

St. Mary's University College
Faculty of Business
Department of Marketing Management

An Assessment of SIM-CARD Distribution
Practices in
Ethiopian Telecommunications Corporation
(ETC)

By
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June, 2010
SMUC
Addis Ababa

**An Assessment of SIM-CARD Distribution
Practices in
Ethiopian Telecommunications Corporation**

**A Senior Essay Submitted to the Department of
Marketing Management Faculty of Business
ST. Mary's University College**

**In Partial Fulfillment of the Requirements for the Degree of
Bachelor of Arts in Marketing Management**

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CHAPTER ONE

1. INTRODUCTION

1.1. Background of the Study

One of the four P's of marketing mix is distribution channel. Organizations have to create deploy the distribution channel in the manner in which it satisfies the objectives. Distribution channel of an organization can be design through either of direct approach which is by its own organizational outlets (organizational sales outlets, etc) or through indirect approach like mercantile middle men (wholesalers, retailers, etc) functional middle men (commission agents, brokers, etc). Unless otherwise the distribution channels were created effectively as well as efficiently in line with best principles and logistics, the end results of the organizational objective could be trapped on unachieved. (Kotler; 2006:52)

There are various activities performed in the distributing department. The marketing section is responsible to sell the product. Selling by itself is not an easy task; it needs mainly a competent and qualified sale force. The success of selling process is mainly a result of the sales forces competency. (W. Perreault: 1986:165)

Sometimes, there might be some problems in distribution of product. For instance, customers may complain regarding the product or service they received from the corporation. Hence, accepting customers complain and provide immediate solution should explains the commitment of marketing peoples in solving specific problem facing the department.

Choosing the right channel of distribution is crucial in getting products to the target market's place. (W. Perreault: 1986:256)

Physical distribution should be, a part of marketing that is “invisible” to most consumers. It only gets their attention when something goes wrong. At that point, it may be too late to do any thing that will keep them happy. (Ibid)

The Physical distribution /PD/ concept says that all transporting, storing, and product-handling activities of a business and a whole channel system should be coordinated as one system that seeks to minimize and cost of distribution for a given customer service level. (Ibid)

Distribution is the commercial activity of transporting and selling goods from a producer to a consumer getting. Distribution is one of the “Ps” of marketing- “place”.’ Once you know your market area and have safely processed and packaged your product, you have to place it where your customer can buy it. (The TechTarget Library of white paper. (2009). Distribution. available at [//www.bitpipe.com/tlist/Distribution.html](http://www.bitpipe.com/tlist/Distribution.html). Accessed on December 1, 2009.)

It is with this intention that this study is designed and conducted to assess the distribution of channels practice of Ethiopian Telecommunications Corporation (ETC).

To summarize what have been stated in the above theories, product distribution is a means to reach the products/services of the manufacturers to the customer (transportation). Product distribution should be selected in right way to get products in to the market place. And should be coordinated as one system that seeks to minimize and cost of distribution for a given customer would be cost effective. Last but not the list is an important element to maximize the sales target.

ETC has more than 895,745 fixed, 4,562,326 mobile 69,003 Internet 3,716 multi-media (popular are EVDO and 1X) subscribers. The sales person of ETC are working under 13 regional and 6 zonal offices. ETC has deployed direct sales and indirect sales approach. The corporation has its own sales outlet which is owned and by its own resources and subsequently also highly in use of indirect approach through merchant middlemen like dealers. (Ethiopian Telecommunication Corporation Company Profile 2008:4)

1.2. Statement of the problem

The existence of every business company depends on the income the business company gets. The large shares of generating income for business companies are customers who own the product/services of the company. The final user of the product/service would have to be accessed the products at feasible and reasonable time and place so as to achieve the expected income distribution channel which plays a great role in generating and so meeting the income and goal of the organization. (Carman, J.M; 1990:43)

In case of Ethiopian Telecommunications Corporation (ETC), since the corporation has passed through multiple of decades in rendering services of telecommunication products, it has been deplored the direct and an indirect distribution channels to address to its customers. The corporation has 19 zonal and regional sales/distribution outlets and also has more than 72 branches (distribution offices). The corporation to the other side of making its sales distribution effective, it had studied and arranged the indirect sales distribution arrangements with merchant middle men of which sellers and retailers i.e. Mobile SIM and voucher card distribution could be noted as to underline the case.

The corporation with the intention of fulfilling and serving in the state of art of technology to the society it has been devised to launch the third generation networks product, such as 3G-Mobile (third generation network), EVDO and 1X data (internet service), etc. However, the products have passed two years of time for serving to the society i.e. ready to market, the total sales of the products were not exceeding over 30-40% of what had been targeted/planned (Ethiopian Telecommunications Corporation, Annual report 2001 Budget year). Different reasons were raised by the ETC-most top officials to justify the challenges happened (Interview result). But most of ETC officials agree to make a serious plan for a solution of a problem faced under distribution channel. Customers can only serve the EVDO and 1X-SIM-Cards from ETC's 19 sales outlets. And due to this reason, it is hard to manage by customers to be a customer of EVDO or 1X services easily. Some indications of problems in EVDO or 1X SIM-Card distribution are: -

- It is expected to pay a time of 2-3 hours to subscribe EVDO or 1X SIM Cards unlike to mobile SIM-Card distribution. Because the time requires to subscribe Mobile SIM-Card is around half an hour. (No KPI; (key performance indicator, but it is presented from the result of interview)
- Customers who are outside Addis or outside main cities of federal states should come and serve the requirements of EVDO or 1X SIM-Card back to central offices.
- Most of EVDO or 1X SIM-Card distribution outlets are not established located to the convenient place of customers, etc.

On top of that, in 2001 budget year's performance evaluation report /SWOT analysis document tool/ was identified that problems in distribution channel were taken as large share of problem area. Some minor corrective actions in the form of remedial to effect positive on the budget year sales were taken to solve but not in the form of full feasibility and holistic approach. This study is more focused and broadly seen of the problems of distribution channels of the Ethiopian Telecommunications Corporation with the scope of EVDO and 1X SIM Card distribution.

Research Question

The study would have to be guided by the following questions.

1. What are the main causes of EVDO or 1X SIM Card distribution leads to ineffective as well as inefficient?
2. What are the existing channel of distribution of EVDO or 1X SIM Card in terms of easily accessibility?
3. What can be done to manage the problems faced along with EVDO or 1X SIM Card distribution?

1.3. Objective of the study

1.3.1. General objective

The general objective of this study is assessing issues related to the EVDO and 1X SIM-Card distribution problem and their associated impact on the success of the Corporation. Finally pose feasible solutions to overcome those problems.

1.3.2. Specific Objectives

The study specifically addresses the following specific issues.

- To assess the main cause of EVDO or 1X SIM-Card distribution leads to ineffective as well as inefficient

- To evaluate the distribution channels of EVDO and 1X SIM-Card products.
- To evaluate the distribution channels launched for EVDO and 1X SIM-Card products in terms of support through rules and regulations.
- To pose best recommendations from possible alternatives.

1.4. Significance of the study.

The major significance of the study is to indicate the overall customers' satisfaction in respect of acquiring EVDO or 1X SIM-Card by making harmony on channels of distribution of Ethiopian Telecommunication Corporation. The researcher has indicated factors that promote and hinder customers' satisfaction in respect to EVDO and 1X SIM-Card distribution process which can be used to bring about improvements in the EVDO and 1X service, there by, satisfaction of existing customers and possibility of attracting potential users. Moreover, the findings can be used as an insight for future interested researchers in this specific topic last but not the least would be, empowering the researcher with practical case study.

1.5. Scope of the study (Delimitation).

The study will conduct in the organization with special emphasis of the distribution. The corporation has so many services that need distribution in the country. Even if the corporation has large customer, the focus area of this study goes with EVDO and 1X SIM-Card distribution. The distribution channel problem which associated to EVDO and 1X services are too challenging and needs a cover through research. Because the products of the corporation are too broad, it needs vast time to gather information, data analysis and cost.

1.6. Definition of Terms

- SIM-Card is also known as a subscriber identify module, is a smart card that stores data for cellular telephone subscribers. Such data includes user identity location and phone number, network authorization data personal security keys contact lists and stored text messages. (Mobile computing.com: 2009)
- EVDO and 1X – are defined as “EVDO” Evolution Data optimized internet service (2.4 Mega bite capacity) and 1X is not an abbreviated product but it is a brand name for narrow band width of internet service (70 kilo bite speed).
- Internet is defined as Internet is a global system of interconnected computer networks. A computer that connects to the Internet can access information. (www.rustybrick.com/definitions.php)
- Multimedia is defined as a transmission that combines media of communication (text and graphics and sound etc.) (wordnetweb.princeton.edu/perl/webwn)

1.7. Research Design and Methodology

1.7.1. Research Method

Depending on what the results of the study are to be used for, the research is based on quantitative and/or qualitative methods or a combination of both. With respect to quantitative methods, facts and figures which will be counted or objectively measured are to be considered. While qualitative methods would refer to the respondents' attitude perceptions, and biases.

1.7.2. Population, Sampling or Respondents of the Study

The study is to be used random sampling technique of probability. Because, distribution of questionnaire to all customers and employers of the firm makes the study broad in scope, costly and unmanageable in size and to wide.

The total size of EVDO and 1X customer is 22,932 up to the end of November 2009. (The corporation monthly report declared). While the employees (including outlet manager) assigned in charge of EVDO and 1X SIM-Card distribution are 57 (3 staff per outlet and for 19 outlets).

In determination of sample size for customers, it had been referred the guideline of Malhotra Naresh K. (2005:318). The sample size stated in Malhotra's Naresh K. "Marketing research book", for problem solving research (e.g. pricing) which is so similar to this study topic, would be considered a sample size of 200 samples for a typical range of 300-500 populations. When we come to make a sample size of this study (EVDO and 1X SIM-Card) in line with the above Malhotra's Naresh K. guideline, it will become a sample size of 9173 (taking the typical range's maximum). However with limitation of costs, time require to handle the questionnaire and complications to analyze the questionnaire would be forced to limit the sample size to 200.

Every customer is to be expected to fill the questionnaire in EVDO or 1X SIM Card distribution office when he/she appears to get services. Additional efforts would be embedded to get a customer size of 200.

In respect to sample size determination to employees, it will be considered and take a sample for each distribution outlet with a size of 2 employees, i.e. one outlet manager and one employee. So, that the employee sample size will be 38 (2 employees from 19 distribution outlet).

1.7.3. Types of Data

The study used both primary and secondary data sources to get access to all the necessary information. The primary data includes opinions of customers of EVDO or 1X services and employees assigned in marketing activities of Mobile SIM-Card distribution and fixed line telephone administrator. Because employees assigned in Mobile SIM-Card distribution and fixed line telephone administrator had several years of experience and capable to forward the best ideas while secondary data are printed materials data from books, journals and company reports.

1.7.4. Data Gathering Instruments

The aim of this study is to provide relevant and reliable information and creates awareness to the corporation (ETC). Questionnaire and focus group discussion are selected as an instrument to gather data. In the means of questionnaire, direct customers of EVDO or 1X services and the employees assigned in mobile SIM-Card distribution. Fixed line telephone administrator and other customers are to be conducted through focus group discussion (panel discussion).

1.7.5. Data Analysis Method

Collected data is analyzed based on the factors consistent with research questions objectives and the understanding and judgment of the researcher. Data collected was analyzed based on the types of question designed and responses provided. The responses provided to the rating (scale) questions is analyzed based on the scale allocated to the factors. Scales size and meaning was determined initially in the designing stage of the study. The responses provided to the open questions indicate respondents' exact position regarding major issues of this study. Analysis of results was made from the point of view of customers and employees.

1.8. Organization of the study

The study incorporates four chapters. The first chapter is introduction followed by literature review, which is the second chapter. Chapter three presents data and analyses by using descriptive method of data analysis.

The last chapter provides summary of findings, conclusion and recommendation respectively.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1. Physical Distribution Overview

This study is conducted on the bases of some theoretical backgrounds and related previous researches outcome in channels of distribution. Therefore, it would be important to consider and summarize what previously conducted researches and written books say about the subject matter under study.

According to Sherlekar's (2004:147) Physical Distribution means the process of delivering the product to the user or consumer promptly, safely and in time. Physical Distribution involves management (planning action and control) of the physical flows of raw materials and finished goods from the point of use consumption to meet the customer needs at a profit. It covers all activities in the flow of goods between producer and consumer. (James, E: 1997:60)

(Kotler: 2002:536) explains physical distribution as market logistics a physical distribution has recently expanded into the broader concept of supply chain management. Supply chain management starts earlier than physical distribution attempts to procure the right inputs (raw materials, component and capital equipment) convert them efficiently into finished products and dispatch them to the final destination.

Both authors underline on the point which explains physical distribution as delivering products to consumer promptly safely and in time. That is, the time and place utility aspect is regarded as the major task in physical distribution decision making process. Physical distribution takes place

with in numerous wholesaling and retailing distribution channels and includes such important decision areas s customer service, inventory control, material handling, protective packaging order processing, transportation, warehouse site selection and ware housing physical distribution is part of a larger process called “Distribution” which includes whole sales and retail marketing as well the physical movement of products (Clancy: 1990:56)

Product distribution activities have recently received increasing attention form business manager including small business owners this is due in large part to the fact that these functions of the represent almost half of the total marketing costs of a product. In fact research studies indicates that physical distribution costs nationally amount to approximately 20 percent of the country’s total gross national product. These findings have led much small business to expand their cost cutting efforts beyond their historical focus on production to encompass physical distribution activities. The importance of physical distribution is also based on its relevance to customer satisfaction. By storing goods in convenient locations for shipment to whole sellers and retailers and by creating fast, reliable means of moving.

Good, small business owners can help a sure continue success in rapidly changing competitive global market (Ibid)

2.2. Channel Dynamics

According to G. Hencaster (2001:273) Distribution channel do not stand still. New whole selling and retailing institutions emerge, and new channel systems evolve. Recently, there are three forms of channel marketing systems.

1. **Vertical Marketing Systems (VMS)** – by contrast, comprises the producer, whole salers (s), and retailers (s) acting as a unified system.

VMS can be formed in three types; such as corporate, administered and contractual.

- a. *Corporate and Administrated VMS* - A corporate VMS combines successive stages of production and distribution under single ownership.
- b. *Contractual VMS* – consists of independent firms at different levels of production and distribution integrating their programs on a contractual basis to obtain more economies or sales impact that they could achieve alone.

Contractual VMS now constitute one of the most significant developments in the economy. They are of the three types.

- i. Wholesaler – sponsored voluntary chains: - wholesalers organize voluntary chains of independent retailers to help them compete with large chain organizations.
- ii. Retailer cooperatives: - Retailers take the initiative and organize a new business entity to carry on wholesaling and possibly some production. Members concentrate their purchases through the retailer co-op and plan their advertising jointly. Profits are passed back to members in proportion to their purchases.
- iii. Franchise Organizations: - A channel member called a franchisor might link several successive stages in the production – distribution process. (Ibid)

2. Horizontal Marketing System: - in which two or more unrelated companies put together resources or programs to exploit an emerging marketing opportunity.

3. Multi channel Marketing Systems: - Once, many companies sold to a single market through a single channel. Today, with the proliferation of customer segments and channel possibilities, more companies have adopted multi channel Marketing. It occurs when a single firm uses two or more marketing channels to reach one or more customer segments. As per Kotler (2003: 522-523) describes.

G. Lancaster (2001: 277-280) explains that decision makers with in conventional channels are more concerned with cost and Investment relationships at a single stage of the marketing process, and as such are usually committed to established working practices.

Vertical Marketing Systems (VMS) are in complete contrast to conventional channels. Channel members co-ordinate their activities between the different level of the channel in order to reach a desired target market.

Corporate Vertical Marketing is defined as one that owns and generates two or more traditional levels of marketing system.

The administered Vertical Marketing System

Typically does not have the formalized arrangements of the contractual system on the clarity of power dependence of the corporate system. The member organizations acknowledge the existence of dependence and here to the leadership of the dominant firm, which may operate at any level of channel. It is one step removed, in an analytical sense, from conventional marketing channels. (Ibid)

There are two types of marketing systems. Vertical Marketing systems and Horizontal Marketing Systems are launched as an option to use. (D. Stokes: 2000:274) describes.

To summarize the above author's point of intention and to come up in use for this study, Marketing Systems can be Vertical, Horizontal & Multi Channel Marketing System with conditions that each channel systems has its own field of requirements which positively satisfies.

2.3. Channel Strategy

David Stokes describes that strategic decisions on channels of distribution cover the selection of the appropriate distribution system and the management of that system so that it meets organizational goals. (D. Stokes: 2000:274)

Where as Kotler explains there are three strategies available; exclusive distribution, selective distribution and the intensive distribution.

1. Exclusive distribution – means severely limiting the number of intermediaries. It is used when the producer wants to maintain control over the service level and out puts offered by the sellers.
2. Selective distribution involves the use of more than a few but less than all of the intermediaries who are a few but less than all of the intermediaries who are willing to carry a particular product.
3. Intensive distribution – Consists of the manufacturer placing the goods or services in as many outlets as possible.

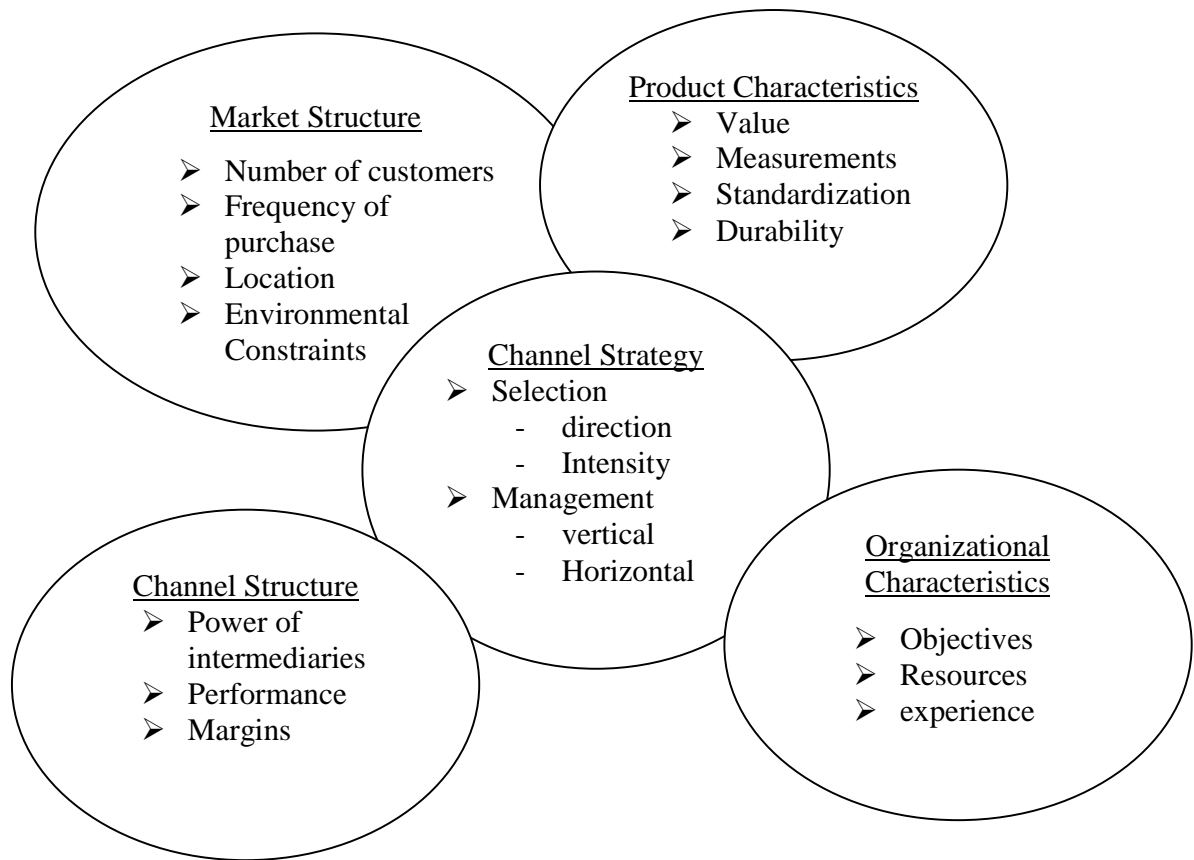
- This strategy is generally used for items such as tobacco products, soap, snack foods, and gum, products for which the consumer requires a great deal of location convenience. (Kotler: 2003:513)

Channels should have to be embedded with strategies to meet the established marketing goals. A company has to build up a channel strategy among the above three strategies on the base of their merits. Not all channel strategies have equal advantageous for every scenario. Gap assessment in related to the problems made in channels of distribution is a key to make a proper decision in selection of which channel strategy becomes most effective.

2.3.1. Influence on channel strategies

Factors which have an influential power in channel strategies as D. Stakes: describes on (2000:280-281)

Market structure, product characteristics, channel structure, channel strategy and organizational characteristics are the main factors which play a great role to influence the decisions associated with channel of distribution proper concern should be encompassed to investigate and to find the best format of channel of distribution.



2.4. Strategic Channel Choices

Every business organization should make a process of evaluation of channels of distribution and take a proper /sound decision among the alternatives.

As per (G. Lancaster: 2001:275) explains that channel choices available to a company that can be identified:-

- Intensive Distribution: - Products are placed in as many outlets as possible. This strategy is most commonly used when customers wish to purchase goods frequently.

- Selective Distribution: - Products are placed in a more limited number of outlets in defined geographic areas. Instead of widespread exposure for the products, selective distribution seeks to show products in the most promising or most profitable outlets only.

- Exclusive distribution: - Products are placed in the hands of one outlet only in a specified area. Exclusive Distribution often brings about a greater partnership between seller and re-seller and results in a great deal of loyalty.

Channel alternatives needs to be evaluated against economic, control, and adaptive criteria as Kotler explained.

- Economic – sellers would try to replace high-cost channels with low-cost channels when the value added per sale was sufficient.

- Companies that are successful in switching their customers to lower-cost channels, assuming no loss of sales or deterioration in service quality, will gain a channel of advantage.

- Control adaptive – using a sales agency poses a control problem. A sales agency is an independent firm seeking to maximize its profits. Agents may concentrate on the customers who buy the most, not necessarily those who buy the manufacturer’s goods. Furthermore, agents might not master the technical details of the company’s product on handle its promotion materials effectively. (Kotler: 2003:514) noted.

2.4.1. Analyze customers' desired service output levels

On a brief explanation of (Kotler: 2003:514) to analyze Customer needs, five service outputs should be seen:

- Lot size - the number of units the channel permits a typical customer to purchase on one occasion.
- Waiting time – the average time customers of that channel wait for receipt of the goods. Customers normally prefer fast delivery channels.
- Spatial convenience – The degree to which the marketing channel makes it easy for customers to purchase the product.
- Product Variety – The assortment breadth provided by the marketing channel. Normally customers prefer a greater assortment because more choices increase the chance of finding what they need.
- Service back up – The add-on services (credit, delivery, installation, repairs) provided by the channel.

2.5. Channel levels

Channels levels can be classified in the following pattern as (Kotler: 2003: 508-509) explains up:

A Zero-level channel (also called a direct – marketing channel) consists of a manufacturer selling directly to the final customer. The major examples are door to door sales, home parties, mail order, telemarketing, TV selling, internet selling, and manufacturer – owned stores.

A one – level channel- Contains one selling intermediary, such as a retailer. A two level channel contains two intermediaries. A three – level channel contains three intermediaries.

2.6. Structure of Marketing Channels

(G. Lancaster: 2001:281) defines the marketing channel is an immerly complex structure. This has two basic concepts:-

1. The placement of intermediary types of in relation to each other.
2. The number of different intermediary levels or stages included in the channel.

2.7. Designing a channel system

A push strategy involves the manufacturer rising its sales force and trade promotion money to induce intermediaries to carry, promote, and sell the product to end users. (Kotler: 2003:511)

Designing a channel system involves four steps:-

1. Analyzing customer needs,
2. Establishing channel objectives
3. Identifying major channel alternatives and
4. Evaluating major channel alternatives

The marketing channel challenge involves two major tasks; First, to design the right channel, and second, to assure successful implementation of the design. (Kotler: 2001:250-262)

Design of the Marketing Channel

Step 1. Segmentation

It means that the splitting of a market into groups of end users who are (1) maximally similar within each group, and (2) maximally different between groups. For channel manager, segments are best defined on the basis of demand for the service outputs of the marketing channel.

Step 2. Positioning

When the market has been segmented into groups of end users, each of which can be described by a set of service output demands, the channel manager should next define the optimal channel to serve each segment we call this exercise positioning or configuring the channel. Just as positioning a product means setting its product attributes, price, and promotional mix to best fit the demands of a particular segment, so also positioning in this context refers to the design of the distribution channel to meet the segments demand.

The optimal channel is defined first and foremost by the necessary channel flows. The design of the channel structure involves two main elements. First the channel designer must decide who are to be the members of the channel. The other main element of the channel structure is the decision of how many of each type of the channel member will be in the channel; channel intensity decision. In particular, should the channel for a consumer good include many retail outlets (Intensive distribution), just a few (Selective distribution) or only one (exclusive distribution) in a given market area? The answer to this question depends both on efficiency and on implementation factors. More intensive distribution may make the

product more easily available to all target end-users, but may create enormous competition among the retailers selling it.

The channel structure decisions of type, identity, and intensity of channel members all should be made with the minimization of channel flow costs in mind.

Step 3. Targeting

The channel manager is equipped to decide what segments to target. Knowing what segments to ignore in one's channel design and management efforts is very important, because it keeps the channel focused on the key segments. Channel manager should look in to internal, i.e. managerial bounds and external, i.e. both environmental bounds and competitive bench marks.

Step 4. Establishing on Refining the Channel Structure

All this point, the channel manager has identified the optional way to reach each targeted segment in the market. If there is a pre-existing channel in place in the market, however the channel manager should perform a gap analysis.

Implementation of the design

The channel members now must implement the optional channel design, and indeed must continue to implement an optional design through time.

Channel captain implement the optimal channel design in the face of interdependence among channel partners, not all of whom have the incentives to cooperate in the performance of their designated channel

flows? The answer lies in the possession and use of channel power. It is an ability to control the decision variables in the marketing strategy of another member in a given channel at a different level of distribution.

In summarizing things which would be considered in creating a strategy or making a process of channel design, company's should follow either of making a design process through needs identifications, establishment of objectives, identifications of major channel alternatives and evaluating them or through a process of segmenting, targeting and establishing or refining the channel structure.

2.8. Types and Classifications of Channel

There are four main types of channel level existing in consumer markets. The first three levels (Zero, one and two) do not require explanation; usually comprising a "Jobber" (Merchant – wholesaler) with in each marketing channel, the intermediaries are connected by several types of flows. These can be classified as follows.

1. Physical flow – movement of physical products form raw materials to the final consumer.
2. Title flow – the actual passage of ownership from one channel institution to another.
3. Information flow – Involves the directed flow of influence form such activities as advertising, personal selling, sales promotion and publicity from one member to other members in the system. (G. Lancaster: 2001:276)

2.9. Modifying channel arrangements

A producer must periodically review and modify its channel arrangements. Modification becomes accessory when the distribution channel is not working as planned, consumer buying patterns change, the market expands, new competition arises, innovative distribution channels emerge, and the product moves in to later stages in the product life cycle. (Kotler: 2003:520)

2.10. Channel Control

The final channel strategy issue is the degree of coordination and control to be exercised over the resellers. Tight control comes at a price, because it certainly takes time to supervise and manage the intermediaries selling, stocking, and service activities, and may require a great deal of investment. If there is an ownership stake.

Tighter control is exercised with leadership linkages, where the dominant firm in the channel calls the tune and coordinates the players. (George S.: 1990:225)

2.11. Channel Conflict & Types

As per the belief of (G. Lancaster: 2001: 287-288) describes that there are three types of distribution conflict horizontal, Intertype and vertical.

- Horizontal Conflict: - is related to competition among similar types of intermediaries at the same level in the channel.
- Intertype Conflict: - refers to competition among different types of intermediaries at the same level in the channel.

- Vertical Conflict: - refers to competition among the different levels of a channel.

(D. Stakes: 2000:274) also mentioned that, there are two types of channel conflict; such as Horizontal conflict (the same channel levels disagree) and Vertical conflict (arises between different levels of the channel.)

- To make a remarkable point of conclusion, which will help the study, channel conflict could be Horizontal, Intertype and Vertical ones.

2.11.1. Causes of Channel Conflict

Causes of channel conflict should be identifying and needs to be solved. Some of the causes are: - Goal incompatibility, Unclear roles and rights, differences in perception. (Kotler: 2001:287).

2.11.2. Managing Channel Conflict

Some channel conflict can be constructive and lead to more dynamic adaptation to a changing environment, but too much is dysfunctional.

- Adoption of super ordinate goals. Channel members come to an agreement on the fundamental goals they are jointly seeking, whether it is survival, market share, high quality, or customer satisfaction.
- Exchange persons between two or more channel levels.
- Co-optation is an effort by one organization to win the support of the leaders of another organization by including them in advisory councils, boards of directors, and the like.

- Encouraging joint membership in and between trade associations.
- When conflict is chronic or acute, the parties may be have to resort to diplomacy, mediation, or arbitration. Kotler: (2001:529)

2.12. Legal and ethical issues in channel relations

A strategy in which the seller allows only certain outlets to carry its products is called “Exclusive Distribution.” When the seller requires that these dealers not handle competitors products; Exclusive dealing. Both parties benefit from exclusive arrangement. (Kotler: 2003:530).

A company needs to make a contractual agreement to discharge the rights and obligations among with channels.

CHAPTER THREE

3. REPORT FINDINGS, DATA ANALYSIS AND INTERPRETATION

3.1. Introduction

This portion is concerned with analysis of data from the given findings and forward the interpretation along with nearest result of analysis. Here with the EVDO and 1X SIM-Card distribution process under Ethiopian Telecommunication Corporation were done through questionnaire and focus point discussion. Both relevant and resource persons from the scenario of employees side and customer side were part of the input delivery for this research.

3.2. General Back ground of Respondents

The data for the study was collected from both customers and employees. Participants; customers and employee were selected randomly from the services of EVDO, 1Xs and from other services. From the 136 customers 17(13.85%) of sole proprietorship, 19(26.49%) of public, 3(2.05%) of private, 15(11.17%) of Share Company, 64(47.06%) of NGO and 18(13.23%) of personal category of respondent were participated.

The study was planned to gather data from customer and employee /staff/ in a size of 200 and 38 respectively. Which mean than, 68% of the customer and 80% of the staff were engaged and because of the number of the participant had been over half percentage of the total sample size, the analysis and conclusion would be assumed reliable and proceed to be done.

Table 2.1 Types of Organization

Types	Frequency	Percentage	Cumulative percentage
Sole proprietorship	19	13.85	13.85
Public	17	12.64	26.49
Private	3	2.05	28.54
Share company	15	11.17	39.71
NGO	64	47.06	86.7
Personal	18	13.23	100
Total	136	100	

Regarding from the side of staff, 30 staff members were responding the question from a total of 38 staff, 10(33.3%) of them were managerial and the rest i.e 20(66.7%) of the employee were non-managerial.

Table 1.1 Staff category

Staff category	Frequency	Percentage	Cumulative percentage
Managerial	10	33.3	33.3
Non managerial	20	66.7	100
Total	30	100	

When we come to see the profile of the participants, from both side of staff and customer, all types of customers and also to the category of staff were involved and the data would be inclusive of all opinions.

Table 2.2 Types of data service

Type of data service	Frequency	Percentage	Commutative Percentage
EVDO	45	32.9	32.9
1x	60	43.8	76.7
Both EVDO and 1x	15	10.9	87.6
Other (Broadband)	16	12.4	100
Total	136	100	

With respect to the customers nature of subscription 45(32.9%) and 60 (43.8%) of the customers are subscribed EVDO and 1X service respectively. 15(10.9%) and 16(12.4%) of the customer are subscribed a service of both EVDO and 1X and other services (broadband) respectively.

Table 1.2 Specific work assignment

Specific staff work assignment	Frequency	Percent	Cumulative percent
Specific to EVDO only	9	29	29
Specific to 1X only	5	16	45
Both EVDO and 1X	12	42	87
Other service (neither EVDO Nor 1X)	4	13	100
Total	30	100	

To the angle of work assignment of staffs along with services, 9(29%) of the staff are assigned in providing services of specific to EVDO 5(16%) of them are specific to 1X service, 12(42%) of the staff are assigned in both services of EVDO and 1X, and rest i.e 4(13%) of staffs are direct to services other than EVDO and 1X SIM-Card distribution operation.

From the above finding, large number of customers i.e. 87.6%, are the subscribers services directly to EVDO and 1X. While with staff assignments, it looks almost similar percentage, i.e. 87% of staffs are serving in the system of providing operational activity of EVDO and 1X services. To sum up the results shown up in customers subscriptions of service and staff assignments, it has sufficient number and reliable too to gather data, and also helpful to process the study.

Regarding to the participants of focus group discussions, with in the range of 38-43 customers as well to employees engaged on. This means that the idea generated from the above group makes the study so legible.

3.3. Basic content analysis of the respondents

Channel level

Availing the products of the producer with easy and accessible to the customer/user would be the key function of marketing activities. Customers shall be in need of satisfaction by accessing the good with no time of down from the market. So that, the level of channel has tremendous benefit in meeting timely, and easy accessibility of the customer requirements.

The finding with this respect will be described as follows.

Table 1.3 Channel level

Channel level	Frequency	Percentage	Cumulative percentage
Zero level	25	83.3	83.3
One level	1	4.2	87.5
Two level	4	12.5	100
Other	-	-	
Total	30	100	

From the assessment, it has been shown that 25(83.3%) of the respondent respond that the channel level is zero, 1(4.2%) of the respondent and 4(12.5%) of the respondent replied as one and two level respectively. So that, the large number of the respondent, i.e. 25(83.3%) reflects that the service that is being now with respect to EVDO and 1X SIM-Card distribution is zero level and it implies that the corporation has no use of other distributors to distribute the product of EVDO and 1X SIM-Cards.

Types of Conflict

Conflict has not the necessarily concept of reflecting negative sentiments. It has several advantages if it is properly managed. However, the negation aspect of conflict is, it has an adverse effect to achieve the objective establish if it is not identified wisely and tries to eliminate by forwarding solutions. Identification process of conflict and its cause of happening had been investigated and showed in the following ways.

Table 1.4 Types of Conflict

Types of Conflict	Frequency					Percentage				
	High	Mod.	Low	Not happened	Total	High	Mod.	Low	Not happened	Total
Horizontal Conflict	-	-	-	30	30	-	-	-	100	100
Vertical Conflict	-	-	-	30	30	-	-	-	100	100
Intertype Conflict	-	-	2	28	30	-	-	7	93	100

Table 1.5 Cause of Channel Conflict

Cause of Conflict	Frequency					Percentage				
	High	Mod- erate	Low	Not happened	Total	High	Mod.	Low	Not happened	Total
Goal Incompatibility	-	-	-	30	30	-	-	-	100	100
Difference in Perception	-	-	-	30	30	-	-	-	100	100
Unclear roles and rights	-	-	1	29	30	-	-	3	97	100
Other	-	-	-	-						

The findings from the above tables show that 100% respondents replied that there is no horizontal conflict. At the same time, 100% of the respondents look also, non existence of vertical conflict. However, 7% of the respondents replied that there is an intertype conflict at low level of frequency.

With respect to causes of channel conflicts, all the respondents are replied that there is no happening of goal incompatibility causes for the conflicts. There is no occurrence of difference in perception also as a cause of conflict. However, 3% of the respondents were reflected that the cause of conflicts made in the case of channel conflict is from unclear roles and rights at the level of low frequency.

It is to be interpreted that there are no either horizontal or vertical conflicts or intertype conflicts. Because huge number of the respondents didn't believe the existence of conflicts. Likewise, almost all of the respondents replied that there are no cause of conflict happened between the channels of distribution. It is also true that, expectation of conflicts

without the presence of channel levels are seems to be collecting of seeds from blank lands.

Designing channel of distribution

Channel of distribution is designed on the base of systematic and scientifically supported techniques. Because every channel options may not have feasible, least cost and accessible to the customer. The importance to follow the designing techniques of channel distribution leads the channel of distribution more effective and efficient.

As per the reality noted above for designing channel of distribution, the study address by gathering data from the sample and resulted as follows.

Table 1.6 Steps in designing channel of distribution

Steps in designing channel of distribution	Frequency						Percentage					
	1	2	3	4	5	Total	1	2	3	4	5	Total
Analyzing customer need	-	-	-	4	26	30	-	-	-	12.5	87.5	100
Establishing channel objectives	-	-	-	3	27	30	-	-	-	8.3	91.7	100
Identifying major channel alternatives	-	-	-	2	28	30	-	-	-	4.2	95.8	100
Evaluating major channel alternatives	-	-	-	3	27	30	-	-	-	8.3	91.7	100

26(87.5%) of the respondents were replied that in designing channel of distribution, ETC has no poor level of using the first step, i.e. analyzing customer needed conclude it had been satisfactory and 4(12.5%) respondent 27(91.7%) of the respondents with similar picture replied that the second designing of channel of distribution is also level as poor usage by the corporation. And 3(8.3%) was concluded as the level of satisfactory.

The third step in designing channel of distribution; i.e. identifying major channel alternatives are poorly applicable by the corporation with 28(95.8%) frequency rate and 2(4.2%) frequency level of satisfactory. The last step in designing channel of distribution, i.e. evaluating major channel alternatives, shows that it has poor level of application as methods in designing by 27(91.7%) frequency and 3(8.3%) with satisfactory degree of frequency.

It is to be interpreted that, from the designing steps of channel of distribution, analyzing customer needs and establishing channel objectives have not any practice. Moreover, the next two designing steps such as identifying major channel alternatives and evaluating channel alternatives also shows that almost all respondents believe that there has no satisfactory applicability as method of designing channel of distribution.

Analyzing customer needs

Customer needs are the fundamental plate form of every business maker to fix the life of the business. Properly analyzed and identified needs of customer pledge the business effectiveness in terms of several scenarios. One of the scenarios from the marketing mix would be channel of distribution. Analyzing customer needs would have a great importance in selecting the viable channel of distribution.

With respect to analyzing the customer needs in the field of channel of distribution, the following assessment had been taken and resulted under the context of ETC.

Table 1.7 Analyzing Customer needs in selection of Channel

Analyzing Elements	Frequency						Percentage					
	1	2	3	4	5	Total	1	2	3	4	5	Total
Lot size	-	-	-	2	28	30	-	-	-	6.3	93.7	100
Waiting time	-	-	-	2	28	30	-	-	-	6.3	93.7	100
Spatial convenience	-	-	2	2	26	30	-	-	6.3	6.3	87.5	100
Product variety	-	-	4	4	22	30	-	-	4.2	12.5	75	100
Service back-up	-	-	6	-	24	30	-	-	20.8	-	79.2	100
Other, specify	-	-	-	-	-	-						

As per the findings from the assessment, ETC has no use of 28(93.7%) getting customer analysis from the perspective of lost size and 2(6.3%) with poor level of usage rate. Using the rate of waiting time has scored 28(93.7%) at no applicable degree and 2(6.3%) with poor degree of applicability. Spatial convenience means of analyzing the customer needs shares with 26(87.5%) of no applicability, 2(6.3%) of poor applicability and 2(6.3%) with satisfactory rate of applicability. In terms of product variety, the result shows that, 22(75%) of the respondents believe that there were no use of it as analyzing customer needs, 4(12.5%) of the respondents shows up their feelings to poor level of usage rate and the remaining 4(12.5%) of the respondents were provide their opinion as usage rate of satisfactory degree frequency. In the scope of service back-up as analyzing customer needs, 24(79.2%) of the respondents were felt as no applicability use and 6(20.8%) of the respondents as good level moderately exercise in the corporation.

It has to be interpreted that, more than 87% of the respondents (as an average) replied that ETC has no proper use of customer needs analyzing elements before getting through the selection of channel of distribution.

Channel selection criteria

Every channel alternatives can have their own best merits and also contra benefits against with acceptable point of achievements. Not all channel alternatives can also have equal level of importance to a given distribution channel alternatives should be evaluated with structured feasible criteria and needs to be selected from the best out of the alternatives.

With the point in reference, the following assessments were done with the context of ETC.

Table 1.8 Channel Selection Criteria

Selection criteria	Frequency						Percentage					
	1	2	3	4	5	Total	1	2	3	4	5	Total
Economic criteria	-	-	24	6	-	30	-	-	-	81.3	18.7	100
Control criteria	-	2	23	5	-	30		8.3	75	16.7	-	100
Adaptive criteria	-	-	-	6	24	30	-	-	-	18.7	81.3	100
Other	-	-	-	-	-	-	-	-	-	-	-	-

It shows that 6(18.7%) of the respondents replied as there would no applicability of economic criteria and 24(81.3%) of the respondents said that there had been in use of economic criteria at poor degree of application frequency. In control criteria, dimension, 2(8.3%) of the respondents were believe that, it had been exercised with excellent level of application, 23(75%) of them as very good application and 5(16.7%) as poor degree of applicability. Adaptive criteria were used as 24(81.7%) with poor level of application and 6(18.7%) of them as poor degree of applicable.

The result could be interpreted as control as a criteria pledges majority share in application of selecting channel of distribution in ETC. The rest

criteria, such as, Economic criteria and adaptive criteria have almost less use as criteria to select the channel of distribution. Aggregately speaking, ETC uses dominantly of control criteria and it has no seen of using all criteria's at equilibrium level of measurement.

Influential in channel selection strategy

In selection of channel strategy, different factors which are entitled to influence should be identified and needs to be also evaluated.

It is very important to make decision on channel selection strategy after knowing the scenario of influential factors. With this context, the case study, ETC, was discovered and searched out the following result.

Table 1.9 Influential in channel selection Strategies

Influential on channel selection strategies	Frequency						Percentage					
	1	2	3	4	5	Total	1	2	3	4	5	Total
Market structure	-	-	-	4	28	30	-	-	-	6.3	93.7	100
Channel structure	-	-	-	28	2	30	-	-	-	91.7	8.3	100
Product structure	-	-	-	4	26	30	-	-	-	12.5	87.5	100
Channel strategy	-	-	-	25	5	30	-	-	-	83.3	16.7	100
Organizational characteristics	-	-	28	2	-	30	-	-	93.7	6.3	-	100
Others	-	-	-	-	-	-						

From the table, it looks up 28(93.7%) of the respondents did believe on the respect of factors which influence market structure as not happened, while the remaining 4(6.3%) was occurred but poor degree of applicability 2(8.3%) of the respondents did not accept as channel structure has been

an influential factor on channel selection strategy while the remaining 28(91.7%) of the respondent accept as an influential factor but with poor level of incidence.

Product structure as an influential in selection of channels strategy shares with a ratio of 26(87.5%) at the degree of non applicable context. Where as, the remaining 4(12.5%) reflects as it has been an influential factor but with poor level of occurrence. To the issue of channel strategy, 25(83.3%) of the respondents were replied that it had been an occurrence to influence with the degree of poor occurrence frequency and the rest percentage 5(16.7%) of the respondents did not accept as channel strategy was an influential element in the field of channel selection strategy. The rest influential factor i.e. organizational characteristics, play with 28(93.7%) of the respondents opinion as very good degree of application moderately frequent and 2(6.3%) of the respondents opinion goes with poor frequent level of influence.

In general, the factors which influence the channel selection strategy in the context of ETC show that, organizational characteristics was considered as the peak to influence than other factors which were stated above, Because the rest factors are accounted with poor degree of occurrence partially and even shows with non-existence as factor to influence.

Types of channel strategy

Depending on the viability of the situations, company's should evaluate and come up with channel strategy to enforce the distribution process so effective. The real picture of ETC's position has been investigated and presented in the next table.

Table 1.10 Types of channel strategy

Types of channel strategy	Frequency						Percentage					
	1	2	3	4	5	Total	1	2	3	4	5	Total
Intensive distribution	-	-	-	1	29	30	-	-	-	4.2	95.8	100
Selective distribution	24	6	-	-	-	30	83.3	16.7	-	-	-	100
Exclusive distribution	26	4	-	-	-	30	89.6	10.4	-	-	-	100

With respect to intensive distribution strategy, 29(95.8%) of the respondents did provide their opinions with none applicability and 1(4.2%) of them replied as applicability in a poor degree of application. Where as in selective distribution strategy, 6(16.7%) of the respondent responded as application in a very good degree of application and the rest percentage 24(83.3%) of the respondents provided their opinion as excellent level of application. In the case of exclusive distribution strategy, 26(89.6%) of the respondents replied as the strategy were in use with excellent level of application, and the remaining size of the respondents, 4(10.4%) were also agreed in application but with very good degree of application.

To sum up the findings related with types and applications of channel strategy, ETC has an application of both selective as well as exclusive channel of strategy at excellent level of significance; however the exclusive strategy dominates over the others.

Rules and regulations to modify channel arrangements

Channel of distribution system were not a system of one time fix up. Depending on the situations around the channel of distribution system, company's should always assesses their rounds and modify accordingly to suit with. Rules and regulations have a Para importance in doing channel

arrangements. The situation with this respect in the context of ETC had been gathered and presented as follows.

Table 1.11 rules and regulations to modify channel arrangements.

Basis for modify of rules and regulations	Frequency						Percentage					
	1	2	3	4	5	Total	1	2	3	4	5	Total
Customer buying pattern	-	-	-	5	25	30	-	-	-	16.7	83.3	100
Market expert	-	-	-	26	4	30	-	-	-	87.5	12.5	100
New competitions arises	-	-	-	1	29	30	-	-	-	2.1	97.9	100
Innovative distribution channel emerging	-	-	-	2	28	30	-	-	-	4.2	95.8	100
Other	-	-	-	-	-	-	-	-	-	-	-	-

With the case in related to basis for modify rules and regulations, customer buying pattern was accounted as 25(83.3%) in mode of no application and 5(16.7%) of the remaining share showed as it had been used a basis but with poor degree of application. Basis as market expert were considered as poor degree of application by 26(87.5%) and ever not used as an application by the respondents of 4(1.2%). Basis for application when a new competitions arises would have been shared 29(97.9%) as non application and 1(2.1%) of the respondent did believe as the basis for making rules and regulations as poor degree of applicability. In innovative distribution channel emerging scenario, 28(95.8%) of the respondents provided their testimonials as not practiced in the context of ETC and the remaining 2(4.2%) of the respondents accept the fact as, the basis for making rules and regulations but with poor degree of application.

To interpret the findings happened in the above data, all the basis which had been considered would not be in use to make modification necessary for channel arraignment.

Satisfaction level of existing channel of distribution

It would have great importance to know and ground up the level of satisfaction in the context of channel of distribution. Detail level of assessment were taken and follows in the next table.

Table 1.12 Satisfaction level of the existing channel of distribution /staff/.

Degree of satisfaction	Frequency	Percentage	Commutative Percentage
Excellent	-	-	-
Very good	-	-	-
Good	1	2.1	2.1
Satisfactory	7	25.0	27.1
Poor	22	72.9	100
Total	30	100	

From the table, it shows that 22(72.9%) of the respondents were presumed as poor level of satisfaction, 7(25%) for the respondents replied as with satisfactory degree, and 1(2.1%) was considered as good level of satisfaction.

So that, it has to be interpreted that the channel of distribution which ETC has been implemented was not satisfactory or at the degree of poorness.

**Table 2.3 Satisfaction of distribution channel /EVDO and 1x
SIM card//Customer/**

Satisfaction degree	Frequency						Percentage					
	Stg. Agr.	Agr	Indif	Dis Agr	St. DsAg	Total	Stg Ag	Agr	Indif	Dis Agr	Str. DisAgr	Total
I am always delighted with ETC's channel of	3	8	27	59	39	136	1.17	6.47	20.29	43.23	28.84	100
Overall, I am Satisfied with ETC channel of distribution	-	35	5	20	10	136	-	4.41	3.52	14.41	77.66	100
I am dissatisfied with ETC channel of distribution	92	11	9	20	4	136	68.23	8.23	6.76	14.70	2.08	100

From the table, it looks up that “I am always delighted with ETCs channel of distribution”. It shows that: -

- 3(1.17%) replied as strongly agree
- 8(6.47%) replied as agree
- 27(20.29%) replied as indifferent
- 59(43.23%) replied as disagree
- 39(28.84%) replied as strongly disagree

It is to be interpreted as more than 71% of the respondent didn't agree on ETC's channel of distribution.

With the overall, “I am satisfied with ETC channel of distribution” context, It shows that: -

- 35(4.41%) replied as agree on
- 5(3.52%) replied as indifferent position
- 20(14.41%) replied as disagreement position
- 10(77.66%) replied as strongly disagree position

More than 77% of the respondents replied as the channel of distribution of EVDO and 1X SIM-Cards are disagreed towards to the satisfaction level.

With the context of “I am dissatisfied with ETC channel of distribution” It shows that: -

- 92(68.23%) replied as strongly agree
- 11(8.23%) replied as agree
- 9(6.76%) replied as indifferent
- 20(14.7%) replied as disagree
- 4(2.08%) replied as strongly disagree

More than 76% of the respondents replied as, ETC’s channel of distribution (EVDO and 1X SIM-Cards) made them dissatisfied.

In all pattern of the above questions, more than an average of 80% of customers were not satisfied on ETC’s channel of distribution system.

In general with the response gathered from staff and customers opinion, the channel of distribution deployed for EVDO and 1X SIM-Card distribution were not at level of satisfaction.

3.4. Focus group discussion and results

The discussion was arranged and conducted with customers. The discussion points were: -

- How do you evaluate the distribution system ETC lunched to distribute the EVDO and 1X SIM-Card?
- What do you think the courses for ineffectiveness in regards to EVDO and 1X SIM-Card distribution if any?
- What would be your suggestions to have viable distribution system in the case of EVDO and 1X-SIM-Card distribution system?

The discussion has been found out the following results.

- The distribution system lunched for EVDO and 1X SIM-Card distribution was agreed by the discussion group as weak and needs correction to achieve the best interest of the art of technology.
- The cause for the ineffectiveness of the system were lack of proper demand assessment, lack of proper selection of strategy, poor attention made by the managements and the likes.
- The suggestion forwarded to eradicate the associate problems were provide attention by the management considered as the first and the most important, provide the issue to the expert to study and derive a solutions, evaluate the findings from the study and decide after, and also enforce to implement properly.

CHAPTER FOUR

4. Summary, Conclusion and Recommendation

This chapter deals with the summarized highlight of the assessment, conclusion drawn and recommendation made on the basis of findings. The major findings and implications of the study are therefore summarized hereunder.

4.1. Summary of the findings

The main concern of this study was to collect the necessary information about the physical practice of Ethiopian Telecommunications Corporation their related problems and to search solution for problems that is related with physical distribution.

The following summary is made based on the data analyzed in the preceding chapter.

1. ETC has no any level of channel of distribution with regard to EVDO and 1X SIM-Cards. As the result of this effect, there were no channel conflicts and causes for happening of the channel conflicts. Since there were no channel levels fix between the manufacture and the customer and also limited number of channel distribution arranged by ETC, customers have been faced a problem to get the products of EVDO and 1X SIM-Cards easily.
2. In designing channel of distribution system, ETC has no detail and formulated stapes to launch the channels. The distribution system

which would have been exercised in the corporation was not made in accordance with what a scientific arts explored.

3. Identifying and analyzing customer needs is a must processing line to satisfy the customer needs in respect to channel of distribution. However in ETC, doing in the line of the above philosophy gets unpractical
4. Establishing channel selection criteria should be the basic element to devise suitable channels for the customers as well as for the ETC too. ETC with this respect has faced a great challenge. ETC has only and less effective use of control criteria by avoiding economic and adaptive criteria. Even to the existing channel selection criteria, it has with poor degree of application. To select the existing channel selection criteria, ETC made good attention of organizational characteristics as an influential in doing over other influential factors. It faced the strategy less feasible and effective.
5. Regarding to the types of channel strategy, ETC suffered by nominating only of selective and exclusive distribution strategy. However the products are so demanding across the nation and has an estimation of huge number of customers, the strategy which belongs to inclusive in nature fails in use by ETC.
6. Modifications of the channels of distribution would be the always exercise by the channel distribution agent assigned by the given manufacturer. ETC has no defined rules and regulations rooted to govern the system cornered for the case under study. This makes ETC systems of distributions less effective.

4.2. Conclusion

The study has tried to assess and evaluate SIM-card distribution practice of ETC. The paper discussed literature review, data collection, data analysis and interpretation before coming to this conclusion.

The discussion of literature review has cleared the importance of and the different concepts of distribution channel of which it is one of the four P's of marketing mix. Physical distribution channel is defined as a means to bridge the services/products to customer/user. The discussion of literature review further revealed that successful distribution channel provides enormous benefits to the effective marketing process. ETC as a service provider is also implementing the concept. The successfulness/failure of the physical distribution channel system was assessed with respect to the analyzing customer needs in distribution channel; the designing techniques of channel of distribution, an influential happened in channel selection strategy, types of strategy implemented, channel of distribution system fixing and the satisfaction level of channel of distribution from both employee and customer side.

The result shows that:-

- ETC has no use of channel levels. It has only in use of zero level by those 19 outlets and it led's up poor system of channeling of across the country. Because the number of demand for a given products such as EVDO and 1X SIM-Card is more than the capacity served by those limited number of outlets. So that, ETC is to be considered to create channel levels to fulfill the gaps made between demand and supply.

- The study cleared up with no any conflicts categorized as horizontal, vertical as well as intertype conflicts. It comes up with also none existence of channel conflicts noted under goal incompatibility, difference in perception and unclear roles and rights. So that, ETC has no any problems with the issue associated to channel conflicts and it doesn't require any necessary actions to tackle with.
- Regarding to the designing of channel of distribution, the study endorsed that steps which needs to follow such as: analyzing customer needs, establishing channel objectives, indentifying major alternatives and evaluating major channel alternatives were necessary to ruled up. However, in the case of ETCs EVDO and 1X SIM-Card distribution, the exercise along with those steps are failed in application. It requires great deal of implementation process.
- Analyzing customer needs were the critical point of making decisions so effective. As a result of the analysis, ETC fails to analyze customer needs on the base of lost size, waiting time, spatial convince, product variety and service back-up. Therefore, ETC has to make sure that, analyzing customer needs exercise is a must to indorse as a system.
- In deployment of channel selection criteria, the result shows that ETC has in use of control criteria main criteria parameter and fail to use economic as well as adaptive criteria. Poor level of joint implementation of both criteria minimizes the effectiveness as well as the efficiency towards to the degree of achievement.
- Different influential on channel selection strategies such as market structure, channel structure, product structure and channel

strategy were considered as poor level of implementation. Where as, organizational characteristics have very good degree of application. It is conclude that relevant and vital influential characteristics, but fail in use, such as product and channel factors made the channel strategy so week and far from the level of achievement.

- In application of types of channel strategy, the study finds out that ETC has highly select and implement the selective and exclusive distribution strategy. But not use of intensive distribution strategy. So that, it has been concluded that ETC lacks the most relevant channel strategy i.e. inclusive strategy to explore the requirement of the demands of the EVDO and 1X SIM-Cards.
- Rules and regulations to modify channel arrangements have due importance to suit the objectives of the firm. The analysis from ETC content declares that ETC has in poor usage of modifying rules and regulations in the pattern of customer buying pattern, market export, new compactions arises and innovative distribution channel emerging. In general, ETC has no clearly defined and used of rules and regulations to modify channel arrangement. Therefore, rules and regulations which would be designed peculiar to EVDO and 1X SIM-Card is being an obligatory exercise so as to achieve the need forwarded by the customer.
- Regarding to the level of satisfaction on existing channel of distribution assigned on EVDO and 1X SIM-cards, the result shows that majority of employees are not satisfactory on the system and to the side of customers, large number of customers are also unhappy or fail to satisfy the existing system of distribution. In other words,

the system launched by ETC shall be re-designed and implemented accordingly to satisfy the customer as well as the employee.

4.3. Recommendation

Based on the findings of the study and the changing conditions of telecom environment, the following recommendations are forwarded.

1. It was concluded that the channel of distribution what ETC implemented are not satisfactory by customers and employees too. So that it is recommended that ETC has to launch up a system of analyzing customer needs, and follow the execution of designing in channel of distribution which satisfy the needs of customer and effective to serve by employees. (Channel level also part of the designing process of channel of distribution). More over, the designing of channel of distribution should have detailed mechanical procedures to ease the designing process so easy to implement.
2. Developing and implementing the channel selection criteria has a lot of advantages to make easy of selections and effectiveness. ETC has to be recommended that feasible and easy to ground way of selection to EVDO and 1X SIM-Card distribution is a must. Therefore, to the case under study, channel selection criteria of economic, control and adaptive criteria should be valid in aggregate application.
3. It has been concluded that ETC ha in use of only selective and exclusive strategy to address the needs of strategy in the case under study. However, the pattern of distribution for EVDO and 1X SIM-Card needs not restriction. Because every customer shall have a demand to hold up in every corner of interest. Therefore, it is to be recommended that, ETC has to categorized the strategies in to the exact need of

customer and include also the inclusive strategy. In short, ETC shall consider all the above strategies as the strategy but implement accordant to the customer needs

4. ETC has to identify and use that factors which influence the distribution system more effective, from factors such as market structure, channel structure, product structure, and organizational characteristics. Especially ETC has to use in addition to organizational characteristics. Because the product/service of SIM-Card has different nature in related to the types of market, and channel structure. To the case understudy, it is to be recommended that channel structure and product structure are so valid and needs to be further studied to qualify the level of satisfaction.
5. Finally, ETC has to develop and enforce that rules and regulations to modify channel arrangements in regard to EVDO and 1X-SIM-Card distribution so as to easy, feasible and timely adjustment of the distribution system. Therefore, specific rules and regulations to EVDO and 1X SIM-Card distribution should be designed and comes to business in collaboration with implementing agents to sense the process up to date.

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APPENDIX

St. Mary's University College
Faculty of Business
Department of Marketing

Questionnaire for employees of Ethiopian Telecommunications Corporations.

This questionnaire is designed for obtaining primary data for a senior essay under the title **an assessment of SIM-CARD Distribution Practice under Ethiopian Telecommunications Corporations Context**. The senior essay is required to fulfil the partial requirements for BA degree in Marketing Management. Your cooperation is highly valuable and I would like to thank you in advance.

1. Staff Category

Management

Non Managerial

2. Specific work assignment

Specific to EVDO only

Specific to 1X only

Both EVDO and 1x

Other service (neither EVDO nor 1X)

3. How many channel levels had ETC used to distribute the EVDO or 1X SIM-Card?

Zero-level (direct, consists of a manufacturer sells directly to final customer)

One-level (contains one selling intermediary; such as retailer)

Two-level (contains to intermediary; wholesaler and retailer)

Other-level, Please Specify_____

4. Have you ever been observed channel conflicts in the case of EVDO or 1X SIM-Card distribution and in what degree?

Types of Conflict		Highly Frequent	Moderate Frequent	Low Frequent	Not happened
4.1	Horizontal conflict (competitors among similar type of intermediaries wholesalers, etc)				
4.2	Vertical conflict [competitions among different levels of channel (between wholesaler and retailer)]				
4.3	Intertype conflicts (competition among different types of intermediaries)				

5. What do you think the cause of channel conflict would be?

Types of Conflict		Highly Frequent	Moderate Frequent	Low Frequent	Not happened
5.1	Goal Incompatibility				
5.2	Difference in perception				
5.3	Unclear roles and rights				
5.4	Other, Please specify_____				

The following questions should be answered on the base of the following alternatives. So that please uses the numerical code to make response.

- | | |
|--------------|------------------|
| 1. Excellent | 4. Satisfactory |
| 2. Very good | 5. Poor (No use) |
| 3. Good | |

No	Questions	1	2	3	4	5
6	What are the steps ETC followed in designing channel of distribution with regard to EVDO or 1X SIM-Card?					
	6.1 Analyzing customer need					
	6.2 Establishing channel Objectives					
	6.3 Identifying major channel alternatives					
	6.4 Evaluating major channel alternatives					
7	What would be the practice of ETC in analyzing customer needs before making selection of channel?					
	7.1 Lost size (number of units the channel permits to customer to purchase one occasions)					
	7.2 Waiting time (the average fine customers of that channel wait for receipt of the service)					
	7.3 Spatial convince (the degree to which the marketing channel makes it easy for customer to purchase the product)					
	7.4 Product variety (the assortment breath provided by the marketing channel)					
	7.5 Service back-up(the add-on service credit, delivery installation, repairs provided by the channel)					
	7.6 Other, Please specify_____					
8	What are the selection criteria of ETC in EVDO or 1X SIM-Card distribution?					
	8.1 Economic criteria (high cost or low cost definition)					
	8.2 Control criteria (easy to control channels intermediaries)					
	8.3 Adaptive criteria (fast adaptability to distribute)					
	8.4 Other criteria, please specify_____					
9	What from the following influential powers are most recognized channel selection strategies in the respect of EVDO or 1X SIM-Card?					

Questions		1	2	3	4	5
9.1	Market structure (number of customers, frequency of purchase, location, environment concentration)					
9.2	Channel structure (power of intermediaries, performance profit margins)					
9.3	Product characteristics (value, measurements, standardization, durability)					
9.4	Channel strategy [selection (direction or intensity), management (vertical or Horizontal)]					
9.5	Organizational characteristics (objectives, resources, experience)					
9.6	Other, Please Specify_____					
10	What kind of strategy had been launched in ETC's channel of choices in the case of EVDO or 1X SIM-Card service?					
10.1	Intensive distribution (products are placed in as many outlets as possible)					
10.2	Selective distribution (products are placed in a more limited number of outlets)					
10.3	Exclusive distribution(Products are placed in the hands of one outlet only in a specific area)					
11	What would be the basis for rules and regulations to modify channel arrangements?					
11.1	On customer buying pattern					
11.2	On market export					
11.3	When new competitions arises					
11.4	When innovative distribution channel emerging					
11.5	Other, please specify_____					

12. How can you evaluate the distribution channel fix for EVDO or 1X in terms of Customer satisfaction?

Excellent

Satisfactory

Very good

Poor

Good

13. What will be your suggestion to improve the distribution channel in EVDO or 1X SIM-Card service?

St. Mary's University College
Faculty of Business
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Questionnaire for Customers of Ethiopian Telecommunications Corporations.

This questionnaire is designed for obtaining primary data for a senior essay under the title **an assessment of SIM-CARD Distribution Practice under Ethiopian Telecommunications Corporations Context**. The senior essay is required to fulfil the partial requirements for BA degree in Marketing Management. Your cooperation is highly valuable and I would like to thank you in advance.

1. Type of your organization (if you represent an organization), other wise tick "personal"

- a) Sole Proprietorship b) Public c) Private
d) Share Company e) none f) personal

2. Types of data service used

- EVDO 1X Both EVDO and 1X
 Other, Please specify _____

3. Your satisfaction in distribution channel of EVDO or 1X services?

Your satisfaction		I strongly agree	I agree	I am indifferent	I disagree	I strongly disagree
3.1	I am always delighted with ETC's service					
3.2	Overall, I am satisfied with ETC					
3.3	I am dissatisfied with ETC					

4. If the answer for question 3 is dissatisfied, what do you think the causes would be?

5. What would be your suggestion to overcome challenges encountered under channel of distribution of EVDO or 1X SIM-Cards distribution?

Declaration

I, the undersigned, declare that this senior essay is my original work, prepared under the guidance of Ato Beshir Shemsu. All source of materials used for the manuscript have been duly acknowledged.

Name: - **Maheder Demeke**

Signature: - _____

Place of Submission: - **ST. Mary's University College**

Date of Submission: - **June, 2010**

Advisor's Declaration

This paper has been submitted for examination with my approval as the University College advisor.

Name: - _____

Signature: - _____

Date: - _____