

An assessment of the relationship between distribution practice
and sales volume in the case of Meta brewery

BY:

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Under the Guidance of

Advisor: Dr. Getie Andualem



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ADDIS ABABA, ETHIOPIA

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CERTIFICATE

This is to certify that the thesis entitles “An assessment of the relationship between distribution practice and sales volume in the case of Meta brewery”, submitted to St. Marry University for the award of the Degree of Master of Marketing Management and is a record of bonafide research work carried out by Mr. *Hailemariam Endeshaw*, under the guidance and supervision of Dr Getie Andualem (*Senior Marketing Researcher & Management consultant, Head marketing Management Department and president of EMPA*)

Therefore, we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

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(Senior Marketing Researcher & Management consultant, Head marketing Management Department and president of EMPA president of EMPA)

DECLARATION

I hereby declare that this thesis entitled “An assessment of the relationship between distribution practice and sales volume in the case of Meta brewery”, has been carried out by Hailemariam Endeshaw under the guidance and supervision of Dr. Getie Andualem (*Senior Marketing Researcher & Management consultant, Head marketing Management Department and president of EMPA*)

The thesis is original and has not been submitted for the award of any degree or diploma to any university or institutions.

Researcher's Name

Date

Signature

Hailemariam Endeshaw

ABSTRACT

The study sought to assess the relationship between distribution practice and sales volume in the case of Meta brewery. The study was guided by the following specific objectives: To show in what way and the extent in which, distribution channel affect the sales volume of the company, and to point out the significant factors influencing the distribution channel system of Meta Brewery? A distribution channel consists of the set of people and firms involved in the transfer of title to a product as the product moves from producer to ultimate consumer or business user. Diverse distribution channels exist today, A company wants a distribution channel that not only meets customers' needs but also provides an edge on competition, and for the purpose of this study, an organized approach is required which comprises of four Sequence decisions: (i) specifying the role of distribution (ii) selecting the type of channel (iii) determining intensity of distribution (iv) Choosing specific channel members - that is selecting specific firms to distribute the product. The study focused on the staff of marketing department, commercial department including, sales representatives, operation department and equivalent staffs of Meta Brewery from selected Addis Ababa and around major markets. The study adopted a descriptive survey design. Purposive judgmental proportion technique was carried out to arrive at a representative sample for the study and 74 willing employees were found to participate in the study and taken as a target for the sample size. The researcher used primary source of data which was obtained through a semi-structured questionnaire. The Statistical Package for Social Sciences (SPSS) was used as an aid in the analysis. The findings indicate that Product type competition has become intense, so has channel penetration. Majority of the company's activities were focused on product availability and on time delivery system. The demand was driven by using push strategy and there is unbalance between the pull & push activities. This is attributable to the fact that the company had facing marketing problems including changing client attitudes and societal needs, increasing competition and the need to find alternative or substitute products which limits the company to focus on the push activities. Effective marketing is essential for helping them meet these challenges and maintain vitality, viability and relevance in today's turbulent environment. The result further indicated that the company had a procedure of tracking and analyzing the words of its consumers. The research has opened up the venue for future studies to investigating the effect of distributional methods on sales of companies in the context of emerging economies like Ethiopia.

Key Words: Channel levels, product availability, shipment, depletion, type of channels

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ACRONYMS

ABV	Alcohol by Volume
BSS	Behavioral Surveillance Survey
CSA	Central Statistics Agency
EPHA	Ethiopian Public Health Association
ICAP	International Center for Alcohol Policies
SIP	Sales Incentive Plan
KPI	Key Performance Indicator
NHS	Neighbor Hood Stockiest
SKU	Stok Keeping Unit
ROS	Rate of Sales
NSV	Nate Sales Value
FIFO	First In First Out
LIFO	Last In first out
RTC	Route to Consumer
RTM	Route to Market

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

A product is not important to the consumer, if it is not available when and where it is wanted. A product reaches customers through a channel of distribution. Decision areas include: selecting and manning the middlemen, storage, handling and transporting the product. Marketing channels are very crucial in structuring marketing decisions. This is because without the channels; products will never get to the customers who need them. Channel decisions can only be productive if there is goal congruence between the company and its channel members. However, Intermediaries/middlemen who direct products to dysfunctionalities will set in if channel conflicts occur between them as marketing channels are very crucial for the success or other wise of marketing efforts. Pride and Ferrell (1985) define marketing channel or channel of distribution as “a group of interrelated customers”. Author: PhD. Department Of Business And Social Science, University Of Ilorin, Ilorin. Rachman and Mescon (1982) see channel of distribution as “a sequence of marketing agencies (such as wholesalers and retailers) through which a product Passes on its way from the producer to the final user”. Richard (1976) et al defines channel of distribution as “a combination of middlemen that a company uses to move its products to the ultimate purchaser”. Bonne and Kurt (1980) regard marketing channels as “the paths that goods and title to them follow from producer to consumer”. A distribution channel consists of the set of people and firms involved in the transfer of title to a product as the product moves from producer to ultimate consumer or business user.

A channel of distribution always includes both the producer and the final customer for the product in its present form as well as any middlemen such as retailers and wholesalers. The act of bridging the gap between producer and consumer and provide the purchaser with a convenient means of obtaining the product that he or she wishes to buy.

A distribution channel, a chain of intermediaries, is the how and where a good or service reaches the end consumer. It comprises wholesalers, retailers, distributors and nowadays the internet too. Many companies do not sell their products directly to end users. In mass production and consumption industries in particular, many manufacturers rely on distributors, representatives, sales agents, brokers, retailers or some combination of these intermediaries to distribute their products (Hughes and Ahearne, 2010). On the same note, the beverage industry is not exceptional either. (The Drink Business, 2013). These intermediaries perform a variety of functions and constitute a marketing channel, that is also referred to a trade channel or distribution channel (Kotler and Keller, 2008).

At present time there are six breweries operating in Ethiopia. BGI Ethiopia, Dashen, Diageo (Meta), Heinken, Habesha, and Raya. Two other beer factories, Zebidar Brewery in Gurage Region and Kangaroo Beer in Modjo, Oromia Region are under formation. The climate of the Ethiopia’s beer industry has undergone major changes in the last 4 years. The entrants of multinational

companies coupled with the necessity of in meeting the timely increasing of the demand and supply requirement made the competition to become stiff. Many kind of distribution strategies are frequently used and played a crucial role in the sales of a company. Beside the well-known factors of marketing mixes namely, price, communication levels and product quality, many of companies have exerting their full potential to penetrate the market through formulating different distribution strategies and widening their destination (Foreign companies battle on Ethiopia, January 2015, Reuters).

The importance of channel intermediaries has grown in recent years, largely due to increased size, improved level of product knowledge, technical competence, specialization and various other factors (Kalafatis, 2000). In a typical distribution channel for consumer goods, for example, manufacturers sell to retailers, which sell to consumers in markets. Retailers break bulk, holds inventory, provide shelf space, create promotional displays and advertising, create one-stop-shopping convenience and a pleasant shopping environment, all of which increases demand for the manufacturer's product (Desiraju and Moorthy, 1997). Retailers gain a central position in many industries thanks to their increasing degree of concentration and internalization, successful launching of retailer brands and by controlling more and more of the value-adding functions with the distribution supply chain (Burt, 2000; Dawson, 2000; Elg, 2003). However, Retailers are continuously adapting themselves to changing market conditions. In support of Dobson et al.'s idea (2003) in the retail business, consumer needs are met by the systematic management of category of products and/or services (Holmström, 1997). Despite the importance of channel intermediaries: knowing the accurate effect on the sales volume is inconclusive and poorly understood. Thus, The divergent objectives of retailers and manufacturers especially, in relation with inventory measurement (shipment or depletion), whole sale margin and effect of gate price subsidy, absence of well integrated and comprehensive approach to product availability and distribution coverage, safety stock and reordering level, motivation scheme for sales force, and poor channel management and monitoring system (periodical evaluation of channel system and channel members). Consequently, there is a great knowledge gap to fill and this proposal is an attempt to contribute to this effort, yet it's not easy to find research findings on the subject especially here in Ethiopia. The researcher explore different institutional data base and there was no single research paper on the topic mentioned above but it doesn't mean that there is no paper in this topic. So, it's the researcher's opinion that it's important to study an assessment of the relationship between distribution practice and sales volume in case of Meta Brewery and to understand on how Distribution is currently implemented and functioning for the company in the Ethiopian market context.

1.2 Introduction about Diageo /Meta Brewery S.C

Diageo plc, the world's leading premium drinks business, has completed the acquisition of the Meta Abo Brewery Share Company SC ('Meta Brewery'), a leading beer company in Ethiopia, for a cash consideration of USD225 million, subject to customary post completion adjustments. The acquisition concludes a competitive tender process held by the Privatization and Public Enterprises Supervising Authority on behalf of the Government of Ethiopia. Meta Abo Brewery Share Company SC manufactures and markets beer. The company was founded in 1963 and is based in Sebeta, Ethiopia. As of January 10, 2012, Meta Abo Brewery Share Company S.C

operates as a subsidiary of Diageo plc. Meta Abo Meta is a strong national brand that has great heritage in Ethiopia. “Over the past five years, Diageo has invested more than GBP 1 billion in building its businesses in Africa, Meta Brewery is the second largest beer company in Ethiopia with a volume share of approximately 15%*. From its brewery near the Ethiopian capital Addis Ababa, produces and distributes its flagship national lager brands of Meta Classic, Malta (nonalcoholic) and Meta Premium Lager from its brewery at Sebeta near Addis Ababa. The acquisition will give Diageo direct access to the rapidly growing Ethiopian beer market, and will complement Diageo’s existing premium spirits business in the country. The beer market in Ethiopia is estimated to continue to grow at more than 10% per annum to 2015, driven by strong GDP growth and increased disposable incomes. Diageo currently markets its international premium spirits brands, including Johnnie Walker Scotch whisky, Smirnoff vodka and Gordon’s gin, through its representative office in Addis Ababa. (Bloomberg)

At present time there are seven breweries operating in the country namely, Diageo (Meta), Heineken (owning Harar, Bedele and Waliya), BGI (owning three breweries which found at Addis Ababa, Hawasa and Kombolcha city), Dashen (owning two breweries at Gondor and Debre – Birhan Town), Habesha (more than 40% share of Bavaria), Raya (more than 40% share of BGI) and Zebidar(Gurage zone at Dubre)

According to the statistical abstract of 2007 produced by CSA, Breweries in Ethiopia are said to have produced 1.56 million hectoliter of beer during 2006 and this represented 37% of all beverages produced by commercial producers in the country. In addition to this, 15% of all beverages produced further included wine and other alcoholic spirits (liquors) while the remaining were soft drinks. (WWW. Habeshabreweries.com

1.3 Statement of the problem

World beer industry is on the rise especially in the developed countries. This has been propelled by economic growth, technology advancement, high per capita beer consumption, improved quality and globalization of markets that has provided better market opportunities. Likewise some of the developing countries with better economic indexes are expected to experience growth as well. In other regions, the industry has either declined or is stagnant as a result of economic recession, health and social concern, negative influence on globalization of markets, lack of donor funding support, and industrial brewing technology as in the case of some African countries. In many developing nations, demand is expected to rise with the strongest gains being in Asia especially china and Eastern Europe. This is propelled by economic recovery, expanding population, rising disposable income, improvement in beer quality, efficient distribution systems, high per capita consumption levels, and rising popularity of beer at the expense of traditional beverages, especially among women, youth and more affluent consumers (The Drinks Business, 2015).

Ethiopia is Africa’s second most populated country (after Nigeria), and the 15th most populated in the world with 85 million people and its beer market, beer and non-alcoholic malt consumption was approximately 4 liters per capita in 2010 which is well below the global average of 27 liters and below per consumption in other countries in the region, such as Tanzania (7 liters), Uganda (9

liters), and Kenya (10 liters). According to access capital 2011 statistics, the beer market in Ethiopia is estimated to continue to grow at more than 10% per annum to 2016, driven by strong GDP growth, increased disposable incomes, high urbanization rates and a young population (73% of population is under 30 years of age) supports the case for investing in the fast moving consumer products (FMCG) sector especially in the beverage industry. The climate of the Ethiopia's beer industry has undergone major changes in the last 4 years. (Foreign companies battle on Ethiopia, January 2015, Reuters).

The present day organizations in the Ethiopian context have exerting their full potential to penetrate the market through formulating different distribution strategies and widening their destination (Foreign companies battle on Ethiopia, January 2015, Reuters). However, the challenges posed to beer factories can be illustrated in various ways, the most notable of which include the distribution gap, a major characteristic of a distribution channel is that the retailer is closer to the end consumer than manufacturer. Therefore, the retailer is often better informed about demand conditions than the manufacturer (Desiraju and Moorthy, 1997). The distribution structure makes product distribution possible but often obstructs effective communication between manufacturer and consumer. Consequently, manufacturers may push products through distribution system without a clear view of the exact preferences of their eventual customers (Ciccantelli and Magidson, 1993; Gradde, 2004; Pitta and Franzak, 1997). The above discussion raises some vital issues regarding distribution channel and the actors within it. This are,

- ❖ In selecting the type of manufacturer's vs. distribution channel with which they want to work? (Burt and Sparks, 2003; Gross, 1967) and the interaction between companies as a key aspect in accessing and utilizing other actors' recourses and competencies (Cox and Lamming, 1997; Svahn and Westerlund, 2007).
 - Manufacturer that have production, sourcing, marketing and innovation capabilities.
 - Distribution channel that have warehousing and distribution efficiency and enthusiasm of agents.
 - Fair combination, commitment, and competence of internal and external forces.
- ❖ The factors influencing the distribution channel system activity of the company? (e.g., Anderson et al., 1997; Rangan, 1987; Rangan and Jaikumar, 1991).
 - The divergent objectives of retailers and manufacturers especially, in relation with inventory measurement (shipment or depletion), whole sale margin and effect of gate price subsidy.
 - Absence of well integrated and comprehensive approach to product availability and distribution coverage, safety stock and reordering level, motivation scheme for sales force.

- Poor channel management and monitoring system (periodical evaluation of channel system and channel members. Marketers have, therefore looking up to the appropriate adoption of distribution channel strategies. (Kotler, 2006).

Several studies have been undertaken in the adoption of distribution channel strategies both in manufactured goods, locally and internationally as well as in the service industry. Most of this studies exhibits preferential use of certain distribution channel elements as opposed to others and the trend differs from one industry to another, but there effect on sales across industries has not been studied. Even if this is the case, it's very difficult to find research findings on the subject. So, the general research focus question is 'How should the company organize and manage distribution of its product in the intended market?'. In order to be able to answer the general research focus question and, consequently, give recommendations, a thorough study must be done and the following research questions must be answered:

- (a) What is the case company's current distribution strategy?
- (b) How efficient and effective is the distribution strategy?
- (c) What is happening in the beer industry, and
- (d) What channel conflict might arise and how to minimize them?

1.4 Objective of the study

1.4.1 General Objective

The general objective of this study is assessment of the relationship between distribution practice and sales volume of Meta brewery.

1.4.2 Specific objectives

This study has the following specific objectives;

- To have a clear view on the case company, its current distribution strategy and its performance.
- To give the company the insight in to the current market environment in Ethiopia, beer industry, present distribution channels and its effectiveness.

1.5. Significance of the Study

As it stated in the background of the study, the current growing business environment is becoming more complex and dynamic in nature. Several improvements in marketing of products and services, innovation skills have been observed. So the result of the study believed to give an insight for the company's management as well as other concerned bodies about the existing challenges of distribution system on sales volume. This will help to generate information that help how to formulate effective distribution strategies and programs suitable for implementation that would

considerate the current context of the Ethiopian beer market. As a result it will caution or encourage the stakeholders on the choice of distribution channels in future. It will also suggest possible solutions that enable the company to improve its distribution system, the study also serves as a base for further studies in the area.

1.6. Scope and Limitation of the Study

1.6.1 Scope of the study

The scope of this paper is to study an assessment of the relationship between distribution practice and sales volume in the case of Meta Brewery. The study only considers the beer sector and the data of other industry will not be included and will focus only on Meta Brewery, which have an experience of local and international experience on the competitive environment. Beside this, factors influencing the distribution channel system and the extent of distribution channel affecting the sales volume of the company, will be the most to be analyzed and evaluated to assess the mentioned research topic. This study limited to quantitative methodology technique

1.6 Limitation of the Study

I. Time constraint- To accomplish this study requires spending much time in the study area collecting data. Due to the fact that the researcher was also accomplishing employer's tasks. Availability of enough time for research work was questionable. Similarly, the researcher utilized public holidays and week end days for research work.

ii. Lack of seriousness on research response by many participants in the study, because despite of being aware of the research topic respondents did not provide detailed opinions/views to some question.

iii. Resistance from other respondents due to lack of trust on the subject matter on the study, resistance was common among few individuals fearing that the results might have negative impact on their jobs.

iv. Financial constrain, as the researcher is self-sponsored and in this case has few sources of funds and that affected the possibility of doing extensive research. To solve this constrain researcher decided to cut and unnecessary cost

1.7. Organization of the Paper

The research paper is an assessment of the relationship between distribution practice and sales volume of Meta Brewery in A.A and around major route markets is organized in to five chapters. The first chapter will be the introduction part in which the paper discuss the reason why this research is necessary; the research questions that are needed to be answered, limitation of the study and the methodology that is deployed to reach at a conclusion. The second part which is chapter two of

the research paper is dedicated to review previous research papers and scholars point of view on the topic raised.

The second chapter literature review discusses in depth previous researches on the topic of the effect of distribution channel on sales volume of Meta Brewery. Chapter three which is the third part of the paper is fully dedicated to methodology, research design, Population of the study and sampling and sampling procedure of the research under study. In order to help the analysis and interpretation the researcher will use The Statistical Package for Social Sciences (SPSS) software.

Chapter four of this paper is all about data interpretation and analysis. Which is interpretation of the data collected using the statistical software mentioned above. In this chapter detailed data analysis will be carried out to support the last chapter which is recommendation and conclusion. The final chapter will be conclusion and recommendation based on the analysis performed on the fourth chapter of the paper. The conclusion and recommendation will solely base on the data collected, analyzed and interpreted on in the previous chapters. The paper also include reference papers listed at the end of the paper which will enable readers grasp further knowledge on the research topic and other related topics.

Chapter Two

2. Literature Review

2.1 Introduction

Up on the Baseline survey on competition and Markets in Ethiopia produced and distributed by the Addis Ababa Chamber of Commerce and Sectorial Association with (SIDA, June 2009). Western beer as opposed to the traditional tella beer, was introduced in Ethiopia in the early 20th century, and the first brewery, St. George, was established in the early 1920s. Over time, beer has become an increasingly popular beverage and breweries in Ethiopia are said to have produced 1.56 million hectoliter of beer during 2006 and this represented 37% of all beverages produced by commercial producers in the country. In addition to this, 15% of all beverages produced further included wine and other alcoholic spirits (liquors) while the remaining were soft drinks. (Foreign companies battle on Ethiopia, January 2015, Reuters).

There are hard facts indicating that beer market in Ethiopia has been growing and the demand for it is rising. Consumption of these factory beers are also said to be largely urban. These beer factories have made substantial effort to widening their destination, mainly through working on product availability and using distribution channels. According to EPHA (2007), next to tella, factory beer and draft are thus found to be the most consumed alcohol drinks.

The beer industry has undergone major changes in the last 4 – 3 years. These changes have been brought about by a deepening gap in the demand and supply of beer; this is partly explained by the steady economic growth of the country, which in turn increase the public's purchasing power. The construction of roads that connect different rural areas along with general improvement of the country's infrastructure contributes to the increase in demand for beer, attracted the major multinational world largest breweries come to own old brands in Ethiopia. And yet disrupts the market with a new brands and distribution strategies. As a result, the player in the industry had started critically to review their strategies in order to survive and grow and in turns profit. Since the market is oligopoly, they are exerting their full potential to penetrate the market through promotion and widening their destination. Companies have adopted a global approach to development and marketing of beer. They now have a global market presence characterized by innovation and standardized distribution approach. (Naikuni, 2014). In today's environment, the beer companies are increasingly recognizing that they face marketing problems. Challenges to firms come in many forms, including changing client attitudes and societal needs, increasing competition and the need to find alternative or substitute products. Effective marketing is essential for helping them to meet these challenges and maintain vitality, viability and relevance in today's turbulent environment. Product type competition has become intense, so has shelf space and availability competition. Marketing attempts to understand the needs of the client and adapt operations in order to meet those needs and achieve greater sustainability. It addresses the issues of assigning effect distribution channel members, pricing, availing products, the location of

operations and the promotion of the institution and its products. Marketing is a comprehensive field aimed at strengthening the institution by maintaining focus on the client. In doing so, it creates exchanges that satisfy individual and organizational goals. (Kotler, 1999).

2.2 Definition of Key terms

2.2.1 Distribution

Distribution is the process of making a product or service available for use or consumption by a consumer or business user, using direct means, or using indirect means with intermediaries. Or are the movement of goods and services from the source through a distribution channel, right up to the final customer, consumer or user, and the movement of payment in the opposite direction, right up to the original producer or supplier. An order or pattern formed by the tendency of a sufficiently large number of observations to group themselves around a central value (Wren, 2007). The familiar bell-shaped curve is an example of nominal distribution in which the largest numbers of observations are distributed in the center, with progressively fewer observations falling evenly on the either side of the center (average) line. See also frequency distribution, nominal distribution, and standard distribution (Wren, 2007).

2.2.2 Channel

The channel function concept has already been extensively discussed by academics (Rangan et al., 1992). McCammon and Little (1975) argued that functions are considered to be the basic determinants of channel structure. That is, a system designed to carry out necessary tasks. Some researchers have discussed channel structure in terms of the function performed by channel members (Mallen, 1973). The basic idea was that channel functions could be allocated in different combination among various channel actors depending on the characteristics of the channel (Wren, 2007). Channel functions are categories of activities and services that add value to physical goods as they move from manufacturers to customers (Atwong and Rosenbloom. 1995).

2.2.3 Distribution Channel

Coughlan et al., (2006) defined a distribution channel as a set of independent organizations involved in the process of making a product or service available for use or consumption. The ultimate goal of a distribution channel is to bridge the gap between producers and consumers by adding value to products or services (Kim and Frazier, 1996). Typically, manufacturers, intermediaries (wholesaler, retailer, specialized) and end users are perceived as the key actors of distribution channel (Coughlan et al., 2006). Based on these definitions, it is not easy to determine where the distribution channel actually starts, since there might be multiple producers involved in manufacturing the final products at different levels. Some of these producers are close to the end at which raw material is supplied, while others are closer to the end that deals with final buyers or users.

2.2.4 Indirect Distribution Channel

The indirect channel is used by companies who do not sell their goods directly to consumers. Suppliers and manufacturers typically use indirect channels because they exist early in the supply chain (Aaker, 2001). Depending on the industry and product, direct distribution channels have become more prevalent because of the Internet. Distributors, wholesalers and retailers are the primary indirect channels a company may use when selling its products in the marketplace. Companies choose the indirect channel best suited for their product to obtain the best market share; it also allows them to focus on producing their goods (Aaker, 2001).

2.2.5 Direct Distribution Channel

A direct distribution channel is where a company sells its products direct to consumers. While direct channels were not popular many years ago, the Internet has greatly increased the use of direct channels. Additionally, companies needing to cut costs may use direct channels to avoid middlemen markups on their products. Selling agents and Internet sales are two types of direct distribution channels (Anderson et al, 2006). Selling agents work for the company and market their products directly to consumers through mail order, storefronts or other means. The Internet is an easy distribution channel because of the global availability to consumers (Bakosi et al, 2006).

2.2.6 Wholesaling

Wholesaling includes all activities involved in selling goods or services to who buy for resale or business use. Manufactures use wholesalers because wholesalers can perform function better and more cost effectively than the manufacture can. These functions are not limited to selling and promoting, buying and building bulk barking, warehousing, and transporting financial risk bearing dissemination of marketing information and provision of management services consulting. Like retailers wholesaler must decide on target market, product assortment and services promotion and place (Berman, 1996). The most successful wholesalers are those who adopt their services to meet and target customer's needs, recognizing that existing add value to the channel (Berman, 1996).

2.2.7 Retailing

Retailing includes all the activities involved in selling goods or services directly to find consumer for their personal non-business use. A retailer or retail store is any enterprise which sales volume comes primarily from retailing. All marketer retailers must prepare marketing plans that includes decision on target market. So the marketing channels can be viewed as a set interdependent organization with high potential for conflict. Then why would any business chosen to become part of channel system (Berman, 1996).

2.2.8 Coverage

Channel selection depends on Coverage (Market Size).This refers to the intensity of distribution required by the manufacturer. The number of intermediaries required in a specific geographical area influences the market coverage or market exposure strategy. A manufacturer may opt to have intensive distribution, Selective distribution or exclusive distribution coverage for its products or

services (Berry, 2010). Intensive Coverage is adopted when many intermediaries are used at each level of the channel. This is typical of consumer convenience goods distribution where as many different outlets as possible are used. Exclusive Coverage refers to a highly selective pattern of distribution where only a single selected intermediary is involved in distributing the goods or services in a specific geographical area. In this situation customers are willing to search for the products or services extensively. Specifically goods are often distributed in this manner (Borden, 2004). Selective Coverage in between intensive and exclusive Coverage lays Selective coverage which refers to a distribution strategy where a few selected intermediaries are used in this distribution channel. This is typical in the distribution of consumer convenience goods (Borden, 2004).

2.2.9 Consumer

A consumer is a person or group of people who are the final users of products and or services generated within a social system. A consumer may be a person or group, such as a household. The concept of a consumer may vary significantly by context, although a common definition is an individual who buys products or services for personal use and not for manufacture or resale.

2.3 Theoretical Review

2.3.1 Concept of Distribution Channel

Coughlan et al. (2006) defined a distribution channel as a set of independent organizations involved in the process of making a product or service available for use or consumption. The ultimate goal of a distribution channel is to bridge the gap between producers and consumers by adding value to products or services (Kim and Frazier, 1996). Typically, manufacturers, intermediaries (wholesaler, retailer, specialized) and end users are perceived as the key actors of a distribution channel (Coughlan et al., 2006). Based on these definitions, it is not easy to determine where the distribution channel actually starts, since there might be multiple producers involved in manufacturing the final products at different levels. Some of these producers are close to the end at which raw material is supplied, while others are closer to the end that deals with final buyers or users.

There are two essential decisions when designing a channel of distribution: a strategic decision and a tactical decision. The former one decides the number of levels between supplier and consumer, while the latter determines the intensity of the selected structure and policies of channel management (Rangan and Jaikumar, 1991). The complexity of these decisions is increased by widely different social, culture, economic and political patterns (Ensign, 2006). Compared to supply chain management, distribution channel seems to have a view of “inside the chain”. It is more common for distribution channel studies to investigate the seller-buyer dyad, and they often take either the seller’s perspective or the buyer’s perspective (e.g., Amato and Amato, 2009; Deusen et al., 2007). In contrast, supply chain management appears to have a view of “over the chain”, which means that studies of supply chain management tend to take a globe angles and try to encompass multiple interfaces (e.g., Gunasekaran and Ngai, 2005; Love et al., 2004).

A product is not important to the consumer, if it is not available when and where it is wanted. A product Reaches customers through a channel of distribution. Decision areas include: selecting and manning the Middlemen, storage, handling and transporting the product. Marketing channels are very crucial in structuring marketing decisions. This is because without the channels; products will never get to the customers who need them. Channel decisions can only be productive if there is goal congruence between the company and its channel members. However, intermediaries/middlemen who direct products to dysfunctional ties will set in if channel conflicts occur between them as marketing channels are very crucial for the success or other wise of marketing efforts. Pride and Ferrell (1985) define marketing channel or channel of distribution as “a group of interrelated customers”. Rachman and Mescon (1982) see channel of distribution as “a sequence of marketing agencies (such as wholesalers and retailers) through which a product passes on its way from the producer to the final user”. Richard (1976) et al defines channel of distribution as “a combination of middlemen that a company uses to move its products to the ultimate purchaser”. Bonne and Kurt (1980) regard marketing channels as “the paths that goods and title to them follow from producer to consumer”. A distribution channel consists of the set of people and firms involved in the transfer of title to a product as the product moves from producer to ultimate consumer or business user. A channel of distribution always includes both the producer and the final Customer for the product in its present form as well as any middlemen such as retailers and wholesalers. The act of bridging the gap between producer and consumer and provide the purchaser with a convenient Means of obtaining the product that he or she wishes to buy. In moving goods to convenient location for the consumer, channels provide form, time, place and ownership utility. Form utility is the want satisfying Capability that is created when a good produced. .Time utility is the want satisfying capability that is created when a product is made available to customers when they want it. Place utility is want satisfying capability that is created when a product is made readily accessible to potential customers. Products have no value to the consumer in the manufacturer’s warehouse until it is made available to consumers where they want to buy them. Possession utility or ownership utility is want satisfying capability that is created when title of a product is transferred from the manufacturer to the buyer at the point or time of purchase (retail store). Possession utility is the want-satisfying capability that is created when a customer buys the product – that is when ownership is transferred to the buyer. Marketing functions performed in channels of distribution can be grouped as those that are necessary to a transaction those that are required for the physical exchange of goods and those that facilitate both the transaction and the physical exchange. Channel decision-making involves establishing and maintaining the institutional structure in marketing channels.

A company wants a distribution channel that not only meets customers’ needs but also provides an edge on competition. Some firms’ gain a differential advantage with their channels to design channels that satisfy customers and outdo competition, an organized approach is required which comprises of four Sequence decisions: (i) specifying the role of distribution (ii) selecting the type of channel (iii) determining intensity of distribution (iv) Choosing specific channel members - that is selecting specific firms to distribute the product.

A. Selecting the Type of Channel

Some firms adopt direct distribution a situation where producer deals with final customer, with no middlemen providing assistance. In contrast, a channel producer, final customer, and at least one level of Middlemen represents indirect distribution.

B. Major Channel of Distribution

Diverse distribution channels exist today. The most common channels for consumer goods, business Goods, and services are described as follows:

C. Distribution of Consumer Goods

Five channels are widely used in marketing tangible products to ultimate consumer:

- Producer consumer
- Producer retailer consumer
- Producer wholesaler retailer consumer
- Producer agent wholesaler retailer consumer

D. Distribution of Industrial/Business Goods

A variety of channels is available to reach organizations that incorporate the products into their manufacturing process or use them in their operations. The four common channels for business are:

- Producer user
- Producer industrial distributor user
- Producer agent user
- Producer agent industrial distributor user.

E. Distribution of Services

The intangible nature of services creates special distribution requirements. There are only two common Channels for services.

- Producer consumer
- Producer agent consumer

F. Multiple Distribution Channels

Many perhaps most, producers are not content with only a single distribution channel. Instead, for reasons such as reaching two or more target markets or avoiding total dependence on a single arrangement, they employ multiple distribution channels. The user of multiple channels occurs in several distinct situations such as reaching different types of market when selling:

- The same product to (for example, sporting goods or computers) to both consumer and business markets.
- Unrelated products (margarine and paint; rubber products and plastics).
- Multiple channels are also used to reach different segments within a single market when:
 - Size of the buyers varies greatly. Ethiopian airlines may sell directly to travel departments in large Corporations, but rely on travel agents to reach small businesses and ultimate consumers.
 - Geographic concentration differs across parts of the market. A manufacturer of industrial machinery may use its own sales forces to sell directly to customers that are located close together, but may employ Agents in sparsely populated markets.

G. Typical Activities of a Middleman

Sales Specialist for Producer Purchasing Agent or Buyer Provides market information Anticipates wants, Interprets consumers' wants , Subdivides large quantities of a product , Promotes producers' products, Stores product and Creates assortments.

MIDDLEMEN

- Transports products
- Stores products Creates assortments
- Negotiates with customers Provides financing
- Provides financing Makes products readily available
- Owns products Guarantees products
- Shares risks

These channels or intermediaries are institutions that have specialized in rendering distributive services both to the producers and consumers. They are of three types:-

1. Merchant Middlemen:-

This category of intermediaries buy and take title to the goods they buy from producers (e.g. wholesalers and retailers).

2. Agent Middlemen:-

They look for markets for the producer and receive commission or fee for expediting exchanges e.g. sales representatives.

3. Facilitators:-

This group of intermediaries render services that facilitate the movement of goods and services from the point of production to point of consumption e.g. warehousing, transportation etc. Intermediaries also perform what we call equalization function by providing time, place and ownership utilities, which help to increase the value of products. Intermediaries equally obtain information about consumers (Social outlook, economic profit, demographic characteristic, concentration and dispersion etc.) and pass them to Producers to assist them in planning their

productions to attune them to the environment. They assist producers in advertising, promoting and pricing of their products for the markets. In addition they are risk takers (e.g. goods becoming obsolete in their hands with time during storage, pilfering, damage from fire etc.). Also some production/economic activities are financed by them. In most cases they buy from and pay the producers and sell to consumers in appropriate sizes at credit.

The importance of middlemen in the marketing of goods and services shall not be overemphasized. In conclusion, the reasons for their importance are as summarized below:

- ✚ Middlemen reduce the number of transactions required, thereby reducing cost:- The contribution Of middlemen is important. Shipping products to too many retailers by manufacturers without a wholesaler who can perform this duty incurs costs, which are reflected in the prices charged for products. If the number of transactions can be reduced through the use of middlemen, costs will be less and lower prices will result.
- ✚ Middlemen perform marketing function: - Middlemen are valuable because they perform almost every marketing functions. They can conduct marketing research, advertise, employ sales force and engage in physical distribution. They can also maintain inventories, extend credit and collect debts, and provide a variety of services to their customers. Manufacturers therefore can shift the performance of these functions from themselves to middlemen.
- ✚ Middlemen are specialists: - Since middlemen may be specialists in performing some marketing Functions, their efficiency in performing these functions which are normally shifted to them by manufacturer's results to lower costs and hence lower prices for the products in the hands of customers.
- ✚ Middlemen perform the concentration and dispersion functions: - Two important functions by Middlemen are the concentration and dispersion functions. Concentration is the consolidation of small lots into larger lots for more economic shipment performed mainly by wholesalers/distributors and dispersion, which is breaking large lots into smaller, lot sizes for convenient purchase by consumers performed by retailers.
- ✚ Middlemen enhance the value of products: - Mainly because of the ability of middlemen to store and transport products, the values of these products are enhanced. Through storage, time utility is created. These products become more valuable to consumers because they are made available when the consumers want to purchase them. On the other hand, products are more valuable if they are made available at convenient locations to the customers i.e. the products have place utility. This utility is created by middlemen who transport these products to stores close to population concentrations.
- ✚ Middlemen bring buyers sellers together: - They also play the role of bringing buyers and sellers together by matching buyers who seek certain products with sellers who offer them.
- ✚ Middlemen act as information sources: - They provide information on the market and competition to the companies.
- ✚ Middlemen save companies money: - For new companies that lack financial competence or established companies that do not have adequate financial resources as they expand their operations, middlemen perform these costly marketing functions for them.

- ✚ Middlemen are valuable for companies marketing new products: - Companies trying to sell products in new markets may lack the experience of these new markets which middlemen who possess such can perform.
- ✚ Middlemen are valuable for companies marketing new products: - New products that are substantially different from existing product lines always pose as problems for the innovating firm to market. Middlemen who possess the requisite skill and experience help these companies for the introduction of these new products.
- ✚ Middlemen are helpful for small companies: - Small companies which are not strong financially and often lack product and market expertise, make use of retailer and wholesalers to their advantage.

Distribution's role within a marketing mix is getting the product to its target market. Distribution is the arrangement necessary to transfer ownership of a product and transport the product from where it is produced to where it is finally consumed. The most important activity in getting a product to market is arranging for its sale and the transfer of title from producer to final consumer. Other common activities (or Functions) are promoting the product, storing it, and assuming some of the financial risk during the distribution process. Typically however, firms called middlemen perform some of these activities on behalf of the producer or the consumer.

H. Functions of Marketing Channels

The following are the important functions member of the marketing channel perform:

- Gathering information on the changing needs in the market and pass them on to the producers. By so doing, they perform part of the research team.
- Ordering goods, usually in bulk, thereby, reducing the cost of storage by the producers. Ordering is a way of letting the producers know of the demand level in the market.
- Taking title to the products they help to the market.
- Bearing risks of storage due to theft, climatic changes and even cost of warehousing.
- Helping in financing trade through acquisition and allocation of funds required to carry inventory at any level of the marketing channel.
- Being responsible for negotiating the final price and other terms of the offer for the eventual transfer of ownership.
- Providing a sales force enabling manufacturers to reach many small customers at a relatively low cost. These intermediaries have more contacts and are often more trusted by the buyers than is the distant manufacturer.

Advantages of Distributors

- The distributor provides an additional sales force.
- Additional advertising is provided if the distributor has a catalogue and the manufacturer's products are presented in it.
- . The cost of dealing with small order is eliminated.

- The distributor enables business to be done at the grass roots level, which is particularly important where the manufacturer seeks widespread distribution of his product, perhaps in remote geographical areas.
- The local distributor is well placed to service end users through immediate availability of the end product, though such a service obviously depends on the distributor's stocking and physical distribution capability.
- The distributor can reach markets and customers not concentrated on by the producer's salaried sales force, e.g. small contractors, infrequent users, etc.
- Advertising and promotion are available through distributor mailing lists.
- A distributor network provides an opportunity for the producer to promote his name and image on a large scale.

Disadvantages of Distributors

- The manufacturer must put out time and effort to monitor the activities of distributors.
- The manufacturer's own local sales force must spend time servicing the distributor.
- There is always the possibility of conflicting sales efforts.
- The manufacturer's field sales force may be reluctant to process orders through distributors as this lessens the commission enjoyed by the sales force.
- The producer must have distributor-oriented advertising and product literature available if required.
- Assistance and education of distributor personnel may be mandatory.
- A reorientation of the manufacturer's sales and marketing personnel to distributor thinking must be achieved.

2.3.2 CHANNEL LEVELS

All products whether they be consumer goods, industrial goods or services require a channel of distribution. Mallen (1996) stated that industrial channels tend to be shorter than consumer channels because of the small number of ultimate customers, the greater geographic concentration of industrial customers, and greater complexity of the products which require close producer-customer liaison. Kotler and Keller (2006) presented three levels in consumer channels strategy. According to him a one – level channel contains one selling intermediary such as a retailer. He found that the growth in retailer size has meant that it becomes economic for producers to supply retailers directly rather than through wholesalers, hence consumers now have the convenience of viewing and testing the product at the retail outlet. A two – level channel contains two intermediaries, a wholesaler and a retailer. According to him channels like this tend to occur where there are influxes of small retailers with limited order quantities; wholesalers can buy in bulk from producers and sell smaller quantities to numerous retailers. He maintained that a three– level channel contains three- intermediaries that is sometimes used by companies entering into foreign markets and may delegate the task of selling the product to an agent (who does not take title to the goods). Moreover, the agent contacts the wholesalers who supply's the retailers till it gets to the ultimate consumer.

Black (2002) described the service channels as distribution channels of short services using either direct channel or an agent, and posits that since stocks are not held, the role of the wholesalers, retailers or industrial distributors does not apply. Examples of service provider to consumers or industrial customers include healthcare, office cleaning, accountancy, marketing research and law. Agents are used when the service provider is geographically distant from customers and where it is not economical for the provider to establish their own local sales team. Examples include insurance, travel, secretarial and theatrical agents.

There are different channel levels available to a marketing manager and these include:

1. Zero Level: This is when producers sell directly to consumers without any intermediaries (direct marketing).
2. One Level: When the producer sells through two intermediaries.
3. Two Level: When the producer sells through two intermediaries.
4. Multi-Channel: When producers sell through several intermediaries.

Source: Kotler, Philip and Keller, Kevin (2006). Marketing Management, Pearson Educational Prentice Hall NY

A cursory look at marketing channels in everyday use is enough to convince the marketing manager that there is nothing as the best marketing channel. The best for one product, may not be the best for another. Instead of searching for a best channel for all products, the marketing manager has to analyze alternative channels in the light of consumer needs in order to determine an optimum channel (s) for the firm's products. Today's marketing channel may change tomorrow, putting into consideration the other marketing variables.

K. Factors Affecting Choice of Channel

For the purpose of this paper, the factors influencing the choice of channel levels have been grouped into four thus:

1. Marketing Considerations

- Type of Market
- Number of potential customers
- Geographic concentration of the market
- Order size

2. Production Considerations

- Unit value
- Perishability
- Technical nature of a product

3. Middlemen Considerations

- Service provided by middlemen
- Availability of desired middlemen
- Producer's and middlemen's policies

4. Company Considerations

- Desire for channel control
- Services provided by seller
- Ability of management
- Financial resources

I. Determining intensity of Distribution

Here, the company most desired on the intensity of distribution - that is, how many middlemen will be used at the wholesale and retail levels in a particular territory. There are three major categories of intensity ranging from intensive to selective to exclusive.

i. Intensive Distribution

A firm with intensive distribution policy seeks to achieve a wide distribution for its products. This in essence means that the firm will make use of as many outlets as possible perhaps a combination of both direct and indirect methods of distribution are likely to be out into use. Such intensive distribution aims the product at the mass marketing and the distribution strategies implemented tend to carry the product to all the nooks and corners of the market. For instance soft drinks industries such as NBC plc. 7up plc. Cosmetics industries like PZ Plc. and others. With this type of distribution there is likelihood that the company is unable to have adequate control over the product and the cost is likely to be higher.

ii. Selective Distribution

With selective distribution however, not every outlet or channel will be utilized. The firm will rather rely on a few outlet to handle the products. The firm may resort to this method if the product involved is of a durable nature and requires an after-sales service or it is associated with certain prestige. The firm will therefore use as the criteria for selection the middlemen's experience and the ability to handle the product effectively in terms of after sales servicing required and the necessary promotional activities to be undertaken.

These conditions will certainly eliminate opportunist's middlemen who may only be interested in making quick fortune and brisk money without paying adequate attention to the desire of the firm and the need of the customers. It is therefore not uncommon for firms with this selective distribution strategy in view to advertising for middlemen handle certain product place a lot of emphasis on the financial capability, product experience and other virtue, considered as pre-requisite.

Iii. Exclusive Distribution

Exclusive distribution entails the granting of exclusive rights to a single seller in with a particular territory or area to sell the company’s products such a right therefore provides that the firm supplies all the necessary tools including promotional device to the seller. The seller in turn undertaken to handle only the Firm’s middlemen all stand to gain from such arrangement. The middlemen get larger commission because his mark-up is high, he also commands the prestige of such a role. The firm on the other hand, is free from the burden of having to handle completely the marketing of its products and it is in the better position to fight off competition. Example of products that lend themselves to exclusive distribution include product like computer, air-conditioner, oil product, auto products, accessories, lift etc. Shapiro (19 77) observed that one of the most frustrating problems facing marketing is the management of their distribution channels. Additionally, the issues such as of degree of coverage, degree of control, cost of distribution, dealer support and training are important issues that should be considered by a manufacturer choosing its distribution scope (Paley 1999, 301). These are illustrated in the figure 1.

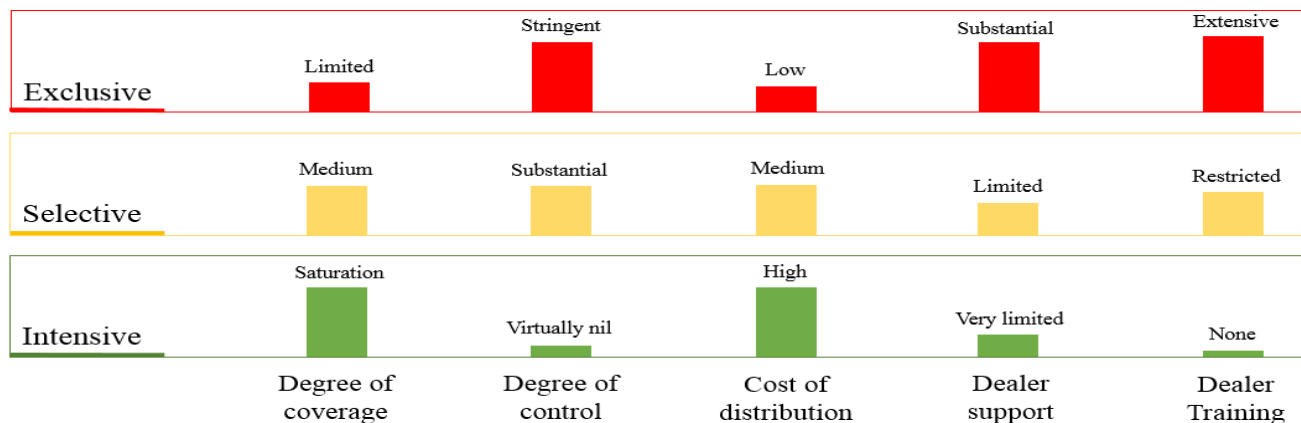


FIGURE 1. Considerations in choosing distribution scope (Paley 1999, 301)

Distribution is quite inflexible, thus the decision regarding distribution scope must be done accurately. However, a company can pursue a specific distribution scope, but inreality there are numerous firms that do not exactly belong to one of the scopes. (Ferrell & Hartline 2011.)

2.3.3 Distribution Channel Matters

Strategic management of distribution channels is growing in both popularity and significance in the business world (Levi and Weitz, 2008). There are several reasons for this. Firstly, as value has shifted towards customer, distribution has moved from being the backwater of strategy to the main stream, since it is where much of the profit in many industries can be found nowadays (Wise and Baumgartner, 1999). In other words, distribution and its network have become an important source of success and competitive advantage. This phenomenon has been emphasized extensively. Anderson and Narus (1990) reported that it is mutually recognized and understood that the success of manufacturers and distributors depends on the other firm. Their statement indicates that a

manufacturer's success cannot be reached from their own effort alone; having a good partner in distribution is very important. Loomba (1996) also suggested that in order to compete effectively, today's firms must re-evaluate their existing distribution and make adjustments when necessary. Hyvönen and Tuominen (2007) claimed that the changing business environment has recently challenged many firms to seek out new methods to achieve sustain performance advantage through market orientation and distribution channel collaboration.

Secondly, distribution channel strategies affect many other aspects of marketing strategies. According to Kotler and Keller (2008), distribution affects sales, since if the product is not available, it cannot be sold. Most customers will not wait until it can be reached. Delivery is seen as a part of the product that influences customer satisfaction.

Thirdly, the choice of distribution network has long-term consequences. The structure of the distribution network is one of the most difficult decisions to change. According to Chopra and Meindl (2007), the impacts of selecting a distribution network often lasts for decades. Changing on the channels and channel shifting is too costly. In the long run, distribution channel strategies involved in strategic alliances and partnerships that are founded on trust and mutual benefits create distinguishable interests (Chopra and Meindl, 2007).

2.3.4 Channel Functions

The channel function concept has already been extensively discussed by academics (e.g., Ajzen and Fishbein, 1980; Mallen, 1973; Rangan et al., 1992). McCammon and Little (1965) argued that functions are considered to be the basic determinants of channel structure; that is, a system designed to carry out necessary tasks. Some researchers have discussed channel structure in terms of the functions performed by channel members (Mallen, 1973). The basic idea was that channel functions could be allocated in different combinations among various channel actors depending on the characteristics of the channel (Wren, 2007). Channel functions are categories of activities and services that add value to physical goods as they move from manufacturers to customers (Atwong and Rosenbloom, 1995). Rangan et al.'s (1992) list of eight channel functions is described briefly below:

- ❖ Product information: Provide information about products for customers, particularly for those products that are new to market and are technically complex.
- ❖ Product customization: Adjust product technical configuration to fit the customer's requirements. Even a standard product must satisfy a specific customer's requirements for factors, such as size or grade.
- ❖ Product quality assurance: Ensure product reliability for customers.
- ❖ Lot size: Provide jointed purchase effort if the product has a high value.
- ❖ Assortment: In some cases, a customer may need a broad range of products under one roof. In other cases, assortment may be related to the breadth of the product line.
- ❖ Availability: Customer demand might be difficult to predict; if so, the channel must support a high degree of product availability.

- ❖ After-sales service: Provide services, such as installation, repair, maintenance and warranty.
- ❖ Logistics: Provide transportation, sorting and supplying products to end users (ibid)

2.3.5 Importance of Retailers

2.3.5.1 Retailer Image

Approximately one-third of all consumers' spending passes through the retail sector (Nordås, 2008). Retailers are selective in terms of what merchandise lines are carried in the stores, so as to simplify the consumer shopping experience (Sternquist, 1994). Retailers provide manufacturers with access to market segments and consumers (Levi and Weitz, 2008). Right from its origins, the function of retailers in distribution channels has been to break down bulky supply into separate stocks (Mulhern, 1996). Retailers were originally only considered as merchants who made profits from the price difference between their buying and selling prices (Levi and Weitz, 2008). However, the scope of the retailing business has moved far beyond breaking bulk and is now defined as a set of activities that involve selling products and services to end consumers (Mulhern, 1996). Retailers today take many forms, including department stores, mass merchandisers, supermarkets, convenience stores, specialty stores and online stores, etc. (Coughlan et al., 2006). The total offer to consumers is becoming more complex, involving a mix of products, services and facilities (Elg, 2003). The most successful modern retailers are not only outstanding merchants but have also developed a unique and strong brand image (Levi and Weitz, 2008). For instance, Walmart has defined itself as an "everyday low-price" retailer, and B&Q has positioned itself as a lifestyle retailer. These retailers create value for consumers by providing more services and a broader range of products.

2.3.5.2 Retail Growth and Retail Consolidation

Modern retailers have achieved organic growth, which involves developing new products or brings existing products to new markets, and acquisition growth, which involves acquiring business or assets (Bahadir et al., 2009). Retail growth, especially acquisition growth, affects the retail market structure in a significant way. The retail consolidation that has occurred in Europe and North American has led to the emergence of large retailers (Dragun and Howard, 2003). Market share for small and medium retailers is shrinking and moving towards two extremes. Gagnon and Chu (2005) described these two extremes as mega retail format and focused specialist retail format. When it comes to the reasons for retail consolidation, Dragun and Howard (2003) introduced three causes of retail consolidation: greater buying power, synergies and cost-saving potentials.

2.3.5.3 Retail Supply Management

According to Dawson and Shaw (1989), the success of multiple retailers has been based on particular management systems and philosophies. One such system has been a strong central control of operations, covering buying operations, labor policies, advertising, administration and distribution. The move by retailers towards distribution center operation can be seen primarily as

a response to the risk of running out of stock (Dawson and Shaw, 1989), and also about controlling retail distribution (Ferne et al., 2000). Moving to a centralized distribution also potentially extends the supply base for retail brands. Burt (2000) explained that reducing the number of delivery points allow smaller suppliers and new entrants without established distribution capabilities to supply retail brand ranges.

When it comes to the supply base of retailers, one significant change is the reduction in the number of suppliers. Historically, many companies have adopted a competitive approach of involving many suppliers in order to obtain a better condition in prices (Ogden, 2006). However, multiple sourcing usually results in lower prices but requires more time for negotiation and might delay or disrupt production schedules (Cruz, 1996). With the growing importance of purchasing as a field, in order to improve the overall performance of a supply chain, many companies are adopting the strategy of supplier base reduction and long-term collaboration development (Sarkar and Mohapatra, 2006). Supplier base reduction is often associated with purchase strategy, just-in-time (JIT), supplier management and partnership (Ogden, 2006).

2.3.5.4 Retail Brands

In some markets, such as the UK, retail brands have reached a mature state, while in other markets, such as Spain and Italy, they are still in an early or developing phase (Elg and Paavola, 2008). Despite the divergence of developments, more and more authors argue that retail brands are becoming a major threat and challenge to the leading manufacturing brands (Elg and Paavola, 2008). From the retailer's perspective, retail brands have a significant impact on a retailer's differentiation and competitive superiority (Lymperopoulos et al., 2010). Aliawadi et al. (2008) added that retail brands might also improve customer loyalty. Their study found out that consumers who buy retail brand from a retail chain are likely to build some chain loyalty, while those who do not buy retail brands have no such loyalty.

2.3.5.5 Implications of Retail Developments

Retailers play a more active role towards manufacturers by setting product standards, promoting products and obtaining and sharing information on consumer behavior (Nordås, 2008). Retailers are also networking organizations in distribution channels, due to the fact that they coordinate products from different suppliers (Elg, 2003). Giant retailers always have a large market demand in the retail market and are frequently the largest buyer for the manufacturers. Secondly, giant retailers can offer more demand-stimulating services to promote manufacturers' products. Consequently, the giant retailers have made themselves attractive to manufacturers (Yan and Wang, 2010).

A small number of retailers have taken a larger portion of the market share. Consequently, the "gate-keeping" role of retailers is becoming obvious due to the fact that their location in distribution channels is believed to have become increasingly significant (Burt and Sparks, 2003). The concept of retailers acting as gatekeepers can be traced back to the 1960s. Gross (1967) adopted the term "gatekeeper" to describe the role of big retailers in distribution channels. A gatekeeper refers to an individual or a group of individuals with the power to make a decision that allows a particular item to enter or not enter a particular channel. Gross (1967) argued that large-

scale retailers' go or no-go decision are very critical to ensure consumer exposure at the point of sale and, ultimately, the manufacturer's chances for success, especially the success of newly developed products. Thus, in order for a new product to find its space on the shelves of a retail chain, it must be allowed by the gatekeepers who have the authority to accept new products (Gross, 1967). Hansen and Skytte (1998) echoed Gross's (1967) idea, saying that retail chains in most European countries have grown so large and powerful that wholesalers are removed, although their functions are shifted either forward or backwards in the distribution channel. Retail chains buy the products directly from the manufacturers, if they accept the products. If the retailers do not accept the products, however, it becomes almost impossible for the producer to market them (Hansen and Skytte, 1998).

2.4 Empirical Literature Review

Fengyi. Wu, and Yuehhua. Lee (2009) in their study investigation channel power and satisfaction in a marketing channel. He study adopted case study design in Guangzhou province-china. It was found out that the competition faced by business organizations is no longer mere inter-firm competition, but also inter-channel competition caused by adapting to industry globalization. Considering this trend, this study found out that there was a correlation between distribution channel power customer commitment and satisfaction. The results provide non-coercive power had a positive and significant impact on the channel firms' communication and commitment, as well as the supplier communication and commitment had a positive and significant impact on the economic satisfaction and non-economic satisfaction of channel firms.

Nadin (2008) in his study "managing relationship in distribution networks: evidence from the alcohol drinks market" "The paper was concerned the relationship among alcohol drinks manufacturer and its dealers, focusing, especially, on the trust determinants. The nature of the rapport is controversial since asymmetrical power but at the same time, strong exclusive bonds influence the perception and the decisions of the parties. In addition, a recent evolution in the European retailing contract regulation has given new rooms for improvement for the dyad but has also left dark areas as regards potential opportunistic initiative.

Based on the emerging theories on trust and the construct in relationship, the paper explored the deep nature of relationship and trust in order to understand and reinforce the distribution of products to the end users (customer). A field research, run in the Italian domain (Nadin, 2008), has demonstrated the coexistence of power and trust determinants as drivers of the relationship

between the alcohol drink producers and the dealer. It has suggested, furthermore, that alcohol drink producers can influence, by a cause-effect chain approach, the feeling of dealer toward the relationship and consequently can bust the dealer collaboration on an affective commitment base.

Accordingly with the results of the Lado, Dant and Tekleab (2007) study our research has remarked too the importance of the competitive tenure in the relationship as determinant of the innovation in the relationship and widely in the distributive network. Daugherty (2009) in her study titled “reverse logistics in the automobile aftermarket industry.

The study employed case study design whereby 321 respondents participated in the stud data collection was done through the questionnaires and interviews. The results indicated that trust exists when one party has confidence in an exchange partner’s reliability and integrity. Trust involves an expectation held by an individual that another can be relied on. The existence of trust is particularly important with respect to buyer-seller exchange relationships. Buyer-seller relationships are almost always unequal; one party has more power, better positioning, and/or more resources. Because of the unevenness of power, the other party is likely to feel vulnerable unless trust is present. As such, trust is the mutual confidence that no party to an exchange will exploit another’s vulnerabilities. It was shown that downstream channel partners that trust suppliers exhibit higher levels of cooperation and exert more effort on the part of the supplier. Channel partners that trust suppliers also tend to be more committed to and intend to stay in the relationship. Trust is viewed as a highly effective means of fostering cooperation across all types of inter-organizational relationships. Thus, trust in their customers appears important for suppliers who want to reap maximum benefits from the exchange relationship.

In a recent review of the literature on trust, Atuahene-Gima and Li found that both the academic literature and the popular press have a “strong normative bias toward the inherent value of trust - that is, trust is good for performance.” However, they continue, “there is little empirical evidence to support the validity of this viewpoint”. One study by Smith and Barclay, however, did find a positive relationship between trust and a firm’s ability to achieve superior performance [23]. The first hypothesis is offered to further explore the issue.

Atafar et al, (2011) in their study “Assessing the Effectiveness of Distribution Channel in Isfahan Zamzam Company in their research, they gathered data by interviewing the top marketing managers who have high experiences in marketing, finally the variables in the research assumptions been used to incorporate flow table model for measuring the Effectiveness of Distribution Channel in Isfahan Zamzam Co. The study revealed that Zamzam distribution channel was successful in product transportation, gathering market Information was effective in payment procedures but distribution channel of this company is not been effective in trade promotion programs and communication with retailers and wholesalers.

McFarland (2001) in his study “the marketing position of industrial distribution”; the article discussed the position of industrial distributors in channels of distribution. The study was conducted in Johannesburg, South Africa, interviews and questionnaires were employed as methods of data collection. The result indicated that, doing business with industrial distributors is more cost effective than doing business with sales branches, sales offices and agents. The author

notes that when compared to alternative agencies, the gross margin required by industrial distributors is similar. Also it was noted that industrial distributors are better qualified than alternative agencies to offer services such as emergency deliveries, credit clearance and knowledge of sources of supply for buyers.

Torii et al (2004) On the Length of Wholesale Marketing distribution Channels in Japan. The study adopted case study design; data collection was conducted through the use of questionnaires and interviews. It was revealed that wholesalers enter distribution channels to capitalize on their private information about demand and supply. The channels become long only when such private information is valuable. Also, the result indicated that there was a close link between wholesalers' private information and length of the marketing distribution channel, based on analysis of panel data for five wholesale industries drawn from the last three decades of Japan's Census of Commerce. Specifically, it was shown that marketing distribution channels tend to be longer--that is, they have more wholesale steps--where wholesalers tend to be in close geographic proximity to the final demanders, where wholesalers tend not to be organized into distribution keiretsu by manufacturers, where regional variation in demand tends to be idiosyncratic, where producers advertise less intensely and distributors advertise more intensely, and where the density and heterogeneity of retail outlets is greater. All of these are factors likely to be associated with the value of wholesalers' private information.

David (2005) in his study "Distribution Keiretsu, Foreign Direct Investment, and Import Penetration in Japan" based in directed marketing channel known in Japan as distribution keiretsu are more likely than others to be headed by a primary wholesaler that is vertically integrated with the manufacturer, which for foreign manufacturers entails their directly investing in Japan-based wholesale subsidiaries. Briefly stated, vertical integration better aligns the non-contractible wholesaler effort levels with the Manufacturer profit, but necessarily forgoes the inherent advantage of an independent wholesaler at market-widening efforts. This establishes a trade-off bearing on the decision to vertically integrate. Where market-widening efforts complicate the resolution of retail externalities, it can be better to forgo market widening efforts altogether and instead focus exclusively on resolving the externalities, vertically integrating with the wholesaler in order to better administer a distribution keiretsu.

2.5. Research Gap

From empirical literature review of previous studies have shown that in the current complex business environment, the competition faced by business organizations is no longer mere inter-firm competition, but also inter-channel competition caused by adapting to industry globalization. Considering this trend, this study discusses and focuses on the effectiveness of distribution channel in the organization sales performance. This study employs the beverage industry as the research subject. Many studies on distribution channel were conducted in various places of different culture, political and economic systems, therefore, it is important to conduct another study in order to understand the performance trend especially on sales of alcohol drinks.

2.6. Conceptual Framework

With conceptual frameworks theories are connect to all aspects of inquiry such as problem definition, purpose, literature review, methodology, data collection and analysis. Conceptual framework can act like maps that give coherence to empirical inquiry. Because conceptual frameworks are potentially so close to empirical inquiry, they take different forms depending upon the research question or problem (Patricia Shields, 1998). As mentioned eariler, Marketing/selling channels may involve many diverse players at different levels of distribution that have their own goals (Ferrell & Hartline 2011, 272). Four types of channel structures can be identified, where various levels of control and management are exercised through integration. These four types include conventional marketing channel, vertical horizontal and multichannel marketing systems. (Hollensen & Opresnik 2014, 253.)

For the purpose of this study, the researcher has adopted the Conventional marketing channel methods as defined by, (Kazmi 2007; Panda 2009). They said, the traditional marketing channel, i.e. the conventional marketing channel, can consist of independent manufacturer(s), distributor(s), wholesaler(s), and retailer(s). Responsibilities of each member are limited to its task, for example, manufacturer worries about making products, and retailer selling the products. None of them has significant control over each other. Their goals are to maximize own profits and minimize own costs even if some of their action are harmful for the system as a whole. Evolution of this marketing channel led to development of three marketing systems: vertical, horizontal, and multichannel marketing systems. (Kotler et al. 2012, 716; Hollensen & Opresnik 2014, 253.)

Vertical marketing system (VMS) includes the manufacturer(s), wholesaler(s) and retailer(s) who act as a unified system. In VMS one of the members can own the others, franchise them or possess so much power that the other members find it beneficial to cooperate. The strongest member attempts to control the channel, and it tries to eliminate conflicts over other members, i.e. independent organizations perusing their own goals. (Kotler et al. 2012, 717; Panda 2009, 442.) VMS can be classified into three types:

1. Corporate VMS. Successive stages of production and distribution are combined under the single ownership.
2. Administrated VMS. A dominant, in regard of size and power, member of the channel coordinates stages of production and distribution.
3. Contractual VMS. A number of independent companies get involved in the process of production and distribution. They integrate their programs on contractual basis in order to achieve more economies or sales impact, than they could achieve on their own. (Kotler et al. 2012, 717.)

Horizontal marketing systems (HMS) is a type of channel arrangement, where two or more different independent organizations join their forces and combine their resources to exploit a new market opportunity. These organizations can work either on permanent or temporary basis. Generally, companies get involved in HMS for lack of capital, knowledge, marketing

resources or production capabilities, or in case they are afraid of taking a risk on their own. This is an opportunistic arrangement. Each company has identified the strength of the other that it can utilize to its own advantage, as a result, both of them can achieve better results and beat the competition. (Panda 2009, 443; Kotler et al. 2012, 718; Havaldar & Cavale 2006.)

Multichannel marketing systems (MMS) occur when a company employs two or more channels in order to serve one or more customer segments (Hollensen & Opresnik 2014, 260). The number of companies adopting this system is increasing. The main reasons of that phenomenon are the possibility to increase market coverage, lower channel costs, and organize more customized selling. The consequences of having multiple channels are complexity of channel management, control, and cooperation, as well as high chances of channel conflict. Thus, before implementing MMS or adding an extra channel, companies should carefully plan their channel structures identifying which functions each channel should perform. (Panda 2009, 443; Doyle & Stern 2006, 335.) The presented and explained four types of channel structures are illustrated in the figure 2.

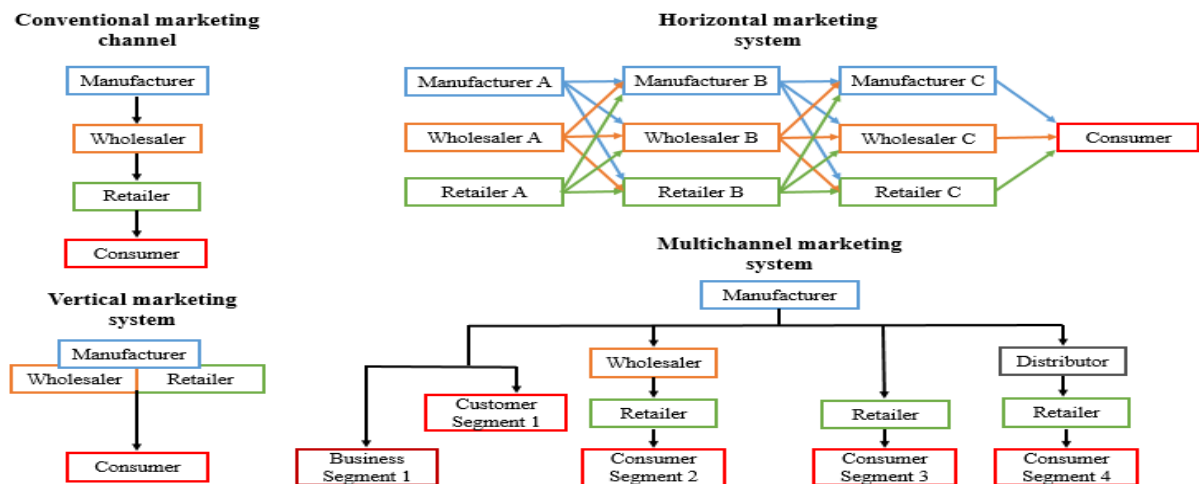


FIGURE 2. Conventional marketing channel, vertical, horizontal and multichannel distribution systems adapted from, (Kazmi 2007; Panda 2009)

Summarizing, with the passage of time significant changes have taken place in business environment. These changes have made a serious impact on distribution organization, making distribution channel structure more complex, and relationships between the parties involved in the process more valuable. (Kazmi 2007; Panda 2009.)

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

The chapter is composed of the following sections; Research Design; Study Area; Sample and Sample Size; Sampling Procedures; Data Collection Methods; and Data Analysis Plan

3.1 Research Design

Research design is a plan of collecting and analyzing data in an economic, efficient, and relevant manner. It is a plan of organizing framework for doing the study and collecting the necessary data. (C.R Kotari, 2004). Various authors recommended the use of descriptive design (Orodho, 2004) contends that, to produce information that is of interest to marketing professionals even for policy makers descriptive design is helpful. This involved collection of information by administering questionnaires and interviewing a sample of individuals. So, the researcher adopted the descriptive designing aiming to receive in depth information in respect of how distribution channels work and what achieved by the company. A descriptive study is undertaken in order to ascertain and be able to describe the characteristics of the variable of interest in a situation (Kothari, 2008).

3.2 Research Approach

This study adopted qualitative research approach because qualitative approach assumes that social reality is within us and therefore the act of investigating reality has an effect on that reality. Furthermore, this approach emphasizes the subjective aspects of human activity by focusing on the meaning, rather than the measurement of social phenomena (Collis and Hussey. 2003: 53). It is believed that social reality is dependent on the mind and there is no reality independent of the mind. Thus, what is researched cannot be unaffected by the process of the research. Leedy and Ormrod (2005: 133) says that qualitative researchers believe that the researchers ability to interpret and make sense of what he or she sees is critical for understanding any social phenomenon.

3.3 Population of the Study

Mugenda (2003) refer to target population as the entire group of individuals, events or objects having common observable characteristics to which the researcher wants to generalize the results of the study. Population of the study comprised of the staff of marketing department, commercial department including, sales representatives, operation department and equivalent staffs from Meta Brewery, whose number stood at 89. The target population distribution is presented in the below table.

3.4 Sampling Technique

Purposive judgmental proportion technique has been used to arrive at a representative sample for the study. Since, commercial and marketing staffs were the one who has the most appropriate exposure in assessing the effect of distribution channels and the impact on sales volume of the company. And in consideration of the availability of data with the relevant experience of the market (Local and international), and marketing strategies, the study focused on Meta Brewery only.

3.5 Sampling Procedure

Sampling Procedures Sampling is the procedure a researcher uses to gather people, places or things to study (Kothari, 2009) it is a process of selecting a number of individuals or objects from a population such that the selected group contains elements representative of characteristics found in the entire group (Kombo and Tromp, 2006). Kothari (2009) defines sampling technique as the procedure the researcher would adopt in selecting items for the sample. In this study, the sample was selected by judgmentally/purposively and randomly sampling procedures. For the purposive sampling, respondents was chosen based on the researcher’s judgment that they have desirable characteristics and could provide the required information. The simple random sampling was applied in selecting respondents from several departments in order to provide equal chances to employees of being selected for study. The sample of 89 of the population was drawn from Meta Beer Ethiopia. This sample size was reasonable as the population is homogeneity. All the required senior officers and heads of department were selected purposefully because they are at key positions of the company knowledgeable and experienced in alcohol drink distribution process. The sample of this study included 89 respondents, comprising 10 Marketing department, 60 sales (retail executives, supervisors ,DM’s, Key account) draft and beer, 3 RTC and RTM (Route to Consumer and Market, 8 Customer Marketing (Planning, Activation, Execution, and Commercialization), . The following table summarizes the sample of the study. Table bellows shows the total sample used in the study. To accomplish the research effectively the researcher selected the following respondents as a sample size.

Table 3.5.1Sample size

Department	Population
A. Marketing	
Brand, Category, Consumer planning and innovation	10
B. Commercial	
Sales (Retail Executives, Supervisors, DM’s, Key account) Draft and beer	60
RTC and RTM (Route to Consumer and Market)	3
Customer Marketing (Planning, Activation, Execution, and Commercialization)	8
Sales and operation	8
Total	89

Source: HR department of Meta Beer.

3.6 Types of Data

3.6.1 Primary data

Primary data are those which are collected afresh and for the first time, and thus happen to be original in character. These could be collected using observation, interviews, questionnaire and schedules (Kothari, 2009)

3.6.2 Secondary data

Secondary data are those collected by someone else and have already been passed through the statistical process for this study the secondary data were also obtained from various departments on distribution strategies which has been put to manage supply chain of meta Beer products. For example, published and unpublished data. Published data include, research reports, magazines, books and newspapers. This study collected relevant information from various written documents concerning distribution channels

3.7 Data Collection Methods

To assess the relationship between distribution practice and sales volume of Meta abo brewery study used Primary source of data. The data was obtained through semi structured questionnaires with closed, Likert type statements and open ended questions (see appendix 1).The Likert type scale, commonly used in business research was applied because it allows participants to provide their perceptions and opinions both in terms of direction (positive or negative) and intensity (degree of agreement or disagreement). The proposed ratings were on a scale of 1 (To no extent) to 5 (To a very great extent). The closed ended questions and Likert type statements enabled the researcher to collect quantitative data while open-ended questions were used to collect qualitative data. The questionnaire was designed based on factors which were extracted from existing literature related to beer manufacturing companies, customized up on the local marketing and distributional strategies contexts and its was pre-tested on a small number of respondents, selected on a judgmental basis. The questionnaire was divided into two sections. Section one was concerned with the general information about the respondent. Section two dealt with the distributional channel systems and their impact on sales. The data was collected from people of the commercial and marketing department; who included either, marketing manager, sales managers, brand manager, marketing supervisors or the equivalent staffs. The questionnaire was self-administered through drop and pick method to Meta Brewery's staff of the targeted market.

3.8 Data Analysis

Data from the completed questionnaires was summarized and tabulated. Descriptive statistics methods (mean scores, standard deviation and frequency distribution methods to analyze the data) were used to analyze the data because this study is modeled on a descriptive framework.

Data presentation was done by the use of frequency tables, pie charts, Likert Scale, Bar Charts and graphs. Since The Statistical Package for Social Sciences (SPSS) have the ability to cover a wide range of the most common statistical and graphical data analysis. So to analysis the collected data, SPSS were used as an aid in organizing and summarizing the data by the use of descriptive statistics. Data in part A of the questionnaire was analyzed using frequency distributions and percentages to determine the profile of respondents. Data in part B were analyzed using mean scores and standard deviations to determine the effect of distribution channels and the impact on sales volume of the company. Finally, the secondary data obtained from scientific sources were organized and used to draw conclusions in relation with the findings of the data analysis.

CHAPTER FOUR

4. DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents a detailed discussion of the research findings in an attempt to achieve the research objectives. Data analysis is carried out based on the objectives of the Study.

4.2 Response Rate

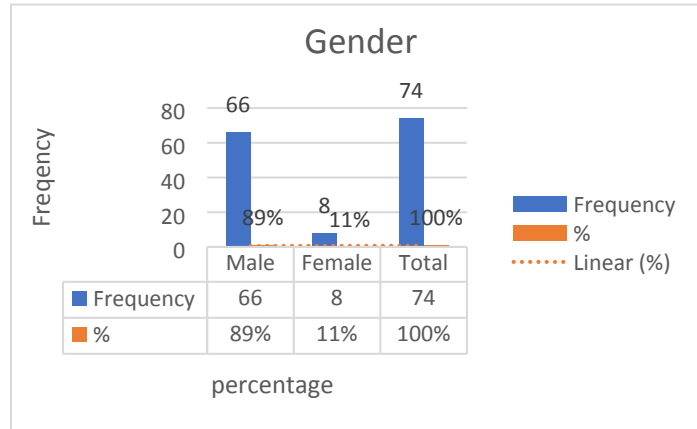
Eighty nine (89) questionnaires were distributed to sales, marketing and operation managers of Meta Brewery personnel's. However, only 74 were completed and returned, representing 83% response rate.

4.3 General information of the Respondents

4.3.1 Gender of the Respondents

The study sought to find out the gender of the respondents. It captured the gender of the Respondents. Figure 4.1 shows that 89% of the respondents interviewed were male while 11% were female

Figure 4.1 Gender of the respondents



Source: - SPSS's output

4.3.2 Age of the respondents

The study sought to establish the age of the respondents. From table 4.2 it is evident that most of the respondents were aged between 21 and 30 years with 64% followed by 32% with 31 to 40 years of the respondents in this category, while 4% of the respondents were aged 41 to 50 years.

Table 4.1 Ages of the Respondents

	Frequency	percent
21 - 30 years	47	64%
31 - 40 years	24	32%
41 - 50 years	3	4%
51 - 60 years	0	0%
above 60 years	0	0%
Total	74	100%

4.3.3 Level of Education

The study sought to find out about the levels of education of the respondents which is captured in table 4.3 below. It is evident that most of the respondents, (82 %), had university level of education, followed by Masters Level of education (14%) and only 4% had a secondary level of education.

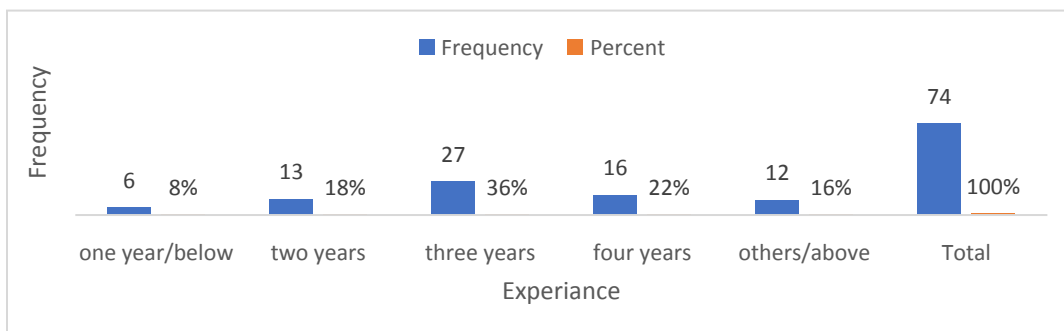
Table 4.2 Level of Education

	Frequency	percent
Secondary	3	4%
University	61	82%
Others/above	10	14%
Total	74	100%

4.4 year of experience

The study sought to find out about the year of experience in current enrolled department of the respondents which is captured in Figure 4.2 below. It is evident that most of the respondents, (36%), had three years of experience, followed by four years of experience (22%), and two years of experience (18%) respectively. Only (16%) had above five years' experience.

Diagram 4.2 Year of Experience in current enrolled department



4.5 Presence of a Sales and Distribution Department

The study sought to find out whether the company had a sales and Distribution department. All the respondents indicated that a sales and Distribution department was present in the company. They further indicated that the shipment activities in the organization were conducted by under the supervision of sales and operation department including the Distributers manager while the Depletion activities were undertaken by the respective regional sales and channel staffs.

4.6 Distribution Methods extent of use

The main purpose of this study was to investigate the extent to which distributional methods are used by the beer manufacturing companies.

4.6.1 Distribution Methods Used by Meta Brewery

The study sought to find out about the kinds of distributional strategy used by Meta brewery which is captured in figure 4.3 below. It is evident that most of the respondents (65%) were agreed that the company used intensive type of distribution strategy and (23%) of exclusive type of distribution strategy, aiming to deploy products for more than hundreds of exclusive Meta House Channel's while (12%) of selective distribution strategy for only key account outlets.

Figure 4.3 Distribution Methods

Distribution strategy	Frequency	Percent
Intensive	48	65%
Selective /Key accounts	9	12%
Exclusive/Meta Houses	17	23%
Franchising	0	0%
Totals	74	100%

4.6.2 Distributional channel system Used by the company

The respondents were asked to rate the extent of use of the following distributional channel system used by the company on a scale of 1-5; ((1= To no extent, 2= To a small extent, 3= To a moderate extent, 4= To a great extent, 5= To a very great extent). Means less than one implied that the factor was rated to no extent by most respondents, means less than 2 implied that most respondents rated that the factor to a small extent, means less than 3 implied to a moderate extent, means less than 4 implied that the factor was rated to a great extent while means less than 5 implied that the factor was rated to a very great extent by the respondents. The results are as depicted in the table 4.4

The respondents indicated that the companies used (Manufacturer - wholesaler - retailer – consumer) channel system to a very great extent while (Manufacturer -retailer – consumer) for exclusive Meta House channels to a great & moderate extent as it had a mean of 4.32 and 2.87 respectively. The respondents further indicated that the use of (Manufacturer - wholesaler –

consumer) through neighborhood stockiest (NHS's) and (Manufacturer - to – consumer) for selective key account outlets was to a lesser extent which had means of 1.85 and 1.62 respectively. This is attributable to the fact that the company used various mix of channel systems and there is an intense competition between breweries which forced the companies to widen their geographical coverage and destination.

Table 4.4 Distributional channel system used by Meta Brewery

	mean	St. deviation	Rank
Manufacturer - to - consumer/Key accounts	1.85	1.395	3
Manufacturer - wholesaler - consumer/NHS's	1.62	1.562	4
Manufacturer - wholesaler - retailer - consumer	4.32	0.951	1
manufacturer -retailer - consumer/ meta houses	2.87	1.053	2

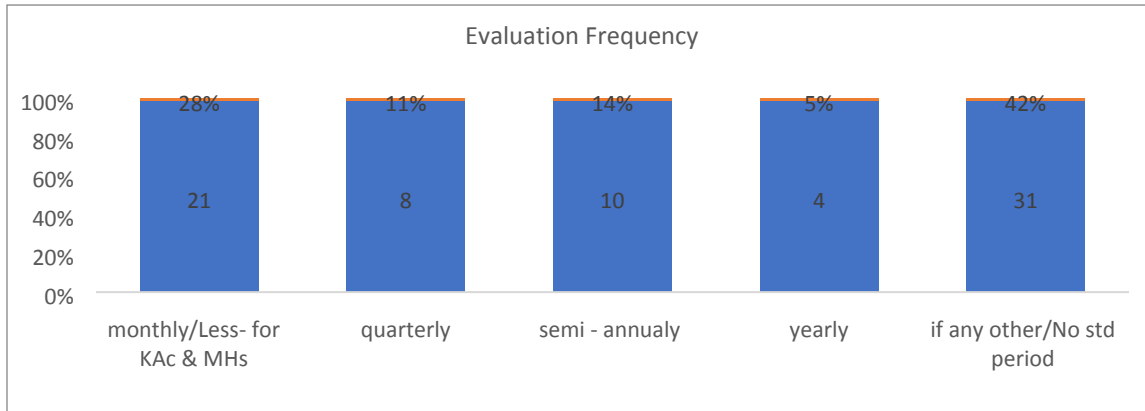
4.6.3 Procedure on evaluating Channel system performance

The study sought to find out whether the company had a procedure for evaluating the performances of the channel and distributional system. It is evident that most of the respondents (76%) were dissatisfied with the company's system on evaluating channel system performance especially due

- No accurate ROS data on outlets
- Drop list is often not put to use by VSMs
- No automated system for VSMs to depict ROS
- Week reporting link between VSMs and retail executives

The respondents further indicated that the company had not definite standard period to evaluate the impacts of distributional channel performances (42%) for on trade outlet but they used to have the procedure to monitor the distributional performances of Exclusive Meta Houses & Key Account outlets on monthly basis (28%).

Diagram 4.3 Frequency for Evaluating Channel performances



4.6.4 Opinion level of channel members about consumers motivating Reasons to use/buy the company's product

The respondents were asked to rate the opinion level consumers motivating reasons to use of the company's product on a scale of 1-5; (1= To no extent, 2= To a small extent, 3= To a moderate extent, 4= To a great extent, 5= To a very great extent). Means less than one implied that the factor was rated to no extent by most respondents, means less than 2 implied that most respondents rated the factor to a small extent, means less than 3 implied to a moderate extent, means less than 4 implied that the factor was rated to a great extent while means less than 5 implied that the factor was rated to a very great extent by the respondents.

The respondents indicated in table 4.5 below that product availability were used to be the main motivating reason to use of the company's product as it had a mean of 3.84 and followed by on time delivery system, Frequency of market visit and Promotion & provision of additional benefits, to a moderate extent which had means of 3.49, 3.24 and 2.78 respectively. There was low variability in observations as indicated by the standard deviations which were mostly between 1.152 and 1.401.

Table 4.5 Consumers motivating factors

Consumer motivating factors	Mean	Std	Rank
On time delivery system	3.49	1.203	2
Frequency of market visit	3.24	1.152	3
Product availability	3.84	0.888	1
Product quality	1.84	1.401	5
Promotion & additional benefits provided	2.78	0.791	4

4.6.5 Extent of Use of Distributional channel system factors by the company

The respondents were asked to rate the extent of use of the following Distribution Channel System factors by their company's on a scale of 1-5; (1= To no extent, 2= To a small extent, 3= To a moderate extent, 4= To a great extent, 5= To a very great extent). Means less than one implied that the factor was rated to no extent by most respondents, means less than 2 implied that most respondents rated the factor to a small extent, means less than 3 implied to a moderate extent, means less than 4 implied that the factor was rated to a great extent while means less than 5 implied that the factor was rated to a very great extent by the respondents.

The respondents indicated in table 4.6 below that Effectiveness of product Delivery from the Agents warehouse to Consumers (depletion) had a great impact on the business of their product with a mean of 4.57 and followed by Effectiveness of product Delivery from warehouse to Agents (Shipment) and the factors of Demand, Supply and Inventory planning & Management to a moderate extent which had means of 3.58 and 3.33 respectively

Table 4.6 Delivery Time

A. On Time Delivery System	Mean	Std	Rank
Effectiveness of Delivery to Agents (Shipment)	3.58	1.19	2
Effectiveness of Delivery to Consumers (Depletion)	4.57	1.068	1
Demand, Supply and Inventory planning & Management	3.33	1.178	3

In table 4.7, the respondents indicated that the use of Door - to –Door Distribution was to a great extent as indicated by a mean of 3.95. Frequency of Distribution and Distributors appointment by Geography & proximity to the market were used to a moderate extent with a means of 3.89 and 3.49 while having a wider Distribution Network and Distributor allocation by Segment had the least rank in their company situation.

Table 4.7 use of Market Visit

B. Journey plan (JP) Adherence	Mean	Std	Rank
Frequency of Distribution	3.89	1.452	2
Door - to –Door Distribution (outlet coverage)	3.95	0.735	1
Distributor allocation by Segment	1.22	0.907	5
Distributors appointment by Geography & proximity to the market	3.49	1.592	3
Having a wider Distribution Network	1.95	1.015	4

The respondents indicated in table 4.8 Availability of Glass Holding were used to a great extent as indicated by a means of 4.32 followed by Availability of the product by the required SKU & Quantity with Segmentation & wining customer offer design and Stock Size (optimum inventory level) were used to a moderate extent as portrayed by a means of 3.76, 3.57 and 3.46 respectively. There was also

low variability in observation as indicated by the standard deviations which were between 1.053 and 1.351.

Table 4.8 Product Availability

C. Getting the product needed	Mean	Std	Rank
Availability of the product by the required SKU & Quantity	3.76	1.053	2
Availability of Glass Holding	4.32	1.235	1
Stock Size (optimum inventory level)	3.46	1.351	4
Segmentation & wining customer offer design	3.57	1.107	3

The respondents indicated in table 4.9 Control over product flow (FIFO/LIFO) methods& consistent product quality used as to a great extent by a means of 3.84 with a standard deviation of 0.88. The uses of Lean warehousing & standard capacity and Transportation effectiveness/efficiency had a moderate extent by a means of 3.49 and 3.24 respectively while Returnable management processes had the least impact on the uses of the company's product by a means of 2.78.

Table 4.9 Product quality

D. Quality	Mean	Std	Rank
Lean warehousing & standard capacity	3.49	1.203	2
Transportation effectiveness/efficiency	3.24	1.152	3
Control over product flow (FIFO/LIFO) methods& consistent product quality	3.84	0.888	1
Returnable management processes	2.78	0.791	4

Table 4.10 promotional related activities (using of Sales incentives & higher replenishment frequency) and Availability of credit systems were used to a great extent as indicated by a means of 4.51 and 4.05 respectively. The use of Advertisement through visual & audio media, and Offering various promotional Schemes available on the network were used to a moderate extent as depicted by the means ranging between 3.3 and 3.11 while using of Order to cash and customer service and Channel working capital management process had the least impact with a mean of 2.97 & 2.7.

Table 4.10 the use of Promotion and other elements

E. Promotion & others	Mean	Std	Rank
Sales through incentives & higher replenishment frequency	4.51	0.891	1
Offering various promotional Schemes available on the network	3.11	1.526	4
Availability of credit systems	4.05	0.96	2
Advertisement through visual & audio media	3.3	1.543	3
Order to cash and customer service	2.97	1.427	5
Channel working capital management process	2.7	1.231	6

4.7 Effectiveness of Distributional Channel Systems on Sales

The main purpose of this study is to assess the relationship between distribution practice and sales volume of Meta Brewery products

4.7.1 Effectiveness of Distributional Channel Systems on the sales of Meta Brewery

The respondents were asked to rank the effectiveness of distributional channel systems on the sales of Meta Brewery on a scale of 1-5; (1= To no extent, 2= To a small extent, 3= To a moderate extent, 4= To a great extent, 5= To a very great extent). Means less than one implied that the element had effect on sales, means less than 2 implied that the element had a small effect on the sales, means less than 3 implied that the element had moderate effect, means less than 4 implied that the factor had a great effect while means less than 5 implied that the factor had a very great effect on the sales.

The respondents indicated that effectiveness of product Delivery from retailer to Consumers (Depletion) was to a very great extent on sales with a means of 4.19 and standard deviation 0.835. While and product Delivery from the manufacturer warehouse to Agents (Shipment) was to a great extent on sales as indicated by a means of 4.16 with a standard deviation of 1.056. They indicated the effectiveness of Demand, Supply and Inventory planning & Management was to a moderate extent on sales with means of 3.86. See table 4.11

Table 4.11 Effectiveness of Delivery Time on sales of the company

On Time Delivery System	Mean	Std	Rank
Effectiveness of Delivery to Agents (Shipment)	4.16	1.056	2
Effectiveness of Delivery to Consumers (Depletion)	4.19	0.835	1
Demand, Supply and Inventory planning & Management	3.86	0.994	3

The respondents indicated that the effectiveness of Journey plan Adherence (Door - to -Door Distribution /outlet coverage and Frequency of Distribution/ call rate) on sales was a very great effect as indicated by a mean of 4.51 and 4.46 with a standard deviation of 0.828 and 0.772 respectively while effectiveness of Distributor allocation by Segment (like allocation of distributors for key account channels & segmentation for Draft, beer and cellar products) was to a great extent and Having a wider Distribution Network was to a moderate extent on sales as indicated by the means of 3.97. The effectiveness of Distributors appointment by Geography & proximity to the marketing sales of a company was to a little extent as depicted by a mean of 2.35 with a standard deviation of 1.171. See table 4.12

Table 4.12 Effectiveness of Market Visit on sales of the company

Journey plan (JP) Adherence	Mean	Std	Rank
Frequency of Distribution	4.46	0.772	2
Door - to –Door Distribution (outlet coverage)	4.51	0.828	1
Distributor allocation by Segment	4.16	0.98	3
Distributors appointment by Geography & proximity to the market	2.35	1.171	5
Having a wider Distribution Network	3.97	1.029	4

The respondents indicated that effectiveness of offering the product needed at the right time and place had an immense impact on the sales of the company’s product. They further indicated that; using of Segmentation & wining customer offer design (through proper implementation of route – to - market (RTM) & Route – to- consumer (RTC) strategies) on sales was to a very great extent with a mean of 4.73. While, the effectiveness of product availability by the required (store keeping unit /SKU’s & Quantity), and Availability of Glass Holding, and Stock Size (optimum inventory level) on sales of the company was to a great extent with means of 4.41, 4.32 and 4.22 respectively Table 4.13 explains more.

Table 4.13 Effectiveness of Product Availability on sales of the company

Getting the product needed	Mean	Std	Rank
Availability of the product by the required SKU & Quantity	4.41	0.946	2
Availability of Glass Holding	4.32	0.775	3
Stock Size (optimum inventory level)	4.22	0.876	4
Segmentation & wining customer offer design	4.73	0.724	1

The respondents indicated that the effectiveness of Control over product flow (FIFO/LIFO) methods& consistent product quality on the sales of the company was to a very great extent as indicated by a mean of 4.54. The effectiveness of Returnable management processes and efficiency on transportation service/system was to a great extent as shown by the means ranging between 4.32 and 4.3. The observations had standard deviations ranging between 0.794 and 0.905 which shows low variability in the observations. While that of the effectiveness of Lean warehousing & standard capacity was to a moderate extent as indicated by a mean of 3.38 with a standard deviation of 1.308

Table 4.14 Effectiveness of Product Quality on sales of the company

Product Quality	Mean	Std	Rank
Lean warehousing & standard capacity	3.38	1.305	4
Transportation effectiveness/efficiency	4.3	0.899	3
Control over product flow (FIFO/LIFO) methods& consistent product quality	4.54	0.794	1
Returnable management processes	4.32	0.905	2

The respondents indicated that the effectiveness of Sales through incentives & higher replenishment frequency on the sales of the company was to a great extent as shown by the means of 4.00 and with a standard deviation of 0.841. the effectiveness of Offering various promotional Schemes available on the network, Order to cash and customer service and Availability of credit systems on the sales of the company was to a moderate extent as it depicted by a mean ranging from 3.95 to 3.49 while that of Channel working capital management process and using Advertisement through visual & audio media was to no extent by the mean of 1.95 and 1.22 respectively.

Table 4.15 Effectiveness of Promotion and others on sales of the Company

Promotion & others	Mean	Std	Rank
Sales through incentives & higher replenishment frequency	4	0.841	1
Offering various promotional Schemes available on the network	3.95	0.735	2
Availability of credit systems	3.49	1.592	4
Advertisement through visual & audio media	1.22	0.907	6
Order to cash and customer service	3.89	1.452	3
Channel working capital management process	1.95	1.015	5

4.7.1 Strategy for analyzing the words of consumers

The study sought to find out if the company had a procedure of tracking and analyzing the words of its consumers. The results have been captured in table 4. 16 Majority of the respondents (62.2%) indicated that the company had a procedure of tracking and analyzing the words of its consumers. They further indicated that this was done by the use of weekly/continual and frequent market visit & route check through MIT (market impact team), promotional activations and collecting feedback , monthly/ batch beer testing, quarterly/semiannual factory visiting, seminar and conference, and customer service line. While the rest of the respondents (37.8%) indicated the influence of using competitor’s activity and company’s grandparent international platform as a bench mark, only based on third party /Research Company’s monthly industrial market share &availability report, sales team weekly report and a problem of formal procedure/ quantifiable approach to analyze the words of consumers as an input.

Table 4.16 strategy for analyzing the words of consumers

	frequency	percent
yes	46	62.2
no	28	37.8
Total	74	100

4.7.2 The attractiveness of Distribution System

The study sought to find out if the company's Distributional channel System were attractive enough in relation to other competitor beer companies. The results have been captured in Figure 4.17. Majority of the respondents (77%) indicated that the company's Distribution system were not attractive enough. they further indicated that the problem of product availability due to the factors of strategic market product allocation, seasonal factors, unbalance of draft availability with the standard beer (high cost of draft machine & its spillover effect on the consumption of standard beer), competitors activity and glass holding problem.

Table 4.17 attractiveness of distribution system

	frequency	percent
yes	17	23
no	57	77
Total	74	100

CHAPTER FIVE

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

The study seek out an assessment of the relationship between distribution practice and sales volume of Meta Brewery and to understand on how Distribution is currently implemented and functioning for the company in the Ethiopian market context. The climate of the Ethiopia's beer industry has undergone major changes in the last 4 years. The entrants of multinational companies coupled with the necessity in meeting the timely increasing of the demand and supply requirement made the competition to become stiff. Many of the companies including Meta Brewery have worked hard to define the positioning of the brand, invest in marketing activities, & build new commercial teams. With this increased investment behind capacity expansion & requirement of a highly skilled sales force, launched new brands and exerting their full potential to penetrate the market through applying different kinds of distributional channel strategy & widening their destination. All the respondents indicated that a sales and marketing department were present in the company. Most of them were joining the industry in parallel with the entrants of multinational companies and had an experience of grand parent company's promotional mix methods exposure.

The shipment activities in the organization were conducted by under the supervision of sales and operation department including the Distributers manager while the Depletion activities were undertaken by the respective regional sales and channel staffs. With the necessity in meeting the timely increasing of the demand and supply requirement, it is evident that the company applied mixed use of different distribution strategy. As the result shows in the finding (65%) were indicated that the company used intensive type of distribution strategy and (23%) of exclusive type of distribution strategy, aiming to deploy products for more than hundreds of exclusive Meta House Channel's while (12%) of selective distribution strategy for only key account outlets.

In investigating the distributional channel strategy used by Meta Brewery, the result of the analysis shows as the company used (Manufacturer - wholesaler - retailer – consumer) channel system to a very great extent while (Manufacturer -retailer – consumer) for exclusive Meta House channels to a great & moderate extent. The respondents further indicated that the use of (Manufacturer - wholesaler – consumer) through neighborhood stockiest (NHS's) and (Manufacturer - to – consumer) for selective key account outlets was to a lesser extent. This is attributable to the fact that the company used various mix of channel systems and there is an intense competition between breweries which forced the companies to widen their geographical coverage and destination.

In investigating frequency for evaluating the performances of channel and distributional system, the result shows as the company had not definite standard period to evaluate the impacts of distributional channel performances (42%) for on trade outlet but they used to have the procedure to monitor the distributional performances of Exclusive Meta Houses & Key Account outlets on monthly basis (28%). it is evident that the company's system on evaluating channel system performance were poor and became the victims of major problems due , No accurate ROS data on outlets, drop list is often not put to use by VSMS, no automated system for VSMS to depict ROS and week reporting link between VSMS and retail executives.

In determining the opinion level of consumers motivating reasons to use of the company's product, the result shows as product availability were used to be the main motivating reason to use of the company's product and followed by on time delivery system, Frequency of market visit and Promotion & provision of additional benefits to a moderate extent. From the factors of delivery time element, Effectiveness of product Delivery from the Agents warehouse to Consumers (depletion) had a great impact on the business of their product and followed by Effectiveness of product Delivery from warehouse to Agents (Shipment) and the factors of Demand, Supply and Inventory planning & Management to a moderate extent. From the journey plan adherence, the use of Door - to -Door Distribution was to a great extent and Frequency of Distribution, Distributors appointment by Geography & proximity to the market were used to a moderate extent while Having a wider Distribution Network and Distributor allocation by Segment had the least rank in their company situation. From the product availability element, The Availability of Glass Holding were used to a great extent, followed by Availability of the product by the required SKU & Quantity with Segmentation & wining customer offer design and Stock Size (optimum inventory level) were used to a moderate extent. From the product quality element, Control over product flow (FIFO/LIFO) methods & consistent product quality used as to a great extent and the uses of Lean warehousing & standard capacity and Transportation effectiveness/efficiency had a moderate extent while Returnable management processes had the least impact on the uses of the company's product. From the use of Promotion and other elements. promotional related activities (using of Sales incentives & higher replenishment frequency) and Availability of credit systems were used to a great extent and The use of Advertisement through visual & audio media, and Offering various promotional Schemes available on the network were used to a moderate extent while using of Order to cash and customer service and Channel working capital management process had the least impact.

So based on the extent use of the above mentioned distributional channel strategy and consumers motivating methods it's easy to say that Product type competition has become intense, so has channel penetration. Majority of the company's activities were focused on product availability and on time delivery system. The demand was driven by using push strategy and there is unbalance between the pull & push activities. This is attributable to the fact that the company had facing marketing problems including changing client attitudes and societal needs, increasing competition and the need to find alternative or substitute products which limits the company to focus on the push activities. Effective marketing is essential for helping them meet these challenges and maintain vitality, viability and relevance in today's turbulent environment. The respondents further indicated that (62.2%) the company had a procedure of tracking and analyzing the words of its consumers. They further indicated that this was done by the use of weekly/continual and frequent market visit & route check through MIT (market impact team), promotional activations and collecting feedback, monthly/ batch beer testing, quarterly/semiannual factory visiting, seminar and conference, and customer service line. While the rest of the respondents (37.8%) indicated the influence of using competitor's activity and company's grandparent international platform as a bench mark, only based on third party /Research Company's monthly industrial market share & availability report, sales team weekly report and a problem of formal procedure/ quantifiable approach to analyze the words of consumers as an input.

In determining the effectiveness of distributional channel systems on the sales of Meta Brewery, as Majority of the respondents indicated that effectiveness of product Delivery from retailer to Consumers (Depletion) was to a very great extent on sales and product Delivery from the manufacturer warehouse to Agents (Shipment) was to a great extent while the effectiveness of Demand, Supply and Inventory planning & Management was to a moderate extent on sales.

From Market Visit elements, The respondents indicated that the effectiveness of Journey plan Adherence (Door - to -Door Distribution /outlet coverage and Frequency of Distribution/ call rate) on sales was a very great effect while effectiveness of Distributor allocation by Segment (like allocation of distributors for key account channels & segmentation for Draft, beer and cellar products) was to a great extent and Having a wider Distribution Network was to a moderate extent on sales. The effectiveness of Distributors appointment by Geography & proximity to the market on sales of a company was to a little extent.

From the product availability elements, the respondents indicated that effectiveness of offering the product needed at the right time and place had an immense impact on the sales of the company's product. They further indicated that; using of Segmentation & wining customer offer design (through proper implementation of route – to - market (RTM) & Route – to- consumer (RTC) strategies) on sales was to a very great extent while, the effectiveness of product availability by the required (store keeping unit /SKU's & Quantity), and Availability of Glass Holding, and Stock Size (optimum inventory level) on sales of the company was to a great extent.

From the product quality element, the effectiveness of Control over product flow (FIFO/LIFO) methods& consistent product quality on the sales of the company was to a very great extent and the effectiveness of Returnable management processes and efficiency on transportation service/system was to a great extent While that of The effectiveness of Lean warehousing & standard capacity was to a moderate extent.

From the promotion & other elements, the effectiveness of Sales through incentives & higher replenishment frequency on the sales of the company was to a great extent and the effectiveness of Offering various promotional Schemes available on the network, Order to cash and customer service and Availability of credit systems on the sales of the company was to a moderate extent while that of Channel working capital management process and using Advertisement through visual & audio media was to no extent, but in assessing if the company's Distributional channel System were attractive enough in relation to other competitor beer companies. Majority of the respondents (77%) indicated that the company's Distribution system were not attractive enough. they further indicated that the problem of product availability due to the factors of strategic market product allocation, seasonal factors, unbalance of draft availability with the standard beer (high cost of draft machine & its spillover effect on the consumption of standard beer), competitors activity and glass holding problem.

In consideration of what each regional markets have, differed on the factors of market potential with the respective product target market, segmentation, geographical coverage, product availability, production capacity, and competitive environment;

It's difficult to generalize the effectiveness of the specific distributional channel methods on sales of the company. So From the findings it can be concluded that Marketing managers need to determine what combination of the distributional channel strategy will make effective for the company's sales of product. This is a tricky job since they do not know from the outset, which among the tools will help achieve the goals of their marketing objectives. An effective distribution method is a critical part of virtually all marketing strategies, product differentiation, market segmentation, trading up and trading down and branding, all require effective channel strategy. A company should also carry out a customer value analysis to determine the benefits the customer in a target market segment wants and how they perceive the relative value of competitor's product.

5.2 Recommendations

It's unarguable to conclude that distributional methods are important for the consumers as well as for the sales of companies but the effect of distribution channels and the impact on sales volume of the company were inconclusive. So Based on the analysis carried out and the behavior of the firms under consideration we recommend the following points.

Marketers have many tools to include in the distributional strategy; No one tool is perfect; each has strengths and weaknesses, and often the tools are most effective when they're combined.

The availability of product at the required time and time is the ultimate determinant of the distributional methods. The balance of shipment and depletion with the respective push and pull activities will significantly affect the type of distributional channel strategy. The grandparent company's marketing platform should have to be aligned with the local specific route market context.

In this era of intense competition, both worldwide and domestic, beer manufacturing firms of all sizes and varieties have become more and more concerned with the market share figures they achieve in the market place; Market share measures should be used as market performance indices. It is clearly desirable for the individuals concerned to have thorough knowledge of the distribution methods, which generate market share figures, and to be able to analyze the impact of their distributional channel strategy on market shares, as well as their profit implications.

5.3 Recommendations for Further Studies

This study has served as a foundation for further research on distribution strategies in beverage industry especially on Meta brewery's case, continuously and overtime since the marketing environment is changing every day and also in other industries away from beer industry. This is because of the importance of distribution methods in today's channel strategy.

The study doesn't consider other new, existing and emerging breweries but the result of the study would have been applicable for all the firms in the industry if it had also include the firms which are new and existing ones.

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Also there are so many dimensions of distributional methods, the study only considered a few of them but it's recommended for further researches to consider as many dimensions as possible.

Studied should be conducted over a long period of horizon and under normal market conditions (i.e. with balanced production capacity, product availability and geographical coverage) to obtain reliable data related to the effect of distributional methods on sales of the company.

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St. Marry University Department of Marketing Management School of GRADUATE STUDIES

Appendix I: Questionnaire

Dear respondent,

The purpose of this questionnaire is to assess the relationship between distribution practice and sales volume of Meta, Submitted to the School of Graduate Studies, St Mary University Department of Marketing Management to undertake a research in partial fulfillment of the requirements for the award of the degree of Master of Marketing Management. Therefore, this is to kindly request you to fill out this questionnaire as honestly as possible. The information provided here will be used only for the sole purpose of this academic study and will be treated with maximum confidentiality.

Instruction: please put (x) mark in the box for cloze ended questionnaires.

I would like to thank you in advance for your cooperation.

SECTION ONE –Background information

1. Name of your company

2. Please indicate your Gender. Male Female

3. Please tick the age group in which you fall.

21-30 Years

31-40 Years

41-50 Years

51-60 Years

above 60 Years

4. Level of education

Secondary

University

other, please, Specify

5. Current Department enrolled in?

6. Year of experience in enrolled current department?

One Year

two Year

three Year

four Year

Other please, Specify

7. Place of your market (enrolled territory/ route)?

8. Name of competitors in your market?

9. Do you have a sales / Distribution department?

Yes

No

10. Who is in charge of Distribution activities in your organization?

.....

11. Does your firm have a procedure of tracking and analyzing the effectiveness of your distributional activities?

Yes No

12. If yes, please specify.....

SECTION TWO: Effect of Distribution Channel System on Sales Volume

1. What kind of Distribution Strategy does your company uses?

Intensive Distribution Selective Distribution

Exclusive Distribution Franchising

If any others please specify

2. On a scale of 1-5, how would you rank the extent of use of the following Distribution Channel Systems by your company? Please tick where appropriate: 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent, and 1-To no extent.

Distribution Channel Systems	5	4	3	2	1
Manufacturer - to - Consumer					
Manufacturer - Wholesaler- Consumer					
Manufacturer - Wholesaler- Retailer- Consumer					
Manufacturer - Retailer- Consumer					
Others					

3. On a scale of 1-5, how would you rank the opinion level of Channel members about consumers motivating reasons to buy your company products? Please tick where appropriate: 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent, and 1-To no extent.

Consumers motivating factors	5	4	3	2	1
On time delivery system					
Frequency of market visit					
Product availability					
Product quality					
Promotion & additional benefits provided					
Others					

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4. On a scale of 1-5, how would you rank the extent of use of the following Distribution Channel System factors by your company? Please tick where appropriate: 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent, and 1-To no extent.

A. Delivery Time

On Time Delivery System	5	4	3	2	1
Effectiveness of Delivery to Agents (Shipment)					
Effectiveness of Delivery to Consumers (Depletion)					
Demand, Supply and Inventory planning & Management					
If any Others, please specify					

B. Market Visit

Journey plan (JP) Adherence	5	4	3	2	1
Frequency of Distribution					
Door - to –Door Distribution (outlet coverage)					
Distributor allocation by Segment					
Distributors appointment by Geography & proximity to the market					
Having a wider Distribution Network					
If any Others, please specify					

C. Product Availability

Getting the product needed	5	4	3	2	1
Availability of the product by the required SKU & Quantity					
Availability of Glass Holding					
Stock Size (optimum inventory level)					
Segmentation & wining customer offer design					
If any Others, please specify					

D. Quality	5	4	3	2	1
Lean warehousing & standard capacity					
Transportation effectiveness/efficiency					
Control over product flow (FIFO/LIFO) methods& consistent product quality					
Returnable management processes					
If any Others, please specify					

E. Promotion & Others

Promotion & additional benefits provided	5	4	3	2	1
Sales through incentives & higher replenishment frequency					
Offering various promotional Schemes available on the network					
Availability of credit systems					
Advertisement through visual & audio media					

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Order to cash and customer service					
Channel working capital management process					
If any Others, please specify					

5. Are there any strategy does your company used to analyze the words of its customer?

- Yes No

6. If yes, please specify the strategy & activities?

- a)
 b)
 c)
 d)

7. Does your company evaluating channel performance?

- Yes No

8. If No, please specify the reasons?

- a)
 b)
 c)
 d)

9. After how long does your company evaluating channel performance?

- Monthly Semi annually
 Quarterly Yearly If any others please specify

10. Does the Distributional channel system used by your company attractive enough/Stronger in relation to other competitor beer companies?

- Yes No

11. If yes please specify what makes it attractive/stronger?

- a)
 b)
 c)
 d)

12. On a scale of 1-5, how would you rank the effect on sales of the following distribution channel system factors by your company? Please tick where appropriate: 5-To a very great extent, 4-To a great extent, 3-To a moderate extent, 2-To a little extent, and 1-To no extent.

A. Delivery Time

On Time Delivery System	5	4	3	2	1
Effectiveness of Delivery to Agents (Shipment)					
Effectiveness of Delivery to Consumers (Depletion)					
Demand, Supply and Inventory planning & Management					
If any Others, please specify					

B. Market Visit

Journey plan (JP) Adherence	5	4	3	2	1
Frequency of Distribution					
Door - to -Door Distribution (outlet coverage)					
Distributor allocation by Segment					
Distributors appointment by Geography & proximity to the market					
Having a wider Distribution Network					
If any Others, please specify					

C. Product Availability

Getting the product needed	5	4	3	2	1
Availability of the product by the required SKU & Quantity					
Availability of Glass Holding					
Stock Size (optimum inventory level)					
Segmentation & wining customer offer design					
If any Others, please specify					

D. Quality	5	4	3	2	1
Lean warehousing & standard capacity					
Transportation effectiveness/efficiency					
Control over product flow (FIFO/LIFO) methods & consistent product quality					
Returnable management processes					
If any Others, please specify					

E. Promotion & Others

Promotion & additional benefits provided	5	4	3	2	1
Sales through incentives & higher replenishment frequency					
Offering various promotional Schemes available on the network					
Availability of credit systems					
Advertisement through visual & audio media					
Order to cash and customer service					
Channel working capital management process					
If any Others, please specify					

13. Any other comments.....

.....

THANK YOU FOR YOUR TIME!

Appendix II: List of beer companies in Ethiopia as of 2016

Companies	Brands	Comments
BGI	St. George, Castel, Amber	Three plants in A.A, Hawasa and Kombolcha
Diageo	Meta (Classic &Premium), Malta, Zemen	
Heineken	Waliya, Bedele, Harar, Sofi, Buckler, Heineken, Hakim Stout	Three plants in A.A(Klinto), Harar and Bedele
Habesha	Habesha	New
Raya	Raya	New
Dashen	Dashen	Two plants in Gondar and Debre-Birhan
Zebidar	Skull and Zebidar	Gurage zone Dubre