequities develop because retailers stock excessive numbers of duplicate brands. Other inequities develop

because of the effect of store managers competitor sales force relations. A logical and " fair and unbiased" shelf allocation program, intelligently merchandised to the dealers, can help as manufacturer's sales force plays a key role in implementing shelf allocation programs, especially in inning up the cooperation of store managers. (Richard, Edward and Norman, 2006).

2.1.2. Conflict, Cooperation, and Competition between producer and outlet owners

No matter how well channels are designed and managed, there will be some conflict, if for no other reason than the interests of independent business entities do not always coincide. Here we examine three questions: What types of conflict arise in channels? What causes channel conflict? What can be done to resolve conflict situations?

Types of Conflict and Competition

Vertical channel conflict means conflict between different levels within the same channel. Vertical channel conflict is currently raging in consumer packaged goods, where power has shifted from producers to retailers. Even as manufacturers continue to pump out thousands of new products, retailers seeking maximum productivity from their limited shelf space are able to collect slotting fees from manufacturers for stocking new products, display fees to cover space costs, fines for late deliveries and incomplete orders, and exit fees to cover the cost of returning goods to producers. Trying to regain power from retailers, manufacturers are expanding into alternative channels, putting more emphasis on market-leading brands, and developing stronger links with important retailers through value-added distribution systems and programs that benefit all members of the channel. Horizontal channel conflict involves conflict between members at the same level within the channel. Horizontal channel conflict erupted,

Multichannel conflict exists when the manufacturer has established two or more channels that sell to the same market (Kotler, 2002).

Causes of Channel Conflict

Why does channel conflict erupt? One major cause is *goal incompatibility.* For example, the manufacturer may want to achieve rapid market penetration through a low-price policy. The dealers, in contrast, may prefer to work with high margins for short-run profitability. Sometimes conflict arises from *unclear roles and rights.* Territory boundaries and credit for sales often

produce conflict in such situations. By adding new channels, a company faces the possibility of channel conflict, Conflict can also stem from differences in perception, as when the producer is optimistic about the short-term economic outlook and wants dealers to carry more inventory, while its dealers are more pessimistic about future prospects. At times, conflict can arise because of the intermediaries' great dependence on the manufacturer.

Managing Channel Conflict

Some channel conflict can be constructive and can lead to more dynamic adaptation

2.1.3. Legal and Ethical Issues in Channel Relations

For the most part, companies are legally free to develop whatever channel arrangements suit them. In fact, the law seeks to prevent companies from using exclusionary tactics that might keep competitors from using a channel.

- ✓ **Exclusive dealing**. A strategy in which the seller allows only certain outlets to carry its products is called *exclusive distribution,* and when the seller requires that these dealers not handle competitors' products, this is called *exclusive dealing.* Both parties benefit from exclusive arrangements: The seller obtains more loyal and dependable outlets, and the dealers obtain a steady source of supply of special products and stronger seller support. Exclusive arrangements are legal as long as

    (1) They do not substantially lessen competition or tend to create a monopoly, and

    (2) Both parties have voluntarily entered into the agreement.

- ✓ **Exclusive territories**. Exclusive dealing often includes exclusive territorial agreements. The producer may agree not to sell to other dealers in a given area, or the dealer may agree to sell only in its own territory. The first practice increases dealer enthusiasm and commitment and is perfectly legal—a seller has no legal obligation to sell through more outlets than it wishes. The second practice, whereby the producer tries to keep a dealer from selling outside its territory, is a major legal issue.

- ✓ **Tying agreements**. The producer of a strong brand sometimes sells it to dealers only if they will take some or all of the rest of the line. This practice is called *full-line forcing.*

- ✓ **Dealers' rights**. Producers are free to select their dealers, but their right to terminate dealers is somewhat restricted. In general, sellers can drop dealers "for cause." But they cannot drop dealers In a changing environment. Too much conflict can be dysfunctional, however, so the Small-share competitors find it advantageous to use sales promotion, because they cannot afford to match the market leaders' large advertising budgets. Nor can they obtain shelf space without offering trade allowances or stimulate consumer trial without offering incentives.

As Kotler, (2002) mentioned, manufacturers award money to the trade for the following reasons;

- ✓ To persuade the retailer or wholesaler to carry the brand: Shelf space is so scarce that manufacturers often have to offer prices off, allowances, buyback guarantees, free goods, or outright payments (called slotting allowances) to get on the shelf, and once there, to stay on the shelf.

- ✓ To persuade the retailer or wholesaler to carry more units than the normal amount: Manufacturers will offer volume allowances to get the trade to carry more in warehouses and stores. Manufacturers believe the trade will work harder when they are "loaded" with the manufacturer's product.

To induce retailers to promote the brand by featuring, display, and price reductions: Manufacturers might seek an end-of-aisle display, increased shelf facings, or price reduction stickers and obtain them by offering the retailers allowances paid on "proof of performance."

2.2 Empirical Framework

As Hubner (2011) stated, shelf space competition in retail stores is at an all-time high, driven by the competitive need to constantly introduce new products. There has been significant product proliferation and shelf space competition in retail stores. Since the 1990s, the average number of items in overall store assortments increased by 20% between 1970 and 1980 by 75% (Greenhouse, 2005).

Consumers also exhibit a low level of involvement with their in store decisions and make choices very quickly after minimal search (Hoyer 1984).

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Since shelf space is limited, a retailer who carries the upstream monopolist's products necessarily foregoes carrying someone else's goods. These other manufacturers are assumed to operate in perfectly competitive industries, and they produce products which are unrelated to the monopolist's brands (Greg, 1991).

AS Retailers generally believe that display exposure influences product unit sales, so shelf space allocation is regularly manipulated to increase sales and profits. For example, products with high gross margins frequently are displayed in supermarkets at eye level, at high-traffic locations, and with many facings. The effect of shelf space also varies by geographic regions and by stores within regions as well as by store size (Ronald, 1972)

As Ronald (1973) stated, shelf space most often is measured in terms of display area. A more formal understanding of space elasticity might enable manufacturers to improve their brand management and product line decisions. Such understanding might enable retailers to develop more profitable assortment policies, make better decisions about store size, and develop more effective strategies for allocating shelf space to individual products and product families. Retailers might concede that sales would be affected equally by like changes of shelf space on different shelf levels, although they probably would argue that space changes on shelves closer

to eye level would have a greater impact on sales than would identical changes made on shelves above or below eye level.

SLIM (Store Labor and Inventory Management), a scheme for allocating shelf space so as to minimize overall store stocking expense by reducing back room inventories and the double-handling of goods, was widely promoted within the supermarket industry in the mid-1960s. The SLIM concept involved allocating to each product enough shelf space to

1. Support expected sales between regular deliveries without restocking,

2. provide for reserve stock sufficient to insure display attractiveness even at the time of maximum inventory depletion (just prior to restocking), and

3. Provide for restocking in full case quantities. SLIM and other logistically based schemes primarily are concerned with cubic shelf capacity and affect display area only because shelf depths generally are fixed. (Ronald, 1973)

In selecting the shelf treatments (number of shelf spaces), four different factors were considered. It was desirable to space the shelf treatments at equal intervals, thereby simplifying the statistical analysis. Second, to make the tests more powerful, it was desirable to make the differences between the shelf treatments as large as possible. Third, differences between shelf treatments were limited by the preferences of the supermarket man-agers. Fourth, the shelf treatment should not deviate too greatly from the shelf spaces that the test products occupied prior to the testing (Keith, 1964)

Ronald, (1973) coated Frank and Massy attributed only a modest effect to varying the shelf level at which a product was normally sold, and they noted no significant interaction between the effects of shelf level and the effects of shelf space on sales. Retailers might concede that sales would be affected equally by like changes of shelf space on different shelf levels, although they probably would argue that space changes on shelves closer to eye level would have a greater impact on sales than would identical changes made on shelves above or below eye level.

The allocation of scarce shelf space among competing products is a central problem in retailing. Space allocation affects store profitability through both the demand function, where both main

and cross space elasticizes have to be considered, and through the cost function (procurement, carrying and out-of-stock costs) (Marcel and Peter,. 1981)

As Marcel and Peter , (1981) Stated, Most retailers today still allocate shelf space on the basis of the subjective experience of merchandisers, while a few use commercial systems which are clearly non-optimal. The choice of brands to stock and the allocation of scarce shelf space among stocked brands are important to the retailer because these decisions are key determinants of his revenue and costs. Product display makes a retailer's main selling tool in today's self-service oriented stores. With limited space and an increasing number of products competing for this space, the retailer naturally seeks an allocation which will maximize his profits.

3. **Slotting fees**, the most common practice cited by shippers, involve a manufacturer or supplier paying a fee to a retailer to provide shelf space for a new product.

4. **Slotting allowances** using contingent claims analysis, or real option pricing. Slotting allowances arise because retailers hold call options on their shelf space while suppliers must buy these options to introduce a new product.

Marcel and Peter (1981), sited Shelf space affects sales, and seeks allocations which minimize operating costs or provide the maximum space to the products with the highest margins. The demand impact comprises the "main effect" of the positive elasticity of unit sales with respect to increased shelf space which will normally exist within a store. It also involves cross effects both from the change affecting the relative display exposure of that item vis a vis all other products and from relationships of substitution or complementarily between items

Do store managers increase shelf space for a given brand/size in order to increase its sales or in response to historical sales differences? The store managers and/or COSMOS (Computerized management information system which monitor the profitability of grocery items per units' shelf space) make shelf space allocation decisions to increase gross store profits. The attempt to maximize gross store profits will obscure whatever relationship originally existed between unit sales, shelf space, and other variables. Gross profit maximization implies that; the product of the gross profit per square foot of shelf space and the shelf space elasticity must be equal for all items in the same store. Put in other terms, gross profit maximization implies a perfect negative correlation between item gross profit per square foot and item shelf space elasticity in the same

store. It is obvious that if the manager or the COSMOS program attempts to equalize or nearly equalize gross profit per square foot, then all shelf space elastic ties will also be nearly the same

Suppose we took our data and, for a given time period, cross classified each store/brand/size observation by the number of shelf rows and sales and found a positive relation between the two variables. What might have caused such a relationship? There are a number of alternative hypotheses:

1. The number of rows is a determinant of sales, to the full extent we observe in our data.

2. The effect of number of rows (whatever its magnitude) is confounded with the store manager's response to historical sales differences from one brand to another and/or from one container size to another.

3. The effect of number of rows is confounded with differences in store size (e.g., larger stores might provide more display space per item for the product). Ideally, we would like to adjust for the possible confounding of brand/size and store effects with those of the shelf policy variables.

2.3 Conceptual framework

As Ronald C. Curhan (1973) stated Conceptual Models and Experimental Studies Implicit in most experimental studies is a conceptual model that assumes decreasing marginal returns. This concept was first explicitly related to shelf space/sales relationships by Lee, who hypothesized that as shelf space is increased, unit sales will increase at a decreasing rate until some maximum sales level is reached. This implies a curvilinear relationship between shelf space and sales.

As Ronald C. Curhan (1973) stated from Lee, profits would be maximized by shifting space until marginal return is equalized from all products. While intuitively appealing, the Lee model has not been tested explicitly, although some support for it may be inferred from studies in which products systematically have been tested over a range of shelf facings. It is evident that the impact of shelf space on unit sales differs among products, although the relationship of product characteristics to response rates is not well understood.

Ronald C. Curhan (1973) stated from Brown and Tucker has identified three classes of products, as follows:

I. "Unresponsive Products," such as salt, spices, and other products of the type classically considered relatively price inelastic;

II. General Use Products," such as break-fast foods, canned fruit, and canned vegetables, for which the effects of space were considered "fairly strong for minimum amounts of space, but. the point of diminishing return occurs fairly early;"

III. Occasional Purchase Products," such as sardines and canned nuts, which are "unlooked for" by most housewives.

This latter class of products was categorized as responding slowly to shelf space in-creases "until the display was large enough to force its attention on the shopper," at which point the "sales curve might rise steeply to reach its point of diminishing returns at fairly large amounts (perhaps impractically large amounts) of shelf space." (Note that this implies the existence of a step-function or "threshold effect" for shelf space.)It may be concluded that there is a small, positive relationship between shelf space and unit sales. In general, shelf space changes seem to affect sales more in larger stores than in smaller stores' Ronald C. Curhan (1973)

As Jeffrey A. Kotzan and Robert V. Evanson (1969) stated, for the manufacturer, the study's results indicate the importance of obtaining necessary shelf facings. To obtain maximum sales, the manufacturer needs sufficient shelf facings, but not necessarily all possible shelf facings.. For the retailer, implications of significant shelf facing effects are complicated by other factors. If sales increases derived from increasing the shelf facings of significant products result in sales losses of other products, the net effect is a reallocation of sales. Here the retailer cannot alter his total sales by maneuvering shelf facings. However, he may maximize his profits by assigning maximum facings to those products with the greatest gross margins and the greatest shelf facing effects. If the increases in sales with increased shelf facings result from increases in generic demand for the product category, the merchandiser may maximize his total sales by allocating maximum shelf facings to the products most responsive to shelf facings. If increases in private brand sales result in sales decreases of the manufacturers' brands and the retailer actively pursues this strategy, he may use the power of shelf facings to accomplish these ends. Pursued to an extreme, however, this strategy could result in reprisals from the manufacturer. This It is more reasonable to assume that only a portion of the increase in sales of the dealer brands results in

sales losses of the manufacturers' brands. A more rational retail strategy is to maximize the sales of both the dealer's and manufacturers' brands. The allocation of shelf space offers the merchandiser a potent area of authority and a corresponding opportunity for financial gain from the intelligent management of shelf facings.

Factors other than shelf space, many of them beyond the control of the store manager, influence rates of sale and thus impact shelf space elasticity's. Competitor and manufacturer promotional activity-even changes in local weather conditions-- probably interact with elasticity. Factors such as these may explain, in part, the observation of negative elasticity's for one-third of the items studied and make questionable the application. However, at the store level first consideration for shelf space allocation decisions is dictated by operational constraints, especially unit size, case pack, delivery frequency, and gondola configuration. Only after these considerations are shelf space allocation decisions made with specific concern for maximization of profit. Even then, gross sales most often are taken to be the relevant criterion, as this is the measure by which manager performance usually is judged. Decisions may include some subjective consideration of gross margins, but certainly are not based on precise knowledge of gross margin per unit of shelf space-much less on measures of profit contribution per unit of space-and product rankings by sales, margin and contribution Ronald C. Curhan(1974)

A multi-product manufacturer may resort to full-line forcing, brand discounts, aggregate rebates, or maximum resale price maintenance as part of his marketing strategy. Such practices shift surplus to the upstream firm and enable it to achieve its first best profit when retailers' opportunity costs of shelf space are known.. Since a retailer can selectively choose which brands to stock, and since the opportunity cost of stocking an additional brand includes the foregone profit from the reduced sales of substitute brands, the downstream firm will be able to earn strategic rent. In an effort to distinguish between the practices, it is considered the case where retailers differed in their opportunity cost of shelf space. Depending on the fraction of high to low cost retailers

As Marcel Corstjens and peter doyle stated, the objective of the case study was to show how the parameters of the model can be estimated and used in practice to develop a space assignment plan for a typical retail group. The results of the model are quite different from simpler models

and retailing rules-of-thumb and lead to estimated profit contributions which are significantly higher. It is evident that the common approach of ignoring cross elasticities and considering only main-effects leads to a major sub optimization in the allocation procedure. Similarly, allocating space on the basis of average sales or gross margin, while simple to operate, ignores key elements in the relationship between shelf space and group profitability. The model is capable of further development. Several areas of potential are clear. First, it is possible to suggest improved methods of estimating both the demand and cost parameters. Electronic point-of-sale data capture will facilitate much more scien-tific control and testing of alternative space allocation on sales and costs. Also it is straightforward in principle to extend the model to include other important variables such as space quality (e.g. eye level vs floor level shelving), price and advertising. In addition, alternative forms of constraint can be introduced. For example, if the lower bounds are set to zero in the control constraints the model also provides a product selection as well as allocation pattern. Finally the analysis could be extended beyond one period to include carry-over effects and the problem of multiperiod marketing mix determination. The potential for such developments lies in the unrestrictive and general formulation of the objective function of the model which can incorporate the complex relationship between space allocation and overall store performance.

Chapter III

Research Design and Methodology

3.1 Research Design

To accomplish the objectives mentioned on chapter I and to seek answer to the research question the student researcher used descriptive types of research method. This research method helps and typically concerned with determining the frequency with which an event occurs or the relationship between two variables. This type of design is typically guided by an initial relationship between two variables (Shukla, 2010). As Calmorin (2007) states, descriptive researches are valuable in providing facts on which scientific judgments may be based, providing essential knowledge about the nature of the subject matter, for closer observation into the practices, behavior, methods and procedures, playing a large part in the development of instruments for the measurement of many things, formulating of policies in the local, national or international level. Qualitative methods involve a researcher describing kinds of characteristics of people and events without comparing events in terms of measurements or amounts whereas quantitative methods focus attention on measurements and amounts (more and less, larger and smaller, often and seldom, similar and different) of the characteristics displayed by the people and events that the researcher studies (Thomas, 2003). The student researcher also applied both the quantitative and qualitative measurement methods. The qualitative measurement helps to interpret ideas which were gathered through open ended questions while the quantitative measurement method helped to interpret ideas which were gathered through close ended questions.

3.2 Population, Sample Size and Sampling Techniques

In addressing the research questions the student researcher considered the owner, manager and supervisor of the supermarket, minimarket and liquor shop or the employee of those organizations who decide the shelf space location with respect to the imported and local liquor product as respondents.

Concerning the sample size, supermarkets, Minimarket and liquor house available in Addis Ababa and also the owner, the manager of the organization and employees who have decision

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power on shelf space allocation was considered. Convenience sampling approach used since their exact number and list is available and this helps to get accurate data in terms of time and space. In doing so, the student researcher considered supermarkets, minimarket and liquor shop those are found in the capital city of Ethiopia. It is identified in Addis Ababa that there are about 38 supermarkets, 15 minimarkets and 20 liquor shops which they retail liquor product. The lists of which were obtained from Federal ministry of trade and industry. Based on the recommendation of Malhotra, (2006) a total number of 219 respondents was taken as a reliable sample size. To make the study feasible the student researcher communicated 4 respondents from each supermarket, 2 respondents form each minimarket and liquor house. Those facilities are purchase and sale liquor product in their facilities by display and facing on shelf and price tag attached on packaging. On those facilities the data related to this research was available by considering the number of customers visited the facilities and the products available in those facilities. 3 questionnaires were used for sample survey to test the compatibility of the questionnaires with the response, respondents and those 3 responses were not considered as formal data. Even though the total questionnaires distributed were 222, the number of questionnaires acutely distributed for the study were 219 and 206 response that was qualified the requirements are only considered for the study. The respondents considered for the study were not uniform because all the hierarchy is not around in all facilities during the data collection and the respondent's consideration procedure was not uniform. For ethical purposes the student researcher explained the purpose of the research to make the respondents feel confident enough in providing the necessary information.

3.3.Types of Data Collected

The student researcher used both primary and secondary data. The primary data collected from the supermarket, minimarket and liquor shop owners, managers and employees who decide the shelf space allocation. The secondary data obtained from the documentations, relevant books, articles and journals. In this way the research can provide both previous works of others as a reference and direct respond of the owners and employee of the organizations.

3.4. Method of Data Collection

To get first hand information which was important to the study, questionnaires which was developed by the student researcher and distributed among the supermarket, minimarket and liquor house owners or those organizations, employees who decide on shelf space allocation. The questionnaire included both open ended and close ended questions which helped the student researcher to acquire adequate information in conducting the research.

After the development of the questionnaire, orientation and discussion was carried out with the date collectors and checked the level of understanding regarding the structure of the questionnaires. The strong part of those staffs who was collected the date was, they have many experience to deal with supermarket, minimarket and liquor shop to collect date regarding market share and customer satisfaction feedback on liquors product. Considering their capabilities of the staff, the quality of the date assume practical for the research study. 3 samples have been taken to test how the questionnaire was easy to go through it by the time when date collectors fill the feedback of the respondent. As a feedback from the date collectors and the student researcher also observed that, there is language issue to deal with the respondent and it takes time for the date collectors to address the questionnaire by translating from English to Amharic. In order to minimize those outcomes, The student researcher decided to translate the questionnaire in to Amharic which helped to communication easily and capturing as many information as possible addressed by the respondents. For this reason, Universal translation office translated the questionnaire in to Amharic in order to minimize misunderstanding between the parties and avoid biasness about the subject matter arise by the date collectors.

The questionnaires were distributed among those organizations as follows. Four respondents considered from the supermarket, two respondents approached from each minimarket and liquor shops for those who are the Owner, Manager, Supervisor and support staff of the organization. The number of the respondent considered from each facility was by the size of the facility and the number of customers visiting daily to buying products for consumption. Some supermarket have branch in different location at Addis Ababa which have different setup assortment and shelf space arrangement for products considering the status of the customers and the combination of the society living around. This situation adds more understanding for the study and considered them as different entity on the research.

The date collection process started on February 23, 2015 and end on April 8, 2015 and the process were carried out for 38 working days including Saturday. The date collectors assigned and visited supermarket, minimarket and liquor shop on their designated normal operation region which was easy for them to collect the required data while they are doing their routine operation. Out of the total questionnaires distributed to collect data, 94% of the questionnaires were collected back and 6% of the questionnaire were not collected back and rejected which was not qualified for research study. This is because the major questions which are important for the study were not filled. On the research study 206 responses considered and the data are analyzed and interpreted for the research study.

3.5 Data Analysis Technique

The data that was obtained from close ended questions was analyzed using frequency, percentage; and standard deviation which are placed in tables. Responses that were obtained from open ended questions was narrated and used to support the analysis.

3.6 Limitation of the study

When the student researcher submitted the research title, the assumption was student researcher can simply do it as it is easy like to walk around and see how products arranged and displayed on shelf at supermarket and other facilities. It was hard to say that the student researcher was ever and never challenged and face hard time in life especially on academic career and Professional assignment as the student researcher did on post graduate study. Once the University approved the title **"Shelf spacing computation analysis of the local and international liquor brand the case of liquors product"** In order to deal with the given title, student researcher went through as many literatures as possible related with the title and to be honest, student researcher bed time was not more than 4 hour daily and some time even it was less for 2 and half month and on top of the time constraint the major hindrance was that the research study related with similar topic locally is limited for reference.

Currently, student researcher is employed and has to deal with the accountability and responsibility on student researcher expertise and deals with family issue which also share and limit student researcher time.

After data gathering, student researcher was also short of time since the 4th quarter marketing plane preparation and presentation has to done and present to the management for approval. To be successful on this difficult moment, the student researchers committed and counter the reality by scarified and utilized maximum the time without rest to deal with the research study simentenously. Thanks God for giving the courage to finalize the research within the planed time.

Fund also one of the other limitations to cover school fee and other expenses related with the research study since student researcher arrangement was planned to cover by self sponsor. Student researcher elder brother and boss of the student researcher supported on this regards and their assistance is a lot.

The knowledge and capability to implement SPSS was also one of the limitations that challenge to analysis the data. Student researcher friend whose name is Ibrahim Fedlurahman trained and helped a lot practically to deal on the system.

3.7 Reliability test

As Andrew, Pedersen, and McEvoy, (2011) adopted from (Nunnally and Bernstein, 1994), a popular method for measuring the internal consistency reliability a group of items is cronbach's alpha coefficient, often referred to as simply cronbach's alpha or cronbach's α. In short, cronbach's alpha measures how well a set of variables or items measures a single, unidimensional latent construct. It is essentially a correlation between the item responses in a questionnaire; assuming the statistic is directed toward a group of items intended to measure the same construct, cronbach's alpha values will be high when the correlations between the respective questionnaire items are high. Cronbach's alpha values range from 0 to1, and, in the social sciences, values at or above 0.7 are desirable, but values well above 0.9 may not be desirable as the scale is likely to be too narrow in focus.

Reliable Statistics

Table - 1

Items	Cronbach:s' alpha	Number of items
All variables	.842	20
Factors affecting consumer choice	.802	7
Visual elements	.436	3
Shelf space allocation decision	.729	10

The data on the above table shows that all cronbach:s' alpha variables result is .842 this shows that the questionnaire variables considered on this research is valid. Regarding on the factors affecting consumer choice the cronbach:s' alpha shows .802 this implies that the result of the questionnaire variables is valid. The third item that is visual element, the cronbach:s' alpha result is .436 which is below the standard however, it is possible to accept the result because the other chronbach's alpha result is under the standards and the totality of the questionnaire is valid. The last item regarding, shelf space allocation decision, the cronbach:s' alpha result is .729 this implies that and the result also complement the reliability of the questionnaire variables.

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Chapter IV

Analysis and Interpretation of Findings

4.1 Chapter Overview

This chapter discussed about the analysis of the findings which is obtained from the collected questionnaires from the respondents. The analysis is made using frequencies, percentage, mean, and that of standard deviation. After that interpretation is given for each analysis. While the responses from the open ended questions is narrated to support the finding from close ended questions.

4.2 Analysis of Respondents General Characteristics

As it is illustrated in the table mentioned bellow out of a total of 206 responses, 146 were from supermarket, 20 from minimarket, 16 from liquors shop and 24 from others (General store, Mart and café).

Table 2 Outlet

		Frequency	Percent	Valid Percent	Cumulative Percent
	Supermarket	146	70.9	70.9	70.9
	Minimarket	20	9.7	9.7	80.6
Valid	Liquor Shop	16	7.8	7.8	88.3
	Other	24	11.7	11.7	100.0
	Total	206	100.0	100.0	

The second table which is presented below, out of the total 206 respondents, 10 of them are owners of the facilities, 47 of them are managers and 116 of them are supervisors and 33 of them are support staff. In general terms the respondents are capable to understand the question and can respond to the questionnaire without any interference and in relation to the study topic. All individuals at this level can give proper answers for the study.

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Table 3 Occupation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Owner	10	4.9	4.9	4.9
	Manager	47	22.8	22.8	27.7
	Supervisor	116	56.3	56.3	84.0
	Other	31	15.0	15.0	99.0
	5	2	1.0	1.0	100.0
	Total	206	100.0	100.0	

Regarding the income of the employees 56 (27.2%), 69 (33.5%), 50 (24.3%) and 26 (12.6%) of the respondents have income of birr between 1,400 to 2,350, 2, 351 to 3,550, 3,551, 5,000 and above 5,000 respectively. This shows that the respondents working at supermarket, minimarket and liquor shop are capable to take the accountability and responsibility of the operation at the above facility.

Table 4 Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1400-2350	56	27.2	27.2	27.2
	2351-3550	69	33.5	33.5	60.7
	3551-5000	50	24.3	24.3	85.0
	>5000	26	12.6	12.6	97.6
	5.00	5	2.4	2.4	100.0
	Total	206	100.0	100.0	

4.3 Analysis of Major Findings

4.3.1 Factors affecting customers choice

As it is shown on bellows table, 16.5% and 44.2 % of the respondents agreed and strongly agreed that they buy imported liquors more than local liquor. 4.9% of the respondents are neutral. The rest 8.7 %, 25.7% of the respondent replied strongly disagree and disagree. This shows that in aggregate 60.7% of the total respondents are positive to buy imported liquor more than local

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liquor. The mean value which is 3.62 is closer to 4 indicating that, the respondents buy imported liquor more that the local liquor So, one can conclude from this that the respondents are consistent on buying imported liquor than local liquor. In addition to this the SD is 1.47 this implies that the response of the respondents is inconsistent or more deviated from the response of the average respondents.

Table 5 Buy imported liquors more than

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Stronglydisagree	18	8.7	8.7	8.7
	Disagree	53	25.7	25.7	34.5
	Neutral	10	4.9	4.9	39.3
	Agree	34	16.5	16.5	55.8
	Stronglyagree	91	44.2	44.2	100.0
	Total	206	100.0	100.0	

In the table shown bellow, in aggregate 93.7% of the respondents agreed and strongly agreed that the liquor's brand influence customer acceptance. This means that customer buying behaviors are highly associated with brand of the product.1% is neutral and on total 5% of the respondents strongly disagree and disagree The mean value which is 4.45 approaches to 5 indicates that majority of the respondents say that liquor brand influence customer acceptance. Hence one can conclude from this that, there is complement between the response on the liquor brand and influence on customer acceptance. In addition to this the SD is .84. This implies that the response of the respondents is inconsistent or more deviated from the response of the average respondents.

Table 6 Brand influence customer acceptance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Stronglydisagree	4	1.9	1.9	1.9
	Disagree	7	3.4	3.4	5.3
	Neutral	2	1.0	1.0	6.3
	Agree	72	35.0	35.0	41.3
	Stronglyagree	121	58.7	58.7	100.0
	Total	206	100.0	100.0	

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From the total respondents shows on bellows table 84 of them that is 40.8% and 106 respondents that is 51.5% agreed and strongly agreed that shelf space allocation and product facing is determined by liquor brand. On another hand only 7 of the respondents that is 3.4% and 6 that is 2.9% strongly disagree and disagree and 3 of the respondents 1.5% are neutral. This implies that shelf space allocation is highly depending on the brand of the product. The mean value which is 4.34 approaches to 4 indicating that majority of the respondents say that shelf space allocation and product facing are determine by liquor brand. Hence one can conclude from this that, there is consistency among the respondents on shelf space allocation and product facing which is determine by the brand of the liquor. In addition to this the SD is .91 and this implies that the response is inconsistent or more deviated from the response of the average respondents.

Table 7 Shelf space determine by brand

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Stronglydisagrss	7	3.4	3.4	3.4
	Disagree	6	2.9	2.9	6.3
	Neutral	3	1.5	1.5	7.8
	Agree	84	40.8	40.8	48.5
	Stronglyagree	106	51.5	51.5	100.0
	Total	206	100.0	100.0	

From bellows table we can see that (2.9 %) have agreed and (91.3 %) have strongly agreed that liquors brand shows social status. (2.4%) strongly disagree and (2.9%) disagree on the issue while the rest were neutral. This implies that customer's income and product brand are related and buying brand liquor also shows the status of the customers in the eyes of the society. The mean value which is 4.78 approaches to 5 indicating that liquor brand shows social status and some of them reply against the issue. Hence one can conclude from this that, there is consistency among the respondents on liquor brand showing social status. In addition to this the SD is .81 which shows that the response is inconsistent or more deviated from the response of the average respondents.

Table 8 Liquors brands how social status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Stronglydisagrss	5	2.4	2.4	2.4
	Disagree	6	2.9	2.9	5.3
	Neutral	1	.5	.5	5.8
	Agree	6	2.9	2.9	8.7
	Stronglyagree	188	91.3	91.3	100.0
	Total	206	100.0	100.0	

As it is depicted in the table shows bellow, respondents purchase imported liquor because liquor brand reflects customer value, in this regard 26.7% respondents agreed, 41.3% strongly agreed, while the rest of the respondents 5.3% strongly disagreed and 9.7% are disagreed and .17% are neutral. From this one can conclude, customers believed and purchased imported liquor product because liquor brand reflects customer's value and this implies that majority of the respondents agreed that in order to show their economic capacity and status they are buying imported branded liquors. The mean value which is 3.89 approaches to 4 indicating that respondents say that they purchase imported liquor product because liquor brand reflects customers value and some of them are not sure and replied against the issue. Hence one can conclude from this that, there is no strong consistency among the respondents on the issue. In addition to this the SD is 1.2 which shows that the response is inconsistent or more deviated from the response of the average respondents.

Table 9 We purchase imported because brands reflects our value

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Stronglydisagrss	11	5.3	5.3	5.3
	Disagree	20	9.7	9.7	15.0
	Neutral	35	17.0	17.0	32.0
	Agree	55	26.7	26.7	58.7
	Stronglyagree	85	41.3	41.3	100.0
	Total	206	100.0	100.0	

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From bellows total of 206 respondents; 178 that is 86.4% answered positively, and in reverse 22 of them 10.7% had negatively responded while the rest 6 of the respondents that is 2.9% were neutral regarding imported liquors display on shelf space to use for promotion. This describes that owner, manager and supervisors of the supermarket, minimarket and liquor shop displayed imported liquors to use as promotion while the rest is not sure on the issue and displayed the local liquors on their shelf without discrimination. The mean value which is 4.2 approaches to 4 indicating that respondents display on shelf space imported liquor to use as promotion so, one can conclude from this that, there is no strong consistency among the respondents regarding the issue. In addition to this the SD is 1.1 which shows that the response is inconsistent or more deviated from the response of the average respondents.

Table 10 Display imported liquors to use as promotion

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Stronglydisagrss	16	7.8	7.8	7.8
	Disagree	6	2.9	2.9	10.7
	Neutral	6	2.9	2.9	13.6
	Agree	68	33.0	33.0	46.6
	Stronglyagree	110	53.4	53.4	100.0
	Total	206	100.0	100.0	

As it is shown in the tables mentioned bellows on aggregate 48.1% strongly disagree and disagree that they are not purchased and displayed liquor product to get product on consignment base, on the other hand 7.3% are neutral while 44.4% of the respondent agreed and strongly agreed that they purchased and displayed liquor product to get product on consignment. This shows that some of the owners, managers and supervisors of the facilities using their shelf space for bargaining with the owner of the brand to get product on consignment The mean value which is 2.85 approached to 3 and this implies that respondents are not sure of purchase and display liquor product to get product on consignment base and also some of the respondents claimed against. In addition to this the SD is 1.72 which shows that the responses are consistent or not more deviated from the response of the average respondents.

Table 11 Display liquors to get product on consignment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagrss	82	39.8	39.8	39.8
	Disagree	17	8.3	8.3	48.1
	Neutral	15	7.3	7.3	55.3
	Agree	35	17.0	17.0	72.3
	Stronglyagree	57	27.7	27.7	100.0
	Total	206	100.0	100.0	

4.3.2 Visual element

As it is shown in bellows table, 83 of the respondent that is 40.3% and 75 of them that is 36.4% responded agree and strongly agree and 16 of them that is 7.8% and 3 of the respondent that is 1.5% strongly disagree and disagree while 29 of the respondent that is 14.1 % are neutral. When we aggregate the response 158 of the respondent that is 76.7% respond positively and 19 of them that are 9.3% responded against, this shows that, liquor origin influenced them to purchase and display on shelf space on a given outlet and this can support that liquor origin has positive relationship with shelf space allocation. The mean value which is 3.96 approaches to 4 indicating that, liquor origin persuades the respondent to purchase and display and others responded against the issue. Hence one can conclude from this that, there is no strong consistency among the respondents that liquor product persuades the respondent to purchase and display. In addition to this the SD is 1.1 which shows that the response of the respondents is inconsistent or more deviated from the response of the average respondents.

Table 12 Origin persuades to purchase and display

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Stronglydisagrss	16	7.8	7.8	7.8
	Disagree	3	1.5	1.5	9.2
	Neutral	29	14.1	14.1	23.3
	Agree	83	40.3	40.3	63.6
	Stronglyagree	75	36.4	36.4	100.0
	Total	206	100.0	100.0	

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Out of the total 97.6% of respondents replied that the attractive packaging of liquor product makes them to buy the product and 2% of the respondents replied on the reverse while 0.5% is neutral in the issue. This implies that, there is strong relationship between attractive packaging and sales volume of liquor product. This portrays that, using eye catching and attractive packaging attract customer to teach, to see and sooner or later the customer pay the price for the product and buy. The mean value which is 4.45 approaches to 5 indicating that the attractive packaging of liquor product makes the respondent to make buying decision Hence one can conclude from this that, there is strong consistency among the respondents that attractive packaging of liquor product makes the respondent to make buying decision. In addition to this the SD is .67 which shows that the response of the respondents is inconsistent or more deviated from the response of the average respondents.

Table 13 Attractive packaging makes us buy product

		Frequency	Percent	Valid Percent	Cumulative Percent
	Stronglydisagrss	2	1.0	1.0	1.0
	Disagree	2	1.0	1.0	1.9
Valid	Neutral	1	.5	.5	2.4
	Agree	97	47.1	47.1	49.5
	Stronglyagree	104	50.5	50.5	100.0
	Total	206	100.0	100.0	

From the bellows table, 108 of the respondents that are 52.4% and 86 of them 41.7 % agreed and strongly agreed about packaging size of the liquor product which is easy for handling makes the customers to buy the product. 7 of the respondents that are 3.4% are neutral. However 3 of the respondents that are 1.5% and 2 of them that is 1% strongly disagree and disagree. On absolute terms 196 of the respondent which is 94.1% replied that the packaging size of the liquor product which is easy for handling and if the packaging is portable, this feature of the packaging makes the customers to buy the product. This implies that packaging size and sales of liquor product have strong positive relation. The mean value which is 4.32 approaches to 4 indicating that the packaging size of liquor product makes them to buy the product so, one can conclude from this that, there is strong consistency among the respondents that packaging size of liquor product is a

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strong tool to influence purchase. In addition to this the SD is .72 which shows that the response is inconsistent or more deviated from the response of the average respondents.

Table 14 Packaging size makes us to buy product

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Stronglydisagrss	3	1.5	1.5	1.5
	Disagree	2	1.0	1.0	2.4
	Neutral	7	3.4	3.4	5.8
	Agree	108	52.4	52.4	58.3
	Stronglyagree	86	41.7	41.7	100.0
	Total	206	100.0	100.0	

4.3.3 Shelf space allocation and competitive advantage

As it is shown on bellows table, 41.3% of the respondents agreed that imported liquor influences them to allocate shelving space, 45.6% respondent strongly agreed and 7.8% are natural while 3.4% and 1.9% of the respondent strongly disagree and disagree. This implies that origin of the liquors highly influenced the respondent decision on shelf space allocation. The mean value which is 4.23 approaches to 4 indicating that imported liquor influence the respondent to allocate shelving space. Hence, one can conclude from this that there is no strong consistency among the respondents that influenced to allocate shelf space for imported liquor. In addition to this the SD is .93 which shows that the response is inconsistent or more deviated from the response of the average respondents.

Table 15 Imported liquors influence shelf space

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Stronglydisagrss	7	3.4	3.4	3.4
	Disagree	4	1.9	1.9	5.3
	Neutral	16	7.8	7.8	13.1
	Agree	85	41.3	41.3	54.4
	Stronglyagree	94	45.6	45.6	100.0
	Total	206	100.0	100.0	

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As it is shown on bellows table, 8 of the respondent that is 3.9% and 19 of them that is 9.2% replied strongly disagree and disagree and 20 of them responded neutral on the issue of liquor brand getting the respondent attention to stocked items on premium shelf space, the rest 58 of the respondent that is 28.2% and 101 of them that is 49% of the respondent agreed and strongly agreed that the liquor brand influences them to give premium shelf space on their facilities. This implies that imported liquors are fevered unfairly because of their origin only. The mean value which is 4.1 approaches to 4 indicating that there are respondents which says that imported brand liquor gain the respondent attention for premium shelf space and also some who are not sure that imported brand liquor gain the respondent attention for premium shelf space so, one can conclude from this that, there is no strong consistency among the respondents. In addition to this the SD is 1.14 which shows that the response is inconsistent or more deviated from the response of the average respondents.

Table 16 Brand gain our attention premium shelf space

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Stronglydisagrss	8	3.9	3.9	3.9
	Disagree	19	9.2	9.2	13.1
	Neutral	20	9.7	9.7	22.8
	Agree	58	28.2	28.2	51.0
	Stronglyagree	101	49.0	49.0	100.0
	Total	206	100.0	100.0	

Regarding facing of imported liquors at eye level height and at high traffic area 25.7% and 47.6% of the respondents replied that they agreed and strongly agreed while the rest 4.4% and 6.8% respondents strongly disagree and disagree and 15.8% of the respondents are neutral. Form the given information majority of the respondents that is 73.3% of them are positive for imported liquor to shelf and face at eye level height and at high traffic area. This shows local liquor discernment against the imported liquor and misses competitiveness at the outlet. The mean value which is 4.1 approaches to 4 indicating that there are respondents who say that they face imported liquor at eye level height and at high traffic area and also some who are not. Hence one can conclude from this that, there is consistency among the respondents. In addition

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to this the SD is 1.13 which shows that the response is inconsistent or more deviated from the response of the average respondents.

Table 17 Face imported liquor at eye level and high traffic area

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Stronglydisagrss	9	4.4	4.4	4.4
	Disagree	14	6.8	6.8	11.2
	Neutral	32	15.5	15.5	26.7
	Agree	53	25.7	25.7	52.4
	Stronglyagree	98	47.6	47.6	100.0
	Total	206	100.0	100.0	

As it is shown on bellows table, 79 (38.3 %) have answered strongly disagree, 72 (35 %) respond disagreed and 18 (8.7%) of the respondents are neutral. 23 (11.2%) and 14(6.8%) of the respondents replied agreed and strongly agreed. on aggregate 169 (82%) of the respondents are not positive for allocation of shelf space for liquor product because they are only imported. In net shell, majority of the respondent's disprove that liquors are not considered for shelf space allocation because of their origin. The mean value which is 2.1 indicates that majority of the respondents say that they do not allocate shelf space for liquor product only because they are imported and also some who are sure that they allocate shelf space for liquor product only because they are only imported. Hence one can conclude from this that, there is strong consistency among the respondents. In addition to this the SD is 1.23 which shows that there is consistency and not deviated from the response of the average respondents.

Table 18 Allocate shelf space because they are only imported

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagrss	79	38.3	38.3	38.3
	Disagree	72	35.0	35.0	73.3
	Neutral	18	8.7	8.7	82.0
	Agree	23	11.2	11.2	93.2
	Strongly agree	14	6.8	6.8	100.0
	Total	206	100.0	100.0	

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Out of 206 respondents; 2.9 % answered strongly disagree, 15.5% disagree and 3.4% are neutral about origin of liquor product is the important criteria when they decide to allocate shelf space. On other hand 53.9% and 24.3% of the respondent answered agree and strongly agree. From the above given figure one can conclude that even though the respondents do not consider shelf space because of the origin of the liquor 78.2% of the respondents agreed and strongly agreed that origin of liquor product is the important criteria when they decide to allocate shelf space. In general this shows that respondents are influenced by origin of the liquor product to allocate shelf space. The mean value which is 3.8 approach to 4 indicating that respondents which says that origin of product is the important criteria when the respondents decided to allocate shelf space and also some who are not sure that they do not consider origin of product as important criteria when they decide to allocate shelf space. Hence one can conclude from this that, there is consistency among the respondents. In addition to this the SD is 1.1 which shows that there is inconsistency or more deviated from the response of the average respondents.

Table 19 Origin is criteria for shelf space

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Stronglydisagrss	6	2.9	2.9	2.9
	Disagree	32	15.5	15.5	18.4
	Neutral	7	3.4	3.4	21.8
	Agree	111	53.9	53.9	75.7
	Stronglyagree	50	24.3	24.3	100.0
	Total	206	100.0	100.0	

As it is shown on bellows table, 119 respondents, that is 57.8% and 50 that is 24.3% of them replied strongly disagree and disagree and 21 that is 10.2% of them are neutral. On the other end 6 that is 2.9%, 10 that is 4.9% replied agree and strongly agree. From the analysis one can conclude that the respondents are aware the important of shelf space allocation and display for local liquors, however, there is unfair discrimination between local and imported liquors. This implies that local liquors are considered inferior to get appropriate shelf space at supermarkets, minimarkets and liquor shops. The mean value which is 1.7 approach to 2 and SD 1.1 indicate that there are respondents who said that they are aware about the importance of allocation of

shelf space and display for local liquor product and also some who are not sure about the importance of allocation of shelf space and display for local liquor products Hence, one can conclude from this that, there is consistency among the respondents. In addition to this, there is consistency or no significant deviation from the response of the average respondents.

Table 20 we are not aware important shelf space for local

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Stronglydisagrss	119	57.8	57.8	57.8
	Disagree	50	24.3	24.3	82.0
	Neutral	21	10.2	10.2	92.2
	Agree	6	2.9	2.9	95.1
	Stronglyagree	10	4.9	4.9	100.0
	Total	206	100.0	100.0	

From the table mentioned bellows, 1.5% and 3.9% of the respondents replied agree and strongly agree and 2.9% of them are neutral. On the other hand 60.2%, 31.6% of the respondents answered strongly disagree and disagree that back shelf and box are the space for local liquor products. This implies that on aggregate 92.8% of the respondents replied negatively for the issue of local liquor having display on shelf space on supermarket, minimarket and liquor shop. The mean value which is 1.5 approached to 2 indicating that respondents said that back space and boxes are not space for local liquor product and also some who are sure that back space and box are space for local liquor product. Hence one can conclude from this that, there is consistency among the respondents about the issue. In addition to this the SD .91 implies that the response of the respondents is consistent or not deviated from the response of the average respondents.

Table 21 Back shelf and box are space for local product

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Stronglydisagrss	124	60.2	60.2	60.2
	Disagree	65	31.6	31.6	91.7
	Neutral	6	2.9	2.9	94.7
	Agree	3	1.5	1.5	96.1
	Stronglyagree	8	3.9	3.9	100.0
	Total	206	100.0	100.0	

From the total described below, 29 (14.1%) and 58 (28.2%) replied that they strongly disagree and disagree and 22 (10.7%) are natural. On the other hand, 77 (37.4%) and 20 (9.7%) of the respondents agree and strongly agree that always imported liquor have priority on shelf space allocation. Considering the above data one can say that half of the respondents are negative for the issue and the rest except the neutral are positive and the respondents said that always imported liquor have priority on shelf space allocation on supermarket, minimarket and liquor shop. The mean value which is 3 indicates that respondents said that not always imported liquor have priority on shelf space allocation and also there are some who are sure that always imported liquor have priority on shelf space allocation. Hence one can conclude from this that, there is consistency among the respondents about the issue. In addition to this the SD 1.27 implies that the response of the respondents is inconsistent or more deviated from the response of the average respondents.

Table 22 Imported liquors have priority space allocation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Stronglydisagrss	29	14.1	14.1	14.1
	Disagree	58	28.2	28.2	42.2
	Neutral	22	10.7	10.7	52.9
	Agree	77	37.4	37.4	90.3
	Stronglyagree	20	9.7	9.7	100.0
	Total	206	100.0	100.0	

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Out of the total respondents 21.8% and 70.4% replied agreed and strongly agreed and 4.95 are neutral on the issue that customers by products from shelf space when product are displayed. On the other, 1.5% of each respondents replied that strongly disagree and disagree respectively. This implies that, there is a strong relationship between sales of product and display of product on shelf space. The mean value which is 4.58 approaches to 5 and the SD is .78 indicating that the majority of respondents who said that the customers buy product from shelf when products are displayed and also some who are not sure about the issue So, one can conclude from this that there is strong consistency among the respondents about the issue. In addition to this the response is inconsistent or more deviated from the response of the average respondent.

Table 23 Customer buy from shelf when product display

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagrss	3	1.5	1.5	1.5
	Disagree	3	1.5	1.5	2.9
	Neutral	10	4.9	4.9	7.8
	Agree	45	21.8	21.8	29.6
	Strongly agree	145	70.4	70.4	100.0
	Total	206	100.0	100.0	

Regarding buying liquor product that is imported and packing is nice although price is expensive, from the total responses; a total of 65.5% said strongly disagree and disagree and 18.4% of the respondent are neutral. From the total respondents 16% agreed and strongly agreed that they will buy liquor product that is imported and packing is nice although price is expensive. This shows that the customers is not price sensitive for the product to buy so that imported liquor is more preferable than the local liquor since the imported liquor packaging and labeling are eye catching and easily influence the customer while displayed on shelf space. The mean value is 2.26 indicating that respondents who said that they are not sure to buy liquor product that is imported and packaging is nice although price is expensive and also some who are sure that they buy liquor product that is imported and packaging is nice although price is expensive. Hence one can conclude from this that, there is consistency that the respondents do not buy liquor products that is imported and packaging is nice although price is expensive. In addition to this the SD 1.33

implying that the response of the respondents is consistent and not deviated from the response of the average respondents.

Table 24 Buy product that is imported and nice package

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Stronglydisagrss	76	36.9	36.9	36.9
	Disagree	59	28.6	28.6	65.5
	Neutral	38	18.4	18.4	84.0
	Agree	7	3.4	3.4	87.4
	Stronglyagree	26	12.6	12.6	100.0
	Total	206	100.0	100.0	

Chapter V

Summary, Conclusion, and Recommendation

5.1. Summary of Major Findings on Closed -ended question

Scare resource, shelf space is not considered as a means of income in local facilities at supermarket, minimarket and liquor shop which will be big potential for the owners and revenue for the Government.

In all outlets, shelf space is used as a box to shelving the entire stock instead of facing few packaging to create awareness for the customer to access for buying decision and can display and face as many verities of products as possible by utilizing professional display.

People who are working at supermarket, minimarket and liquor shop are not capable to apply economical utilization of the scare resource shelf space to create opportunity for maximizing sales volume which eventually maximizes profit of the distributors.

Customers are influenced and buy products when products are displayed and facing on shelf space at high traffic area with eye catching packing, labeling and price tag attached on the packaging.

Imported liquors are more preferred at supermarket, minimarket and liquor shop and stocked at premium shelf spacing considering their origin which the local liquor can't get at this level of acceptance.

From the above findings; most of the respondents prefer to display the imported liquor to attract their customers since customers always need attractive and beautiful product packaging.

5.2. Summary of Major Findings on Open -ended question

Local liquor manufacturers have big gap on image building factors that is competing on price, promoting their product, creating brand awareness and working on packaging size to change the existing discrimination on shelf space. To compete against imported liquors, the local liquors producers have to change their packaging, packaging size and labeling of their products.

Local liquors manufacturing and marketing structure is not capable enough to produce products that are competitive in the market and their marketing system and their employees are not good enough to challenge the imported product.

There is no good reason for the local liquor producers that prevent them from learning or copying the best practice of the foreign producer capability and rollout on their production and marketing practice to customize and apply locally.

In order to challenge the competition and consider equally with the imported liquors in the shelf space allocation and to be preferred at the supermarket, minimarket and liquor shop, local liquor producers have to work on change of product quality, packaging size, labeling and aggressive promotion.

5.3.   Conclusion

Rent of shelf space can generate income for government and owners of supermarket, minimarket and liquor shop if it lineout properly. In many of the local facilities, owners and manager or people working in those facilities avail and display products on their shelf space not by considering the rental from the producers or from local representative of the brand, but only by considering the brand and the origin of the product that they assume those feature of their stock or product displayed on their shelf space helps them to differentiate from their competitors.

From the findings one can say that, many customers can buy products influenced by attractive display at supermarket, minimarket and liquors shop on top of what they plan to buy for household consumption. These practices help the owners of the facilities to promote not only the displayed product but also differentiate their facility from their rival by providing more verity of product for their customers.

One can see from the finding that, in many outlets, owners, managers and other support staff prefer to display imported liquors instead of locally manufacturer liquors only because of lack of awareness. This unfair discrimination affects the competitiveness of the product and eventually this leads to force the country to import liquors from the national reserve saving.

On this research, it is exhibited that imported products are preferred and are easily available in many supermarkets, minimarkets and liquor shops and having premium location and eye catching facing which help them to get easy access with the buyer. The local liquors either difficult to enter in many outlet as the imported did to compete at supermarket, minimarket and liquor shop or owners is not charged shelf space rental from the imported liquor which have double negative effect that missing rental from shelf space which can generate revenue for the Government and eventually this also affects the GDP of the country and hinder the competitiveness of the local liquor product.

In a nut shell the local liquors producers must try hard to change the existing situation by collaborating with the owners of the supermarket, minimarket and liquor shop owners at any level, the growth of the local facilities to be on the expected standard of product quality, packaging and labeling to satisfy the expectation of the consumers to challenge against the imported standard to compete with the imported products

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From the findings above one can say that the local liquor producers must change and upgrade their production and marketing capabilities to produce competitive quality product, eye catching packaging and labeling to compete with the imported brands on the dynamic environment to satisfy the ever changing customer demand.

One can conclude that even though there is a big different between the imported and local liquors product and packing quality, all parties that is government, local producers and traders collaborate and work together to minimize the imported one and highly promote the local one through time by long term planning and those collaboration will support the local economy by reducing outflow of foreign currency for liquor product and work opportunity for the citizen.

On the research study, many outlet owners, managers, supervisors and support staff are willing to give more shelf space to imported liquor. In this regard, the local producers have to work hard to get proper shelf space for their products. They should create a feeling that if a retailer does not give appropriate shelf space to national brand, then it is not supporting the national development efforts. In order to curve the current status, the retailers have to be proud to stock and retail national product and promote the same to their customers. If this exercise is practiced for extended period of time, the society will be loyal for national products and the concentration of retailers has increased day by day which is pretty good for contributing to the GDP.

5.4. Recommendation

Government should have to come up with firm policy and regulation to utilize shelf space resource in the way that this resource will be one of the variables for revenue of the country since currently local municipality charges from any signage placed on POS (point of sales) in some part of the country from different producers.

Owners of supermarket, minimarket and liquor shop have to have better understanding regarding this scare resource (shelf space) selection, placement, assortment and facing product on shelf space not only to give premium location to their favorite producers and products to catch customer's attention but also use as promotion tool and they have to pay tax out of the income they get from the producers.

It is obvious that allocating shelf space, in many manufacturers and supermarket retailers and employees decision rules which assumes a positive relationship between the amount and location of shelf space given to a product and its sales. All employees who are working in these facilities have to be well trained to utilize this scare resource

Local manufacturers have to change and incorporate best product packaging and attractive labeling to consider by the facilities to secure shelf space.

Local liquors manufacturers have to wake up and work on the change what is required to compete with the imported liquors by providing customer focus and customer oriented product and service and also work together with the supermarket, minimarket and liquor shop owners and employee by conducting survey and work on the feedback, taking corrective action and satisfying them by developing new feature of product by developing in-house research and development capability and work together with higher academic institution to develop local capabilities.

Producers also should have a look at the details of how they can work with the owners of supermarkets; minimarkets and liquor shops to utilize this scarce resource economically while the owners of those facilities placed and display different products. This practice helps the producers to communicate with the customers and use as means of promotion and for producers also to consider some amount of money on their marketing budget for this purpose.

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The concerned bodies like Ministry of trade, trade office of city municipality and regional trade offices have to educate the stakeholders in this regards

During the data collection, data collectors recommended to roll out the practice of some local liquor manufacturer that the producers installing their own shelf in selected outlet which help them to exclusively display their own products without limitation to minimize the competition from their rivals and to reduce cost of the rental for shelf space in future if supermarkets, minimarkets and liquor shops owners charge rental.

Since the number of research study conducted in this regards are limited, this can be an opportunity to consider the subject matter from different perspective to conduct better and value adding research.

5.5 Future area of research

Anyone who is interested in doing further research in related areas could think of working on the following topics. The topics include; shelf space competition among locally produced liquor products, value analysis (cost benefit analysis) of a given product in a given allocated shelf space, the third area of study can be; the relation of outlet geographic location with shelf space allocation, furthermore, the relation of shelf space to that of the physical evidence of the outlets could be the areas for future investigation. In doing so the gaps in the research study could be narrowed down and will give clearer site to interested readers.

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Appendices

St. Mary's University

School of Graduates

MBA Program

Questionnaire to be filled by Owner, Mangers of

Supermarket, Minimarket and Liquor shop

This questionnaire is prepared by graduate student of St. Mary's University in the field of MBA Program for the partial fulfilment of a master's thesis. This questionnaire is prepared to assess shelf space computation analysis of local and international liquor brand the case of Vodka, Gin, Ouzo and Cognac and its purpose is purely academic.

The validity of your response has high contribution for success of my study. Due to this reason, I would like to ask with due respect to give the right response. All information you provide to this study will be kept strictly confidential.

Thank You for your sincerely cooperation.

Instruction

- ➢ Give your response by placing "X" sign in the box.

- ➢ No need to write your name.

I. **Type of Outlet**

Supermarket ☐ Minimarket ☐ Liquor shop ☐ Any other ☐

II. **General Questions**

11. I Gender: Male ☐ Female ☐

11. II Age:

20-25 ☐ 26-30 ☐ 31-35 ☐ 36-40 ☐ 41-45 ☐ 46-50 ☐ >50 ☐

11. III Educational Background

10/12 Completed ☐ Certificate ☐ Diploma ☐

1st Degree ☐ Master and above ☐

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II.IV. Occupation

Owner ☐   Manager ☐   Supervisor ☐   Other ☐

II. V. Income

1,400-2,350 ☐   2,351-3,550 ☐   3,551-5,000 ☐   >5,000 ☐

III.   Questions Directly Related to the Study

Evaluate the following questions stating;

Strongly Agree=5; Agree=4; neutral=3, Disagree=2; Strongly Disagree=1

Factors affecting consumers choice						
Item no	**Description**	**1**	**2**	**3**	**4**	**5**
1.	We buy imported liquor more than local liquor					
2.	Liquor brand influence customer acceptance					
3.	Shelf space allocation and product facing determine by liquor brand					
4.	Liquor brand shows social status					
5.	We purchase imported liquor product because liquor brand reflects our value					
6.	We display on shelf space imported liquor to use as promotion					
7.	We purchase and display liquor product to get product on consignment base					
Visual Element						
8.	Liquor origin persuades us to purchase and display liquor product					
9.	The attractive packaging of liquor product makes us buy the product					
10.	The packages size of liquor product makes us to buy the product					
Shelf space allocation Decision						
11.	Imported liquor influence us to allocate shelving space					

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12.	Liquor brand gain our attention for premium shelf space					
13.	We face imported liquor at eye level height and at high traffic area					
14.	We allocate shelf space for liquor product because of they are only imported					
15.	Origin of product is the important criteria when we decide to allocate shelf space					
16.	We are not aware important of allocation, shelf space and display for local liquor products					
17.	Back shelf and box are space for local liquor product					
18.	Always imported liquor have priority on shelf space allocation					
19.	Customer buy product from shelf when product are displayed					
20.	We will buy liquor product that is imported and packaging is nice although price is expensive					

21. If product is displayed on shelf space, do you think it can influence customer to buy products and in what order?

_____

_____

_____

22. What look and feel would you like to be incorporated in the local liquor product shelf space allocation?

_____

_____

_____

23. What image building factors, (price, promotion, brand awareness, and packaging size) would you like to consider changing the existing situation of shelf space competition with imported and local liquor product?

_____

_____

_____

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24. What elements do you feel will be most effective and why?

_____

_____

_____

25. If you are asked what should be changed in local liquor product to consider equally with imported one, what would be your recommendation?

_____

_____

_____

ቅ.ማርያም ዩኒቨርስቲ

ድህረ-ምረቃ ትምህርት ቤት

ማስተር ኦፍ ቢዝነስ አድሚኒስቴሬሽን መርሀ ገብር

ይህ ቃለ መጠይቅ በሱፐርማርኬት፣ ሚኒማርኬትና በመጠጥ ሱቅ

ባለቤቶችና ስራ አስኪያጆች የሚሞላ ነው፡፡

ይህ ቃለ መጠይቅ የቅ.ማርያም ዩኒቨርስቲ ድህረ-ምረቃ ተማሪ በኤምቢኤ (ማስተር ኦፍ ቢዝነስ አድሚኒስትሬን) መርሀ ግብር ለድህረ-ምረቃ መመረቂያ ጽሁፍ በከፊል እንዲያሟላት የተዘጋጀ ነው፡፡ ይህ ቃለ መጠይቅ እንደቦካ፣ ጂን፣ ኡዞና ኮኛክ በመሳሰሉት የሀገርና የውጭ ሀገር ምርቶች የመደርደሪያ ቦታ ላይ ስሌታዊ ትንተና ለማካሄድ የተዘጋጀ ሲሆን ዓላማውም ፍጹም ትምህርታዊ ነው፡፡

የእርስዎ ምላሽ ጥራት ለጥናቱ ስኬታማነት ከፍተኛ አስተዋጽኦ አለው፡፡ ለዚህ ጥናት የተሰጠው መረጃ በሙሉ በጥብቅ ምስጢርነት የሚጠበቅ ይሆናል፡፡

ከልብ ላደረጉት ትብብር እናመሰግናለን፡፡

መመሪያ

- ምላሽዎን በሳጥኑ ውስጥ "X" በማስቀመጥ ይስጡ፡፡

- ስምዎን መጻፍ አያስፈልግም

I. የስራው ዘርፍ

   ሱፐርማርኬት □   ሚኒማርኬት □   የመጠጥ ሱቅ □

   ማንኛውም ሌላ □

II. **አጠቃላይ ጥያቄዎች**

II.I. **ጾታ**: ወንድ □   ሴት □

II.II. **ዕድሜ**

   20-25 □   26-30 □   31-35 □   36-40 □   41-45 □

   46-50 □   > 50 □

II.III. **የትምህርት ደረጃ**

10/12 ያጠናቀቀ ☐   ሰርቲፊኬት ☐   ዲፕሎማ ☐

መጀመሪያ ዲግሪ ☐   ድህረ-ምረቃና ከዚያ በላይ ☐

II.IV. **ስራ**

ባለቤት ☐   ስራ አስኪያጅ ☐   ተቆጣጣሪ ☐   ሌላ ☐

II.V. **ገቢ**

1,400-2,350 ☐   2,351-3,350 ☐   3,551 - 5000 ☐   > 5000 ☐

III. **በቀጥታ ከጥናቱ ጋር የሚገናኙ ጥያቄዎች**

የሚከተሉትን ጥያቄዎች እንደሚከተሉት ይምረጡ

በጣም እስማማለሁ=5፤ እስማማለሁ=4፤ ገለልተኛ ነኝ=3፤ አልስማማም=2፤ በጣም አልስማማም=1

በተጠቃሚዎች ምርጫ ለይ ተጽዕኖ የሚያሳድሩ ምክንያቶች					
ተ.ቁ	ዝርዝር መግለጫ	1	2	3	4	5
1	ከሀገር ምርቶች ይልቅ ከውጭ በግገር የሚመጡትን መጠጥ እንገዛለን					
2	የመጠጥ ዓርማ በደንበኛ አቀባበል ላይ ተዕዕኖ ያሳድራል					
3	የመደርደሪያ ቦታ አሰጣጥና የምርት በትይይነት አቀማመጥ በመጠጡ ዓርማ ላይ ይወሰናል					
4	የመጠጥ ዓርማ ማህበራዊ ደረጃን ያሳያል					
5	የመጠጥ ዓርማ በደረጃ አሰጣጣችን ላይ ተዕዕኖ ስለሚያሳድር በግገር ከውጭ የሚመጣውን የመጠጥ ውጤት እንገዛለን					
6	በማስታወቂያነት እንዲጠቅሙን በግገር ከውጪ የሚመጣውን መጠጥ በመደርደሪያ ላይ እናሳያለን					
7	ምርቱን በጊዜ ክፍያ ለማግኘት በግገር ከውጪ የሚመጣውን መጠጥ ገዝተን በማሳያ ላይ እናስቀምጣለን					
	የእይታ ክፍል					
8	መጠጥ የሚመረትበት ሀገር መጠጡን ገዝተን በማሳያ ላይ እንድንደረድረው ያግባባናል					

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9	የመጠጥ መያዣ ማራኪ አስተሻሸግ መጠጦችን እንድንገዛ ያደርጉናል					
10	የመጠጥ መያዣ እሽጎች መጠን መጠጡን እንድንገዛ ያደርገናል					
<center>የመደርደሪያ ላይ አቀማመጥ ቦታ ውሳኔ</center>						
11	በግገር ከውጭ የሚመጡ መጠጦች መደርደሪያ ላይ ለማስቀመጥ ስሜታችንን ይስባሉ					
12	የመጠጥ ዓርማ የመጅመሪያውን የመደርደሪያ ቦታ እንድንሰጠው ያስገድደናል					
13	በግገር ከውጭ የመጣ መጠጥ የትራፊክ እንቅስቃሴ በሚበዛበት፣ ከእይታችን እይታ ክፍታ እናስቀምጣለን					
14	በግገር ከውጪ ስለመጣ ብቻ መጠጡን የመደርደሪያ ቦታ እንመድብለታለን					
15	የመደርደሪያ ቦታ በምንመድብበት ጊዜ ምርቱ የመጣበት ሀገር ጠቃሚ መመዘኛ ነው					
16	ስለሀገር ውስጥ የመጠጥ ምርቶች በመደርደሪያ ላይ አቀማመጥ ጠቃሚነት እውቀት የለንም					
17	የጅርባ መደርደሪያና ሳጥኖች የሀገር ውስጥ መጠጥ መቀመጫ ቦታዎች ናቸው					
18	በግገር ከውጪ የሚመጣ መጠጥ በመደርደሪያ ላይ ለማስቀመጥ ምንጊዜም ቅድሚያ ይሰጠዋል					
19	ደንበኛ ከመደርደሪያ ላይ ምርት የሚገዛው ምርቶች በማሳያ ላይ ሲሆኑ ነው					
20	ዋጋቸው ውድ ቢሆንም እንኳን እኛ ወደፊትም የምንገዛው በጥሩ እሽግ በግገር ከውጪ የሚመጣውን የመጠጥ ውጤት ነው					

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21. የመጠጥ ምርቱ በማሃያ ቦታ ላይ መቀመጥ የገዦዎችን የመግዛት ፍላጎት ይጨምራል በምን ደረጃ?

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22. በአገር የመጠጥ ውጤት የመደርደሪያ ቦታ አመዳደብ ላይ ምን አይነት እይታ እንዲጨመርበት እንዲደረግ ትፈልጋላችሁ?

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23. የገጽታ ግንባታ ሁኔታዎችን አስመልክቶ (ዋጋ፣ ማስታወቂያ፣ የአርማ ማሳወቅ እና የአስተሻሸግ መጠን) ከውጪ በግገር ከሚመጡት እና በአገር የመጠጥ ውጤቶች መካከል በሚደረገው ውድድር በአሁኑ ወቅት ባለው የመደርደሪያ አቀማመጥ ምን አይነት ለውጥ እንዲደረግ ትፈልጋላችሁ?

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24. የትኞቹ እርምጃዎች ይበልጥ ውጤታማ የሚሆኑ ይመስላችኂል? ለምን

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25. የአገር ውስጥ መጠጥ በግገር ከውጪ ከሚመጣው መጠጥ ጋር መደርደሪያ ቦታ እኩል እንዲያገኝ ለማድረግ መለወጥ ያለበት ምን እንደሆነ ብትጠየቁ አስተያየታችሁ ምን ይሆናል?

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Table 27 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
Age	206	1.00	7.00	2.8981	1.40879	1.985
Income	206	1.00	5.00	2.2961	1.07508	1.156
Buy imported liquors more than	206	1	5	3.62	1.473	2.169
Brand influence customer acceptance	206	1.00	5.00	4.4515	.84106	.707
Shelf space determine by brand	206	1.00	5.00	4.3398	.91655	.840
Liquors brand shows social status	206	1.00	5.00	4.7767	.80767	.652
We purchase imported because brands reflects our value	206	1.00	5.00	3.8883	1.20250	1.446
Display imported liquors to use as promotion	206	1.00	5.00	4.2136	1.15738	1.340
Display liquors to get product on consignment	206	1.00	5.00	2.8447	1.71511	2.942
Origin persuades to purchase and display	206	1.00	5.00	3.9612	1.12551	1.267
Attractive packaging makes us buy product	206	1.00	5.00	4.4515	.65895	.434
Packaging size makes us to buy product	206	1.00	5.00	4.3204	.72197	.521
Imported liquors influence shelf space	206	1.00	5.00	4.2379	.93011	.865
Brand gain our attention premium shelf space	206	1.00	5.00	4.0922	1.14177	1.304
Face imported liquor at eye level and high traffic area	206	1.00	5.00	4.0534	1.13999	1.300
Allocate shelf space because they are only imported	206	1.00	5.00	2.1311	1.23261	1.519
Origin is criteria for shelf space	206	1.00	5.00	3.8107	1.06294	1.130
We are not aware important shelf space for local	200	1.00	5.00	1.7200	1.08512	1.177
Back shelf and box are space for local product	200	1.00	5.00	1.5400	.90692	.823
Imported liquors have priority space allocation	206	1.00	5.00	3.0049	1.27067	1.615
Customer buy from shelf when product display	206	1.00	5.00	4.5825	.77804	.605
Buy product that is imported and nice package	206	1.00	5.00	2.2621	1.32857	1.765

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Validity analysis table 28

All variables

		N	%
Cases	Valid	206	100.0
	Excluded[a]	0	.0
	Total	206	100.0

Reliability Statistics

Cronbach's Alpha	N of Items
.842	20

Factors affecting consumer choice

		N	%
Cases	Valid	206	100.0
	Excluded[a]	0	.0
	Total	206	100.0

Reliability Statistics

Cronbach's Alpha	N of Items
.802	7

Visual elements

		N	%
Cases	Valid	206	100.0
	Excluded[a]	0	.0
	Total	206	100.0

Reliability Statistics

Cronbach's Alpha	N of Items
.436	3

Shelf space allocation decision

		N	%
Cases	Valid	206	100.0
	Excluded[a]	0	.0
	Total	206	100.0

Reliability Statistics

Cronbach's Alpha	N of Items
.729	10

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