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SCOOLE OF GRADUATE STUDY**

**ASSESSMENT OF CHANNEL MANAGEENT PRACTICES: THE CASE OF ABEM SAOP
AND DETERGENT MANUFACTURING P.L.C**

**A THESI SUBMITTED TO ST. MARRY UNIVERSITY IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR A MASTER DEGREE IN MARKETING MANAGEMENT**

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ADDIS ABABA**

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Table of Contents

APPROVAL	i
ACKNOWLEDGMENT	iv
LIST OF TABLE AND FIGURE	viii
List of Table.....	viii
ACRONYMS.....	viii
ABSTRACT	x
CHAPTER ONE.....	1
1. INTRODUCTION	1
1.1. Background of the Study.....	1
1.2. Background of the Company.....	2
1.3. Statement of the Problem	3
1.4. Basic Research Question.....	5
1.5. Objective of the Study	5
1.5.1 General Objective.....	5
1.5.2 Specific Objective	5
1.6. Scope of the study.....	5
1.7. Limitation of the study.....	6
1.8. Significance of the Study	6
1.9. Operational Definition	6
1.10. Organization of the Study	7
CHAPTER TWO	8
2. REVIEW OF RELATED LITERATURE	8
2.1 Theoretical Review	8
2.1.1 Concept and definition of distribution.....	8

2.1.2 Concept and Definition of Distribution channel	8
2.1.3. Concept and definition of channel management	13
2.1.4 Marketing Channels	14
2.1.5. Distribution channel management.....	15
2.1.6. Function of Channel Members.....	17
2.1.7 Number of Channel Level	17
2.1.8. Channel Members	18
2.1.9. Formulating Marketing Channel Strategy	21
2.1.10. Designing marketing channels	22
2.1.11. Selecting Marketing Channel Members	22
2.1.12. Motivating Marketing Channel Members.....	23
2.1.13 Marketing Channel Strategy Coordination	23
2.1.14. Assessing Marketing Channel Member Performance	23
2.1.15. Managing Marketing Channel Conflict	24
2.1.14 Relationships between Channel Members	24
2.1.15. Components of the Channel Member Relationship	25
2.2. EMPIRICAL REVIEW.....	26
2.3. CONCEPTUAL FRAMING	28
CHAPTER THREE.....	30
3. RESEARCH METHODOLOGY	30
3.1 Description of the study area.....	30
3.2 Research Design	30
3.3. Research Approach	30
3.4. Population.....	31
3.5. Sampling Technique	31

3.6. Types of Data to be collected	31
3.7. Methods of Data Gathering	31
3.7. Methods of Data Analysis and Presentation	31
3.8. Validity and Reliability Tests.....	32
3.8.1. Validity	32
3.8.2. Reliability Test	32
3.9. Ethical Consideration.....	32
CHAPTER FOUR.....	34
4. RESULTS AND DISCUSSIONS.....	34
4.1 Introduction	34
4.2 General Characteristics of Respondents	34
4.3 Base of Relationship of Customers.....	35
4.5 Channel Members Perception on Company Practice with Respect of Relationships to competitors.....	37
4.6 Channel Members Perception on Importance of Relationship Variable	40
4.7 Channel Members Perception on Challenges of Relationships.....	43
4.8 Interview Analysis	45
CHAPTER FIVE	48
5. SUMMARY CONCLUSION AND RECOMMENDATIONS.....	48
5.1 Summary of Findings.....	48
5.2 Conclusion.....	49
5.3 Recommendation	50
REFERENCES	52
Appendix	56

LIST OF TABLE AND FIGURE

List of Table

No	Description	Page
Table 3.1		28
Table 3.2	Reliability test	29
Table 3.3		32
Table 4.1	Response Rate	33
Table 4.2	Respondent sex, Age , marital status	34
Table 4.3	Response of distribution strategy	37
Table 4.4	Response about channel conflict	38
Table 4.5	Response	39
Table 4.6	Response	41

ACRONYMS

HMS	Horizontal marketing system
LPI	Logistics Performance Index
MDC	Micro Distribution Centers
S.D	Standard deviation
SPSS	Statistical Package for Social Science
VMS	Vertical Marketing system
WFP	World food organization

ABSTRACT

The purpose of this study is to examine the assessment of channel management of Abem industrial plc. the specific aim was distribution strategy, cause of channel conflict and the important to competitors from the perspective channel member. descriptive research design with mixed approach. The data collection instrument were structured Questioners to conduct the study and 170 channel member and and interview conducted from 3 managers were used. Secondary data used. The finding of the study was discovered that while the credit facility were suitable, the profit margins and incentives were not. Communication, commitment, and trust were not adequate for the channel members due to the non-economic nature of the connection factors. While the channel members were satisfied with the quality and attitudes of the sales team .the conclusion of the study showed that the company should continue to focus on its distribution strategy, as it is a key factor in its success. The company should also looking for other products in the same categories that are at risk of being de-listed and present an opportunity. Finally, the researcher recommendations that Channel design of the company should consider redesigning its channel structure to reduce the potential for conflict. This could involve creating more direct channels, or making it easier for customers to switch between channels.

Key words: *distribution strategy, channel conflict, channel management*

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the Study

Traditionally, marketing channels have been seen as a network of diverse but interconnected entities that have come together for the purposes of trade. Marketing channel scholars have long promulgated the need for coordinating and integrating channel activities with other departments of a firm. Coordination in an inter-organizational setting of marketing channels includes relaying information on new channel policies or communicating the launch of sales promotion programmers to its channel members. Such efforts are undertaken to ensure that all channel participants are cognizant of the manufacturer's marketing activities with respect to channel members. Despite the differing goals of independent channel participants, coordination of the channel is necessary to reduce the redundancy of work effort and the inefficient allocation of distribution tasks among channel members (Rosenbloom, 1999).

The research was to identify the factors affecting these relationships that lead to long-term cooperation. Marketing the channel challenge comprises two major processes. The first was to design the right channel, i.e., to match the demand and supply sides of the channels in order to meet end-user demand at the lowest possible cost. Secondly, the implementation process requires understanding each channel's source of power and dependence, understanding conflict, etc. Most of the research in this area suggests that a channel member's satisfaction increases with long-term orientation and continuity (Bolton, 1998; Gansnsan, 1994; and Seles, 1998) and reduces conflict (Genasen, 1993; Hunt and Levin, 1974; Lusch, 1977; and Gutierrez et al., 2005). This means that organizations that aim to do business in a profitable manner today must not only remain focused on the subject of customer satisfaction but also on their channel domain, i.e., their channel members.

Channel management practices are a recent phenomenon in the Ethiopian market. The relationship between distribution channels was transactional, which was a short-term relationship that lacks cooperation and coordination of channel activities. Thus, a lack of cooperation and coordination between the channel members makes the distribution system's performance poor and costly. With a marketing background, the researcher was interested in accessing the company's channel

management practice and identifying the determinant factors and challenges that lead to long-term cooperation among channel members so as to improve their relationship.

1.2. Background of the Company

Abem Industries plc traces its roots from a small sole proprietorship founded in the year 2008. It was started as a small family business, gradually strategic leadership and diligent employees of the company were rewarded with increased market share and expanding customer base ushering the company into a new era of progress and now has reached to six sister group companies which are involved in manufacturing of Soap, detergent, PP woven bags, Plastic shopping & packaging industries, as well import of chemicals and export of Coffee, Sesame seed etc. . Currently, a new sister company also formed to involve in Real Estate Development which targeted to become a game in the Industry.

Product and Capacity

Abem industries plc is one of major producer of soap and detergent manufacturers in Ethiopia with total capacity of producing 12 tons of laundry soap toilet soap per day. In line with this Abem has more than 20 soap brands, which made it as one of the market leaders, distributed throughout the country. Abem also has a packaging factory which can produce more than 100,000 pcs of PP woven bags per day a packaging company also one of the major companies in the PP woven packaging industry. Currently the company supplies its products for world food Ethiopia (WFP), Oromia Seed Enterprise, Gonder Malt Factory, Guna Trading House and Exports.

Organizational Structure

The Company is functionally organized with the General Assembly at the apex of the organizational structure having the ultimate decision making authority. It has a General Manager and Deputy General Managers responsible for Administration & Finance and Operations, six functional organs namely Marketing Dep't, Production and Technical Dep't, Local & Foreign Trade Dep't, Administration Dep't and Finance Dep't. The organizational structure has other support organs for quality control, audit and legal advisory services. The functional departments are further broken into sections and units to allow optimal organizational efficiency and effectiveness.

VISION

- Our vision is to be trendsetter in locally innovative soap and detergent industry; and become a major player in East Africa with regards to fast moving consumer goods.

MISSION

- Our mission is simply to achieve excellence in what we do. Our driving force is our absolute commitment to manufacture quality goods and services and to understand the complexity of the Ethiopian market and to offer solution to our consumer.

VALUES

- ❖ Our core corporate values revolve around three ideals: Honesty (reliability), customer satisfaction and strong relationships. We attach greater importance to honesty. Above everything, we aspire to be a trusted and reliable partner and always do what we say. We strive for perfection; and that is our commitment. Satisfaction is what we live for. Hence, provision of top-of-the line product and services is our primary job. Absolute consumer satisfaction is a dream come true. At the same time, our relationship with you (our manufacturers, distributors and customers) is what helps us go forward.

1.3. Statement of the Problem

Relationship marketing was the establishment, maintenance, and enhancement of relationships with clients and other partners to further the goals of all parties concerned (Gronroos, 1989). It involves maintaining and fostering relationships with channel partners and other supply chain participants in addition to the end-users. It was important to focus on the long-term relationship because it offers the possibility of entry into new or existing target markets, the generation of repeat business from the target customers, the creation of exit barriers, and the belief that it benefits all parties involved in healthy and satisfying relationships (Andaleeb, 1996).

Each channel member can develop more realistic expectations about the benefits and drawbacks of participating in a particular type of channel by understanding the relationship between channel types (according to transactional forms, such as conventional, administered, and corporate marketing channels) and the relationships among channel members (Brown, 1981). It was clear that the importance of channels in today's corporate world reflects the stage of economic development. By rearranging existing routes, the majority of the businesses have grown,

enhanced economic returns, and successfully countered the competition (Weyner, 1995). Distribution channels may also have a big impact on how marketing and sales performance measurement and management systems were developed (Lonning and Bassoon, 2002). By understanding a firm's channel, one was in a better position to understand the sales and marketing performance of its organization and compare it with others. A few of the factors that affect the company's distribution channel system operations were the divergent goals of producers and retailers, particularly with regard to wholesale profit, inventory measurement, and the impact of gate price subsidies, as well as the lack of a thorough, integrated strategy for product availability, distribution coverage, safety stock, and restocking levels, as well as sales force motivation. Additionally, Anderson et al. (1997), Rangan (1987), and Rangan and Jaikumar (1991) all mention these factors. As a result, marketers were focusing on putting forward plans for legal channels of distribution (Kotler, 2006).

Channels resemble complicated social institutions, notwithstanding the fact that they were made up of collectivities rather than individuals. In empirical studies in marketing, the main focus has been on understanding inter-channel power and conflict and establishing the link between the use of power and conflict formation (Reve and Stern, 1979). The most important details in this text were the two main processes that make up the marketing channel difficulty: designing the appropriate channel and the implementation process. The Abems distribution system consists of indirect distribution through regional agents, wholesalers, and retailers. The company designed a loyalty programmer to establish a long-term business relationship with its key channel members, but this did not lead to successful channel relationships. Instead, the company's connection with its channel members was one of transaction and short-term cooperation. Key channel members were switching regional representatives and supermarket chains, resulting in an unstable relationship and a decrease in commitment, leading to unsatisfactory performance. Studies have been conducted on the adoption of distribution channel methods in the manufacturing sector, both domestically and internationally. Although the tendency varies from industry to industry and was evident in the majority of this research, its impact on sales across industries has not been investigated. Even if this were the case, it would be incredibly challenging to locate relevant studies.

A review of Abem's channel management strategy was necessary as a management professional in light of this. In order to establish a productive, successful, devoted, and trustworthy channel connection, it was necessary to look at both the channel design and implementation processes. The failure to consult the channel members during the planning stage of the programmer was one of the potential causes of the issue, as was employer implementation. If the issue was not promptly identified and fixed, more channel members were start selling the company's products instead. By analyzing and comprehending how the channels interact, the company can improve channel management. This study's goal was to evaluate Abem Private Limited Company's channel management practices and sales performance.

1.4. Basic Research Question

1. What is the business's present distribution strategy?
2. What are the causes of channel conflict?
3. What kind of structure and capability do distributors need in conjunction with manufacturers?
4. What are the challenges of channel management?

1.5. Objective of the Study

1.5.1 General Objective

The general objective of this study is to assess channel management practice and its impact on sales performance in the case of Abems Industrial Private Limited Company.

1.5.2 Specific Objective

1. To assess the business's present distribution strategy
2. To assess the causes of channel conflict management
3. To assess the structure and capability a distribution need in conjunction with manufacturer.
4. To assess the challenges of channel managements.

1.6. Scope of the study

Thematically: the main aim of this study was to assess channel management in Abems industrial plc. The study was incorporated distribution strategy, causal channel conflict management their attributes and challenges of channel management

Geographically: the study area was conducted only in Addis Ababa in Abems industrial plc focusing on channel management

Methodologically: The study was used descriptive and explanator research design and mixed approach. The study was used sample of population from the employees of Ethio-telecom and draw accurate conclusion.

Cross sectional data was used to gather at a point of time so that the data was collected within four months from March to June 2023

1.7. Limitation of the study

Every research work has its own scope that limits the application of conclusions derived from the analyses and makes the research manageable given the various constraints. In this study, the researchers used only some selected manufacturing firms (soap and detergent) rather than the whole manufacturing firms in the country. Therefore, the findings of the study may not be generalized to all manufacturing enterprises found in the country.

1.8. Significance of the Study

The research was assisting Abems and its channel members in comprehending the elements that was improve their business relationships and foster channel member cooperation. The firm and its channel members were benefit from the discovery by understanding the difficulties in channel management practice and the determinants of successful business relationships. Additionally, the researcher was acquiring practical marketing knowledge for use in the field and to help other researchers who were interested in the topic continue their studies.

1.9. Operational Definition

Distributor refers to a variety of things and individuals. Distributors often fall into one of two categories: General distributors, who may offer a wide range of items in many locations, were at one extreme of the spectrum. On the other hand, specialized distributors provide applications for a few items as well as information and technology services (Kotler& Armstrong, 2012),.

A distribution channel was described by Coughlan et al. (2006) as a group of independent businesses engaged in the action of creating a good or service offered for use or consumption.

A marketing channel refers to —a set of interdependent organizations involved in the process of making a product or service available for use or consumption (Palmatier et al., 2014).

1.10. Organization of the Study

The paper organized into five chapters. The first chapter deals with had introductory part consisting of introduction/Background of the study, Statement of the Problem, Objectives of the study, limitation ,Significance and Scope of the study, The second chapter reviews literatures related to the study. In this chapter have various theoretical, empirical and conceptual concepts that related with promotional mix element on sale volume have been discussed. The third chapter also deals methods research which has been designed based on research problem /question and objective. Chapter four has done data analysis and interpretation of the research result found by using the appropriate instrument for the methodology. The fifth chapter has covered the results of discussion, conclusion and recommendations of the study.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1 Theoretical Review

2.1.1 Concept and definition of distribution

Distribution, the act of making a good or service available for use or consumption by a consumer or business user, may be done directly or indirectly through the employment of intermediaries. Or was the flow List goods and services provided by source through a distribution channel, all the way up to the end customer, consumer, or user, and the movement of money in the other direction, all the way up to the original manufacturer or supplier. (Wren, 2007).

The term "distributor" refers to a variety of things and individuals. Distributors often fall into one of two categories: General distributors, who may offer a wide range of items in many locations, were at one extreme of the spectrum. On the other hand, specialized distributors provide applications for a few items as well as information and technology services (Kotler & Gary, 2012).

2.1.2 Concept and Definition of Distribution channel

Distribution channels are inter-organisational networks, or super organisations. They could be described as pathways for providing product flows from producers to consumers. Distribution channels represent network of partners between producers to consumers including various intermediaries like wholesalers and retailers, showing the route of moving goods from producers to industrial users or consumers. The purpose of distribution channels is overcoming the gap (Singh, 2016a) between place of production and place of consumption, by creating time, place, and possession utilities (Aličić, Duman, 2013).

Designing and managing the relations among partners represents one of the factors of their competitiveness. Design of distribution channels depends on countries and industries, but all distribution channels could be described with following characteristics: directness, levels, density, variety, and novelty (Singh, 2016). Directness implies direct contact between producers and consumers without involving intermediaries (Andrejić, 2015).

Distribution channels could be short or direct, but also could be long or indirect, depending on different reasons and factors, such as characteristics of market, consumers, products or raw materials, relations between partners in the channel and etc.

Channel's levels depend on the number of different buying and selling partners, which exist among producer and consumers. For example, in the air industry between producer and customer or airplane companies there is no distributor; in automotive industry, producers sell products through exclusive dealers, Density depends on the number of sales facilities within some geographic area. Thus, distribution through the fewer number of sales facilities represents exclusive distribution, while distribution through the great number of sales facilities represents intensive distribution. Variety of distribution channels refers to the number of different types of sales facilities, while novelty includes using of new types of channels (Singh, 2016, 521)

Kotler & Gary (2012) Public distributors include titles like wholesalers, general merchandise distributors, association distributors, and storekeeper distributors. Distribution channels were a group of associated businesses and people who sell services and products to final consumers. Production facilities for commodities and consumers were linked through distribution routes. The elements of the distribution chain

Distribution channels design depends on costs, sales volume, expected profits and etc. So factors which need to be analysed before designing distribution channels are (Ukessays, 2015):

- Characteristics of market (consumer or industrial market, number and location of buyers, size of order, consumers buying habits),
- Characteristics of product (unit value, perishability, bulk and weight, standardization, technical nature, product line, age of the product),
- Characteristics of intermediaries (availability, attitudes, services, sale potential, cost),
- Characteristics of company (nature, size, aims, politics of company). Also,

Distribution channel design depends on the level of economic development. One study showed that the channels from developed countries have greater number of partners or distributes but fewer levels compared to channels from undeveloped and transition countries (Singh, 2015, 522). Also, the same study confirmed that channels from undeveloped and transition countries are characterized by unorganized distributes, smaller, independent retailers and wholesalers, insufficient level of

information technology implementation, low level of Internet penetration and poor implementation of laws and regulations (Mulky, 2013, 180).

Figure 1 shows different position (quintiles) which countries can reach according to the Logistics Performance Index (LPI) scores. The countries with the lowest LPI scores belong to bottom quintile, while the top quintile is reserved for countries with the highest LPI scores. In the past four quintiles were identified (The International Bank for Reconstruction and Development/The World Bank, 2016):

- Logistics-unfriendly for countries with the lowest LPI scores and logistics performances, or bottom LPI quintile;
- Partial performers where belong countries with some logistics constraints (often in countries with low and middle-income) or the third and fourth LPI quintiles;
- Consistent performers for countries with better performance of logistics activities than countries from previous quintiles or second LPI quintile; Logistics-friendly for countries with the highest LPI scores and with the most high income or top LPI quintile.

Distribution Network Practices in Ethiopia

In most of Ethiopian firms' products and services are sold through their own outlets or wholesale to other resellers in cities of the country. Since it is difficult to get paper works on experiences of distribution networks of firms in Ethiopia, the study has tried to see some as the following;

Sutton and Kellow (2010) study assessed 50 leading firms in Ethiopia, and in their own study they tried to describes the history and current capabilities of Ethiopia's leading industrial companies (agribusiness, manufacturing and construction) with the help of the companies' profiles. Relating to the distribution network practices of the 50s leading firms; their study described almost all firms' distribution experiences. But for the benefit of discussion, the following firms' distribution practices are explained as "better" practices of distribution..

Distribution Strategy Development

Marketing professors Onkvisit, Shaw, and John (2004) draw a parallel between blood diamond and other products, and argue that "any products, no matter how good they are, are unlikely to gain market acceptance without being made available at a time and place that are convenient for final users.'

Channels of distribution:

Selling channels Channels are well-organized structures of buyers and sellers that bridge the gap of time and space between the manufacture and the end customer (Dolle & Roben, 2012). Selling (can also be called marketing) channel represents a system of marketing institutions through which products, resources, and information flow from the producer to the end user. This channel is concerned with non-physical aspects of the transfer such as negotiations, the purchasing and selling of the product, and the ownership of goods as they are transferred through various distribution systems (Ferrellet , Hartline & Michael, 2011). Whereas physical distribution means coordination of the information and goods flow among the involved parties of the channel, in the way that the goods are available in the right places, at the right time, in the right quantities, and in a cost-efficient manner (Ferrell et al., 2011). It involves not only physical movement of goods, but also location of plants, warehousing (storage), transportation, inventory quantities, etc. It is important that manufacturers, who want their goods to be available in the market, define the channel objectives, before 'building' a channel between them and the end customers. Based on these objectives the most appropriate distribution channel structure can be developed. The main goals may be the following: product availability and visibility for the customers, cooperation between the manufacturer and the intermediaries, the end-users receive desired level of service, distribution costs are minimized, the desired information flow is achieved (e.g. number of sales, inventory, etc.) (Onkvisit, Shaw, & John, 2004).

Channel decisions

Even though increasing the number of ways a consumer can find a Product/service can increase sales, it can also create a complex system that sometimes makes distribution management difficult. In addition, the longer the distribution channel, the less profit a manufacturer might get from a sale because each intermediary charge for its service. To undertake a distribution strategy for operation in a foreign or domestic market, three important decisions regarding distribution channels must be made by a manufacturer: channel length, width, and number of channels of distribution (Onkvisit et al., 2004). Channel length means how many times the product changes hands among middlemen before it reaches the end-user. If the product has to go through a few intermediaries, then the channel is considered long. The channel is short when the manufacturer moves its product through one or two intermediaries. In case the product is sold directly to the end customer, the distribution

channel is direct. Generally, the relationship between channel length and size of purchase is inverse: bigger purchase – shorter channel (Cateora& Graham, 2007). Whereas channel width is concerned with the number of intermediaries at a particular phase in distribution channel. More middlemen at a particular point of distribution – wider and more intensive the channel becomes. The channel is selective if a few qualified intermediaries are used. The channel is exclusive if only one specific intermediary carries the product. The channel is intensive if many intermediaries are involved in distribution (Onkvisit et al., 2004).

In some circumstances, it may be beneficial for a manufacturer to use a number of distribution channels, i.e. multichannel strategy. With the purpose to satisfy needs of different segments, manufacturers can deliver goods through diverse channels, which can be classified as complementary and competitive channels. When complementary channels are used, different noncompeting products or market segments are handled by different channels. For instance, a company can serve another market segment through an additional distribution channel. In case the same product is sold through different but competing channels, competitive channels strategy exists. For example, when two or more retailers must compete against each other. The idea that use of competitive channels leads to sales increase is debatable (Dolle& Lowe, 2012; Onkvisit et al., 2004).

Channel structure

Marketing/selling channels may involve many diverse players at different levels of distribution that have their own goals (Ferrell et al., 2011). 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, & Oliver, 2014).

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; Hollensen, et al., 2014).

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 pursuing their own goals (Kotler et al., 2012).

2.1.3. Concept and definition of channel management

The term "channel management" refers to a variety of contact channels that companies use to sell and distribute their consumer products and services. In advertising, companies use channel management to promote marketing efforts through platforms like radio ads, social media advertisements, and television commercials, as well as print media, including newspapers and periodicals. These platforms comprise the channels that businesses use to promote their goods to their intended audience. Numerous academics have written extensively about the theoretical aspects of various variables that influence how effectively industrial firms' distribution systems operate. The flow of goods and services from the producer to the customer was referred to as distribution. Following production, a product may be stored or transported to the next link in the supply chain, which was usually a distributor, retailer, customer, or end-user.

The activities of distributing products or services go through from a supplier to a final customer (Mwanza & Ingari, 2015).

Similar to this, Rushton et al. (2010) asserted that distribution was the action of making a good or service accessible to the final user or company for use or consumption. Additionally, Kabus et al. (2017) stated that the activity of distributing involves moving products from a site of production (the producer) to the ultimate recipients (consumers). Both direct and indirect distribution is used. Are two different kinds of dissemination? While indirect distribution refers to methods that are not immediately brought about by or resulting from something, direct distribution was the expansion or movement of goods from one location to another without altering course or pausing. Through distributors, the factory's merchandise was distributed to customers. According to Yeboah et al. (2013), distribution was an important component of the marketing mix, and its effective integration

was crucial to making sure that customers receive their goods at the appropriate time and location (JIT).

2.1.4 Marketing Channels

Marketing channels were a collection of interdependent businesses that participate in the act of creating a good or service accessible for use or consumption (Stern et al., 2006).

It will be essential to start the review of marketing channel from its definition and its evolution. A marketing channel refers to —a set of interdependent organizations involved in the process of making a product or service available for use or consumption (Palmatier et al., 2014). Early research on marketing channels derived predominantly from work in economics (Watson et al., 2015), which views channels of distribution as flows of goods or services. Research in the early twentieth century tended to regard interactions between firms as optimization or cost minimization problems and vertical marketing systems as extensions of the firm; other, noneconomic factors largely were ignored (Watson et al., 2015). The use of marketing channel has become a common practice for most companies as a requirement for their products to reach and be used by end users. A fundamental avenue for delivering offerings to end users, sales marketing channels account for approximately one-third of worldwide Gross Domestic Product (GDP) (Watson et al., 2015).

It was clear that the importance of channels in today's business world represents the stage of economic growth. In the past three decades, there has been a lot of study on the marketing medium. This was primarily because new and successful marketing channels have emerged more frequently in recent years and because communication and information technology advancements have made this increase even more stable. Most businesses have expanded, increased financial returns, and successfully countered rivalries by reconfiguring established channels (Weyner, 1995). One was better situated to comprehend and evaluate an organization's sales and marketing success by being aware of its route.

The major areas of research in marketing channels so far have been much more diversified. Different areas in the marketing channels have been researched and analyzed because channels can be referred to as super organizations" (Reve and Stern, 1979). This term means that channels exhibit traits of sophisticated social organizations, even though they consist of collectives rather than individuals. In empirical research in marketing, the major emphasis has been on the understanding of interchange power and conflict and uncovering the relationship between the use of power and the

generation of conflict. (Revel and Stern, 1979). Power may be defined as the ability of channel member A to convince channel member B to take an action that it otherwise wouldn't, while conflict can be defined as the behavior of a channel member that was in opposition to its channel counterpart (Reve and Stern, 2006). Apart from power and conflict, relationships between channel members have attracted increasing attention since the 1980s (Weng et al., 2006).

In order to clarify if an exchange between organizations was a relationship or not, one should first know the contractual terms under which the exchange is being conducted. Secondly, by knowing the behavior within the exchange process over an extended period of time, and lastly, by understanding the participants explanation of the reason why they undertook the observed actions (Blois, 1997), Further, relationship stability was a result of inter-firm strategic relationship development stages (Macavoy et al, 1998).

Trust was among the key relationship building blocks that were suggested and validated for the most part in channel studies. It was defined as the degree to which a firm thinks that its exchange partner was sincere and/or charitable, or a variation of these traits. The marketing channel challenge was composed of two key steps, which seem pertinent to discuss here. The initial action in meeting end-user demand at the lowest possible cost was to create the appropriate channel that was, to balance the supply and demand sides of the channels. The second requirement for execution was to comprehend each channel's source of power and reliance, as well as conflicts, etc. Therefore, this study's focus was more on the second main process because it will handle the channel relationship problem, which was believed to encourage increased morale and collaboration among channel members as well as a reduction in dysfunctional conflict (Hunst and Lusch, 1976; and Navin).

2.1.5. Distribution channel management

Distribution channels, or marketing channels, are basically mechanisms designed by an organization with the intention of achieving its distribution objective and reaching out to customers with particular goods and services. A channel was thus a route through which end users are reached with products from the manufacturer. Each member of a channel (e.g., agents, wholesalers, and resellers) performs a variety of tasks and plays an important role in making sure products reach from the main source of production to the end users. Such channels should work in close collaboration with the manufacturer, as they were actually directly connected to the end goal of the company. As explained in detail by Mehta et al. (2002), "marketing channel management" refers to the procedure for thinking out, organizing, and managing a firm's marketing channels. Referring to other articles,

it further describes the different sets of marketing channel management as comprised of seven decision areas:

- Formulating channel strategy,
 - Designing marketing channels,
 - Selecting channel members,
 - Motivating channel members,
 - Coordination of channel strategy with the channel's participants,
 - Evaluating the performance of channel members and
 - Managing channel conflict
- all seven areas are critical to superior market performance and long-term customer loyalty (Mehta et al., 2002).

In light of the above-mentioned research findings and constructs, it can be said that there has been a lot of research in the vicinity of marketing channels, of which only some of the major advancements in the field of our interest have been mentioned briefly above. It becomes clear that the area of marketing channels of the organizations is of utmost importance, not only due to the needs of business but also for attaining and maintaining competitive advantage. A marketing channel refers to the total number of interconnected businesses that contribute to the availability of a good or service for usage or consumption (Palmatier et al., 2014).

Early studies on marketing channels were mostly influenced by economic research (Watson et al., 2015). It sees products flowing through routes of distribution or services. Research in the early twentieth century tended to see vertical marketing systems as optimization or cost reduction concerns, whereas interactions between enterprises were seen as extensions of the firm; other, noneconomic factors were largely ignored (Watson et al., 2015). The use of marketing channels has become a common practice for most companies as a requirement for their products to reach and be used by end users. Sales are a crucial channel for distributing products to customers. Marketing channels account for approximately one-third of worldwide gross domestic product (GDP) (Watson et al., 2015). The business environment had to go through different stages to reach this level, as indicated by Palmatier (2014). Channel systems have to adjust to considerable changes in the business environment, such as the transition to service-based economies, consolidation of channel intermediaries, and the development of new technologies, in order to attain this percentage of worldwide sales channel formats, increased online shopping, and the globalization of business (Palmatier et al., 2014).

2.1.6. Function of Channel Members

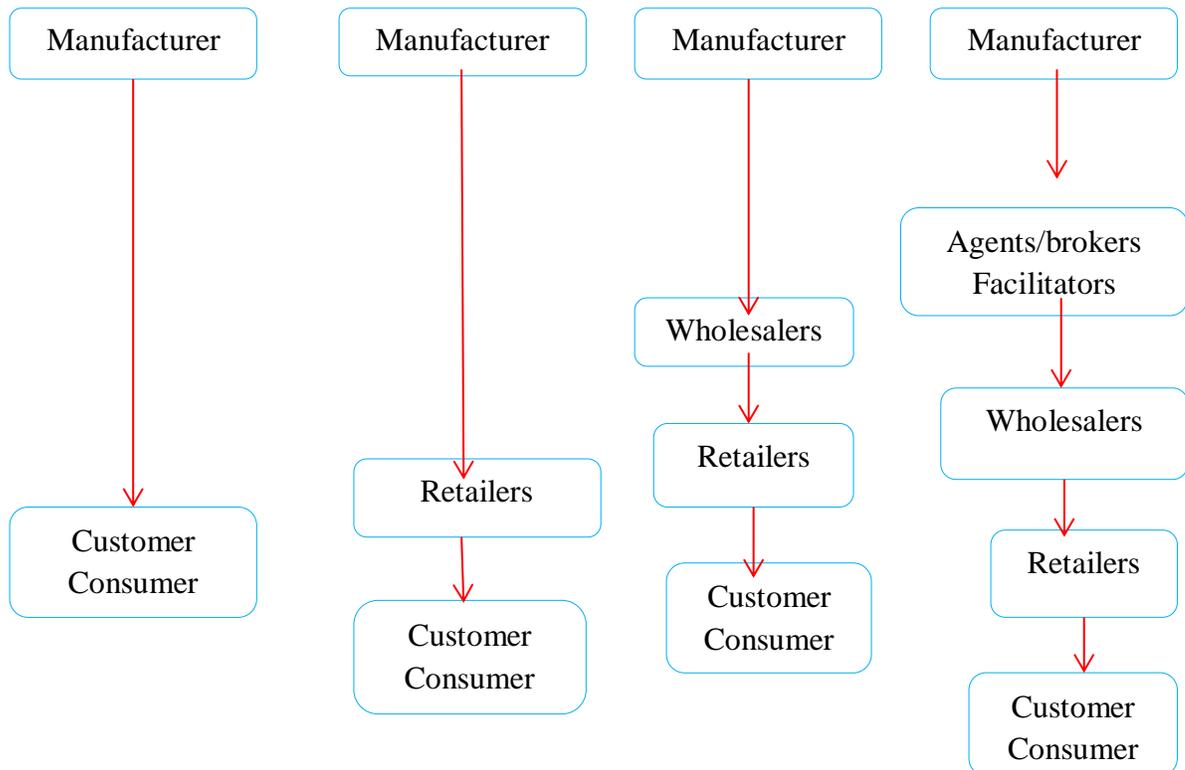
According to Armstrong and Kotler, (2010) channel members contribute to the distribution system by performing the following points.

- Sorting: separating out heterogeneous deliveries in to homogeneous one.
- Accumulation: arranging small production batches in to amount big enough to be worth shipping.
- Allocation: Breaking down large shipments in to small amount.
- Assorting: combing collection of products that will appeal to groups of users.

2.1.7 Number of Channel Level

There are many variations in respect of the Marketing medium structure however, the below structure will be deemed as appropriate in the business environment, the following channel structures was stated in most marketing channel authors. In the first row of the structure there was no Intermediaries while the last one is multi-layer channels.

Figure 1: Typical range of channels of distribution adapted from Armstrong and Kotler (2010)



2.1.8. Channel Members

In this section, the scope of the literature was narrowed down to explicitly defining the channel members, i.e., manufacturers, wholesalers, retailers, and others. With the intention of clarity, first we define channel members individually, and then explain their role in the channel, and lastly, their importance to the remainder of channel members has been brought forward in the light of contemporary research accessible to me.

The function of the channel (members) includes the performance of several marketing flows. Flow was used as a term in place of functions or activities to emphasize that these processes often flow through the channels, being done at different points in time by different channel members (Stern et al., 2006). The key members of marketing channels were manufacturers, intermediaries (wholesalers, retailers, and specialized intermediaries), and end-users (who can be business customers or consumers) (Stern et al., 2006); however, in the context of the management perspective that we were using, it would be more appropriate that end users be treated as non-commercial channel partners. Therefore, final users should be treated as a target market rather than channel participants (Bloom, 1995).

2.1.8.1. Manufacturer

In this book, producers and manufacturers are defined as the firms that were engaged in producing, extracting, or cultivating items (Rosenbloom, 1995). A manufacturer's role in the channel was usually considered that of a channel captain, especially concerning branded products, and channel captain was a word for the channel member who takes the deepest interest in the working of the channels and also acts as a prime mover for establishing and maintaining channel links (Stern et al., 2006). So in the channel network, the responsibility of the manufacturer as a channel captain is crucial. This means that it has to take center stage in the whole system of channels. For The effectiveness and efficiency with which a manufacturer's products were sold through the members of its marketing channel determine whether they will succeed or fail. (e.g., brokers, distributors, and agents are retailers). So as mentioned in the company profile section, As Abems was the manufacturer's representative in Ethiopia and channel manager of its network of distributors, wholesalers, and retailers.

2.1.8.2 Intermediaries

The term intermediary refers to any channel member other than the manufacturer or end users (Stern, 2006). These were generally differentiated into three types of intermediaries: wholesale, retail, and specialized intermediaries and agencies.

Wholesale businesses sell physical inputs and products to other businesses; wholesale was closely associated with tangible goods. Wholesale includes distributors, manufacturer representatives, agents, and brokers. Distributors and merchant wholesalers take both flows of title and actual control over the goods and actually buy the product at the whole sale price and further sell it to other intermediaries at the marked-up price, like when it comes to Abems. It has been mentioned previously that Abems has both wholesalers and retailers. Then wholesalers do not usually sell to end users but promote the product in their line and arrange for financing, ordering, and payment with their customers (Stern, 2006). Modern and well-managed wholesalers are particularly suitable for the distribution tasks of providing for market penetration, establishing sales relationships, holding inventory, processing orders, gathering information, and last but not least, providing customer support (Rosen bloom, 1995). This research has been limited to regional agents, wholesalers, and retailers of Abems, i.e., immediate channel members and retailers of Abems. Abems sends its products to market through a channel structure of distributors and retailers. Besides numerous other issues on the importance of wholesalers in marketing channels, research has also addressed the issue of forward integration by other participants in the channel to vanquish wholesalers, i.e., if a manufacturer integrates forward or a retailer integrates till manufacturing in order to eliminate wholesalers or distributors. This question was answered in the same paper by saying that this would not be feasible as integration actions by manufacturers and retailers cause a duplication of performances, which was irritated further by the reprisals and retaliatory tactics. The result is higher prices for the consumer. It could be possible in a case where both are sure that they can perform the wholesale function better than wholesalers, which was not easy as a wholesaler was a specialist in its respective field (Regan, 1948). This study implies that Abems can't integrate further with its own wholesalers, as it will not be feasible for them.

Furthermore, the demise of the wholesaler as an institution in product marketing and distribution channels was anticipated over and over again (Mazur, 1925; Lewis, 1955). But contemporary research emphasizes the importance of wholesalers by quoting: "Despite the fact that internet-based electronic trade has been anticipated as one of the major and fastest reasons for the demise of

whole-selling concepts through the process of disintermediation," the reality was that the wholesalers were still there by re-configuring themselves, or one can say that by the process of re-mediation (Rosen Bloom, 2007). In the same article, his view states that well-managed and efficient wholesalers can spread the high fixed costs of performing distribution functions over huge quantities of products, consequently achieving both economies of scale and economies of scope. Aside from the economic advantage of keeping wholesalers in the channel network, there are other advantages to focusing on and specializing in distribution services that could be the core or at least the potential advantage of the wholesalers.

Thus, in view of the importance of wholesalers and distributors, it becomes clear that maintaining relationships with distributors was indeed very important. However, doing business with distributors was a two-way process (Morgan and Hunt, 1994; Weber, 2000), which means give and take regarding being profitable to each other in a business relationship. Closer and deeper relationships with distributors can be an effective way to create a competitive advantage, and in this regard, suppliers and manufacturers have to develop an attractive set of incentives for distributors (Weber, 2000). Usually, they do not have title to or possession of the goods that are sold. The major flow involved in their case was negotiating (terms of trade for the manufacturer) and promotion (Stern et al., 2006). These types of intermediaries do not earn profit like other channel members, which is cost plus own profit; however, they are entitled to commission on any business-related transaction like sales or purchases (Rosen bloom, 1995). This type of intermediary was not involved in the case of Abem, as this was mentioned here for the sake of clarification and additional information regarding channel literature in this study.

2.1.8.3.Retailing

Retailers as intermediaries consist of actions taken in connection with providing products and services to end consumers for personal consumption. Retailers as intermediaries have many forms today, including departmental stores, mass merchandisers, hypermarkets, specialty stores, category killers, convenience stores, franchisees, buying clubs, warehouse clubs, catalogers, and online retailers (Stern et al., 2006). They were a direct sale to end users, and that was where their importance surges. Retailers have become both influential and powerful now days in the marketing channels mainly because of an increase in size and buying power; secondly, due to advancements in technology; and finally, modern marketing strategies and concepts in business have enabled them to be like that (Rosen bloom, 1995). Abems retailer, as defined previously, was a modern supermarket,

pharmacy, and grocery store. It has the same function as mentioned above. However, the implication of an increase in the size and power of the retailers in Abem's case has some limitations in Ethiopia, as the majority of retailers are small shops in huge numbers.

Further research on retailers indicates that, for producers and manufacturers, the role of retailer has now become that of acting partner rather than mere channel member since the 1970s (Zentes, Janz, and Morschett, 2005). Due to the transformation of production markets into customer demand markets, the role of retailers in the connection between producers and their end consumers gained importance. New technological developments, such as scanners or computerized customer loyalty programmers, allow retailers to obtain more and more information about the customer's purchasing behavior over time (Zentes, Janz, and Morschett, 2005). So retailers know their customers and have a greater influence on them than producers do, for they are in close proximity to the final consumers and can better understand their needs and demands. Moreover, in a study by S. Mishra (2008), he found out that manufacturers in business markets can increase customer satisfaction by effectively managing the downstream supply chain to the final user through retailers, thus also reducing the inventory on shelves and in warehouses of retailers with satisfied end customers. Lastly, when companies are in price competition due to any reason in the markets, they were at the same time forced to spend more money on promotion, information support, and technology to face competition. Consequently, profit margins are on the decline as expenses are increasing.

Specialized intermediaries or facilitating agencies are business firms that assist in performing distribution tasks other than activities like buying, selling, and transferring title (Rosen bloom, 1995). These were channels' parts in order to perform a specific flow rather than being involved in main stream business (Stern; 2006). These could be banks, insurance companies, credit card companies (involved in financing flow), advertising agencies (promotion and communication flow), logistics and shipping firms (physical possession flow), information technology firms (for marketing intelligence), etc. Their potential to perform a non-traditional role in the marketing channels area can increase their significance and importance for channels at all levels (Rosen bloom, 1995).

2.1.9. Formulating Marketing Channel Strategy

The word "channel strategy" speaks of the wide collection of guidelines that a company uses to try to meet its marketing goals (Rosen bloom, 1987). It focuses on developing channel tactics for matters like the part distribution should play in the company's overall corporate objectives and

strategies, the part distribution should play in the company's marketing objectives and strategies, and the alignment between channel strategy and the marketing mix. Examples of channel strategy choices include identifying new markets in which the company's goods can be sold and recommending new technologies that can make marketing channels more effective.

2.1.10. Designing marketing channels

Channel design describes the creation of fresh channels or the alteration of current channel architectures. Anderson et al., 1997, Keep in mind that marketing channels must be in line with the firm's overarching goals and competitive approach (Mehta et al., 2002). Devising the structure or architecture of the marketing channel system entails four key channel design dimensions:

- (a) Number of levels in the channel, i.e., the number of intermediary levels between the firm and ultimate users,
- (b) Intensity at the various levels, i.e., how many intermediates there are at each level,
- (c) Types of middlemen, i.e., specific types of middlemen, and
- (d) Number of channels, viz., single, dual, or multiple marketing channels (Mehta et al., 2002).

A product may reach end users through different channels of distribution. A means of dissemination could be with the help of firms or individuals participating in the flow of products from producer to consumer. Numerous potential channel alternatives were usually generated by the aforementioned measurements. These options must be assessed in light of a diverse array of factors, including marketplaces, product categories, and pertinent environmental and behavioral elements. Because many techniques and quantitative models may be used to determine and then apply the ideal channel structure, analyzing the channel substitutes can be very difficult.

2.1.11. Selecting Marketing Channel Members

After the advertising medium has been created, channel participants were chosen to represent a business and resell its goods to consumers. First, potential channel members are identified and evaluated for compatibility. In order to achieve this, a potential channel member's qualifications (such as financial history, image, and number of product lines, market coverage, and number of salespeople) must be assessed for consistency with the manufacturer's marketing goals. In the end, the producer gets prospects and transforms them into official channel members by providing them with a variety of motivational inducements (Stern et al., 1969).

2.1.12. Motivating Marketing Channel Members

Channel members were autonomous entities and do not directly answer to the companies they serve, so they are not obligated to comply with demands made by the channel commander. Consequently, the channel commander must take administrative measures to ensure channel cooperation and to preserve and enhance channel efficacy. Motivating channel participants was therefore crucial. In essence, a channel skipper creates various motivational initiatives to persuade channel intermediaries to engage in more rigorous channel management activities and challenges in servicing the target market for the business (Rosenbloom, 1987). Higher slotting payments, greater trade discounts, powerful advertising and commercial support, and channel member training are some common motivational tactics used by businesses to encourage channel member collaboration among salespeople and offer superior logistical support (Rosenbloom, 1999).

2.1.13 Marketing Channel Strategy Coordination

Marketing channels have traditionally been regarded as a network of disparate but interconnected institutions that have banded together for commercial reasons. Marketing channel experts have long emphasized the importance of channel coordination and integration operations with other divisions within a company. Coordination was an inter-organizational marketing channel setup that involves sharing information on new channel policies or conveying the start of sales promotion programmers to channel participants. These efforts are made to ensure that all channel users know about the channel captain's marketing actions pertaining to channel members. Regardless of the objectives of autonomous channel users, channel cooperation was required to reduce redundancy of work effort and inefficient allocation of distribution duties among channel members (Rosenbloom, 1987).

2.1.14. Assessing Marketing Channel Member Performance

The degree to which a channel member participates in behavior that contributes to the accomplishment of the channel leader's goals was represented by channel member performance (Rosenbloom, 1999). As previously stated, firms have become increasingly dependent on channel members to perform marketing duties efficiently and effectively. Furthermore, the degree of performance achieved by channel users is critical for a company to gain a competitive edge (Ghemawat, 1986). Thus, by evaluating channel members' performance, channel captains can determine how effective they have been in adopting channel strategies and meeting distribution goals.

2.1.15. Managing Marketing Channel Conflict

Marketing avenues are thought of as social systems that are affected by behavioral patterns (such as channel conflict) that are common to all social systems (Stern et al., 1969). Marketing channel conflict, which has been the subject of numerous channel studies (see GaskiJf's review, 1984), refers to goal-impeding conduct by a channel or channel participants. Thus, conflict arises when one channel participant takes actions that another channel participant thinks will reduce its ability to accomplish its goals. Channel managers must make deliberate efforts to identify and fix it, as it can have a negative impact on channel member performance (Gaski JF, 1984).

2.1.14 Relationships between Channel Members

The debate about the marketing mix paradigm and relationship marketing was not new in the current decade. The Four P's have been dominating marketing research and management for at least forty years, but relationship marketing was a leading approach and a new term that has entered the marketing literature because of its wider scope of defining customers (Gronroos, 1994). There were some flaws in the four Ps dimension of the marketing mix, as it is a production-oriented definition of marketing and not a market-oriented or customer-oriented concept (Gronroos, 1989, 1990). Additionally, there was limited compatibility of traditional marketing with relevantly newer approaches like interaction and network approaches (1960) to industrial marketing and the marketing of services (early 1970), and the shift was clearly taking place from marketing mix to relationship development and management with identified customers. Relationship marketing was to create, maintain, and improve connections with partners and consumers while making a profit so that the objectives of the parties involved are met (Gronroos, 1989).

Relationship marketing was an important concept in marketing channel concepts, as it was not limited to the end-users but also about managing and developing relationships with channel partners and supply chain members. The long-term connection was crucial to focus on because of its potential for entrance into current or new target areas, the production of repeat business by the target customers, the creation of exit barriers, and the view that it benefits all parties involved in healthy and satisfied relationships. Relationships between channel participants have engrossed growing interest since the 1980s, and channel members have stressed establishing and developing a few stable and mutual relationships instead of many conflicting relationships. Analysis of the variation of channel relations across many types of channels has implications for both firms acting as channel coordinators and for firms joining such channel arrangements. By understanding the

linkage between channel types and the relationships among channel members, each channel member can develop more realistic expectations about the advantages and disadvantages of being in different types of channels (Brown, 1981).

Relationship commitment was an important issue in marketing channel research, as it was necessary for channel survival and performance. Commitment was defined as a channel member's willingness to continue the relationship (Dwyer et al., 1987) and grows with interdependence as a whole, as does trust and interdependence asymmetry. Trust was the degree to which a corporation considers its trade partner to be sincere and/or kind (Anderson and Narus, 1990), while competence trust was a partner's ability to perform according to agreements (Nooteboom, 1996). Another crucial idea in a partnership was relational stability. Relationship stability was determined by how consistent the buyer-supplier connection was and how actively both sides were participating in a long-term working relationship (Lai and others, 2005, p 401)".

To increase relationship stability, it was crucial to increase rewards, build mutual trust, avoid an unfavorable reputation, and undertake specific investments (Anderson and Weitz, 1989). Terminations of relationships were said to be terminated when there were no activity links between the participants in the relationship, even if personal ties may be there. It was crucial to evaluate which relationships to initiate, develop, and continue to invest in and which to close and discontinue. This decision should be taken as a strategic rather than tactical one, as there will be different outcomes from different termination strategies. It was upon the responsible persons or managers to select the right one out of many termination strategies (Gillier and Matear, 2001). Trust was a party's readiness to be dependent on the actions of others, particularly when those actions have consequences for the party bestowing faith. Dependence was defined as a measure of how a target firm requires the resources given by the source firm to accomplish its objectives, and it was characterized by fragility due to a lack of confidence in the relationship. This low degree of risk complicates the relationships, making them challenging, costly, and difficult to maintain. However, if confidence exists, the connection was more likely to last because of the value implicit in trust. Organizations must boost confidence in order to improve relationship satisfaction.

2.1.15. Components of the Channel Member Relationship

Successful channel relationships, according to Ruekert and Churchill (1984), should have a minimum of four elements:

- A component of the product that shows the level of interest in, knowledge of, and excellence of the manufacturer's offering
- A financial factor that reflects the allure of the agreements in light of things like intermediary profits and return on investments
- A component measuring the level of help provided by manufacturers to their channel partners, including point-of-display allowances and joint advertising initiatives
- The social interaction component shows how interactions between manufacturers and middlemen were successfully managed, with sales reps on all channel sides playing a major role (Ruekert and Churchill, 1984). As time went on, researchers further distilled the satisfaction component to primarily consist of two types. These were the economic and noneconomic requirements for a fruitful channel partnership. While confidence and dedication are non-economic parameters, economic parameters include the profit margin from marketing the company's product and financial rewards.

2.2. EMPIRICAL REVIEW

In their 2009 study, Fengyi Wu and Yuehua Lee looked at the effectiveness and satisfaction of a marketing channel. He used a case study approach in the Chinese province of Guangzhou. It was discovered that business organizations now confront rivalries not just between firms but also between channels on account of adjusting to industry globalization. In light of this development, the study discovered a link between consumer happiness and distribution channel power. The findings show that channel companies' communication and commitment, Moreover, the suFengyi Wu and Yuehua Lee (2009) in their study into channel power and satisfaction in an advertising medium, were positively and significantly impacted by non-coercive power. He used a case study approach in the Chinese province of Guangzhou. It was discovered that business organizations now confront rivalry not just between firms but also between channels on account of adjusting to industry globalization. In light of this development, the study discovered a link between consumer and distribution channel power.

The findings show that supplier communication and commitment had a positive and substantial influence on the channel businesses' communication and commitment, as well as a positive and substantial effect on the channel firms' economic and non-economic satisfaction. Ndin[2008[] Nain (2008) examined how to manage relationships in distribution networks using data from the producer and its dealers, paying particular attention to the factors that influence trust. How the connection

was structured was debatable since there was an imbalance of power while still having powerful exclusive links that affect how each party feels and acts. Additionally, a recent change in the European Retailing Contract Regulation has opened up new opportunities for the dyad while also leaving some uncharted territory in terms of possible opportunistic action.

Empirical related literature

Saha (2015) has conducted a research in launch of new categories of lubricants by focusing on assessment of marketing channel and promotion strategies of lubricants marketing companies, on adoption and usage of synthetic lubricants for two-wheeler motor vehicles powered by four stroke petrol engines. The research objectives were to study the marketing channel and promotion strategies adopted by lubricants marketing companies and their impact, to assess awareness of two-wheeler users and mechanics regarding synthetic lubricants for two-wheelers, to study buying behavior, to study the role of the marketplace influencers and to study the factors influencing recommendations of two-wheeler mechanics (Saha, 2015).

Descriptive research design was adopted as methodology and the research instrument used to collect primary data was a well-structured questionnaire. The researcher has found that there is significant difference in awareness of synthetic lubricants between users of synthetic lubricants and conventional lubricants; adopters of synthetic lubricants are highly involved in the purchase process, this finding is contrary to the widely accepted categorization of lubricants as a low involvement product category, users of synthetic lubricants exhibited significantly higher levels of interest in acquiring greater knowledge on the lubricants, existence of significant difference in sensitivity to prices and value for money between users and non-users of synthetic lubricants, etc.

A study by Nyalita (2009) was conducted by focusing at surveying factors influencing the distribution channel performance of Kenyan Wine Agencies Limited (KWAL) with a view to building the distributor/customer relationship and attaining the competitive advantage. The study was guided by two objectives: to assess the distribution channel performance in the wine industry and to determine the factors influencing the distribution channels performance in the wine industry, among the supermarket outlets in Kenya. Both the structured and self-administered questionnaires were used to collect the data. The responses from the questionnaires were checked for the completeness and the Statistical Package for social sciences was used to analyze the results of the questionnaire. From the findings, the study recommends that factors that greatly affect performance of distribution channels of KWAL products in supermarket outlet were economic factors and poor

public awareness. The study also recommends that KWAL Company should segment its market to easily influence the performance of its distribution channel in supermarkets in Kenya. The study also recommends allocation of more resources and improving public awareness (Nyalita, 2009).

A study was also conducted by Amara (2012) with an objective to establish the effect of marketing distribution channel strategies on a firm's performance among commercial banks in Kenya. The study adopted a descriptive survey research design. The population of the study was all the forty three commercial banks operating in Kenya. The study used both primary and secondary data to be collected through questionnaires and data was analyzed and presented using percentages, mean and standard deviation. After analysis was made, it was found that the branch network, electronic banking and multiple distributions were used by the banks. Marketing 19 strategies being employed by the banks were aggressive marketing, mass marketing and value marketing. The marketing features employed by the banks was close relationships with customers, product specialization, extensive market research, selective distribution, segmentation of market, high quality innovative products and controlled relationship with customers while increased relational norm with channel partners, intensive distribution to a mass market and low behavioral control on consumers were employed by the banks to a moderate extent. The marketing distribution strategies results to increased sales, market share and profits, the bank being able to market changes more effectively and enhanced ability of the bank to generate, disseminate, and respond to market changes (Amara, 2012)

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

2.3. CONCEPTUAL FRAMING

VMS under contract. Several individual businesses participate in Theories were connected to all phases of investigation, including issue description, purpose, literature evaluation, technique, data collection, and analysis, using conceptual frameworks. Conceptual frameworks can serve as road

maps for making empirical research coherent. Due to their possible closeness to empirical investigation, conceptual frameworks might alter depending on the nature of the study topic or issue at hand (Patricia Shields, 1998). As was previously indicated, marketing and sales channels may involve a huge range of participants at various levels of distribution, each with their own objectives (Ferrell & Hartline 2011, 272). There were many types of channel topologies where different degrees of control and management are implemented through integration. Vertical, horizontal, multichannel, and traditional marketing channels were among these four categories. Hollensen and Opresnik (2014), 253.

The researcher has used the traditional marketing channel methodologies as described by Kazmi (2007) and Panda (2009) for the purposes of this study. According to them, independent manufacturers, distributors, wholesalers, and retailers can make up the traditional marketing channel, also known as the conventional marketing channel. Each team member's duties were specific to their role; for instance, a producer was only accountable for producing things, while a store was only accountable for selling them. None of them has much influence over the others. Even though some of their actions are detrimental to the system as a whole, their main concerns are to maximize their own profits and minimize their own costs. Three marketing systems—vertical, horizontal, and multichannel marketing systems—were created as a result of the evolution of this marketing channel. (Hollensen & Opresnik 2014, 253; Kotler et al. 2012, 716).

Manufacturers, wholesalers, and retailers are all part of a vertical marketing system (VMS), which functions as a single, integrated system. In VMS, one person has the authority to own the others, franchise them, or otherwise wield enough influence to make it advantageous for the other members to work together. The channel was controlled by the strongest member, which also works to resolve disputes between other members—independent organizations working towards their own objectives (Kotler et al. (2012) There are three different types of VMS:

- Business VMS. Production and distribution processes are unified under one ownership.
- Controlled a VMS A sizeable and comparatively powerfully dominant participant in the production and distribution processes.

In order to obtain greater economies of scale or sales effect than they could achieve independently, they contractually combine their programmes (Kotler et al. 2012 p.717).

Horizontal marketing systems (HMS) are a kind of channel arrangement in which two or more separate, competing organizations band together and pool their resources to one's advantage.

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 Description of the study area

Abem Industries PLC head quarter is located at Addis Ababa Erri bekentu, Ethio-Ceramic. Abem industries plc is owned 15,000 square meter land for PP woven and soap manufacturing factories at Alemgena, Oromia , 5000 square meter at welete, Oromia for plastic packaging factory and 10,000 square meters at Tatex Industry zone ,Oromia for manufacturing of soap and detergent, Abem Industry PLC has 2,015 employees in all department and Addis ababa headquarter had 24 staffs /employees, The research was expected to be conducted in the Abem Industries group headquarter, which was located in Addis Ababa behind Tewodros Square, Get-As Building 7th floor.

3.2 Research Design

The researcher used descriptive research design to assess channel management in Abem industry plc. Descriptive research design is a process of collecting data and analyzing the data in order to answer questions concerning the current status of the subjects in the study (Mugenda,2003). Descriptive research is well preplanned and structured in design so the information collected can show what happened and what is happening regarding channel management of Abem industry plc and its effectiveness company's objective.

3.3. Research Approach

The study has used both Qualitative and Quantitative approach (mixed) to research. Quantitative approach was a close ended or confined form of research in which it has structured measurement technique that allows a range of possible responses (Kottler and Keller, 2006).In this study, therefore, mixed approach used to collected close-ended and five scale likert questionnaires whereas qualitative data has gather the information from interview. It was semi-standardized interviews originate from the necessity to acquire in-depth knowledge and understanding on the subject of channel member relationships.

3.4. Population

The target population of this research is mainly categorized into three categories: agents, wholesalers, and retailers. The company has 170 active channel members' participants to sale and distributes the company's product, and since the population/ channel members were small, all of them were assessed; thus, the study was employed compressive survey/ census.

3.5. Sampling Technique

Three marketing manager, sale managers and senior sale coordinators were selected by purposive sampling method to get appropriate answer for the interview.

3.6. Types of Data to be collected

In order to accomplish this research, both primary and secondary data were be used. And these data were collected from channel members, sale representatives, and Abem's marketing managers. Secondary data were collected from the company's internal database; different publications and unpublished valuable materials were consulted.

3.7. Methods of Data Gathering

The research questionnaire were distributed to channel members, to gather these data, the questionnaire and interview were implemented as data collection tools that were appropriate for a descriptive research approach.

3.7. Methods of Data Analysis and Presentation

The study analyzed the data collected from respondents through questionnaire by using SPSS version 26.0 software. The study collected both qualitative and quantitative information about the issue were analyzed in the study. after collected quantitative data , It analyzed by descriptive tools such as frequency, percentage , mean and standard deviation Whereas the qualitative information explained in thematic analysis to confirm the current channel management Abem industry plc. The study presented the data from primary source by using descriptive.

3.8. Validity and Reliability Tests

3.8.1. Validity

According to Kothari, (2004), Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. Validity can also be thought of as utility. In other words, validity is the extent to which differences found with a measuring instrument reflect true differences among those being tested.

3.8.2. Reliability Test

In order to test the internal consistency of variables, Cronbach's alpha coefficient was calculated for each variable and the result is show here below. As can be seen from Table 4.10, Cronbach's Alpha of each variable is above 70% which tells us the reliability of the responses on the questionnaire is reliable and acceptable. To measure internal consistence cronbach's alpha is the most widely used measure to assess the reliability. In this study Cronbach's coefficient alpha was executed. Alpha coefficient ranges in value from 0 to 1. The higher the score, the more internally reliable the generated scale is Cronbach's coefficient alpha value over 0.7 is believed to be acceptable reliability coefficient (Pallant, 2010)

Table 3.1. Reliability Test

Variables	Cornbrash's Alpha	items
Distribute strategy	.707	3
Channel conflict	.865	3
Channel compared with its competitors.	.833	8
Important factors to channel member	.888	8
challenge	.766	4
Overall	.930	26

Source: own survey, 2023

Therefore based on the above table 3.1reliability test it show

the minimum requirements reshow[0.07] it is reliable that the high reliability of the question.

3.9. Ethical Consideration

There are certain ethical protocols that followed by the researcher throughout the study process. The first asked consent of the firms for the study; employees who were completed the questionnaire informed about the purpose of data collection. The researcher ensured that the respondents were made aware of the objectives of the study and their contribution to its completion. The other ethical measure that was exercised by researcher was treating the respondents with respect and courtesy to make them fill at ease and to give frank responses to the questionnaire. Letter of invitation sent to respondent firm to check their willingness to participate in the research on voluntary basis. The questionnaires were cleared about the voluntary participation. The research was purely for academic purpose and as a result of this, the researcher did not revealed or used any of the confidential information or the business secretes of the company for another purpose.

4. RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter focuses on the data presentation, analysis, and interpretation of information received through surveys and interviews. The questionnaires were given to channel members.

One hundred seventy (170) of the two hundred (200) questionnaires that were given to respondents were returned or accepted. Based on the replies collected from the respondent's data presentation, which were all deemed legitimate and used for the study, the following analyses were done: Using descriptive statistics, where raw data is calculated in percentage, the information acquired from the channel members is condensed. The gathered data was then put through a descriptive analysis using a table and detailed explanation, and finally an interpretation was employed to show the implications of the key results.

4.2 General Characteristics of Respondents

The general characteristics of the responder, including the type of company, the year of inception, and the length of their contact with channel members, are shown below.

Table 4.1 General characteristic of Respondents

	Item	Alternatives	Respondents No	Percentages
1	Business Type	Wholesalers	126	74
2		Agent	34	20
3		Retailors(supermarkets)	10	6
		Total	170	100

Item 1 of Table 4.1 in the pages that follow indicates the company type composition, with 10 (6% of the respondents) being retailers (supermarkets), 34 (20%) being agents, and 126 (74%), being whole sellers. The student researcher can deduce that the majority of respondents were wholesalers with regard to the table item based on the facts already mentioned. The researcher can deduce that the majority of respondents were wholesalers and they have best experience in area since they also distribute the products of other companies and this help the researcher to get full information about the distribution channels of Abem's product.

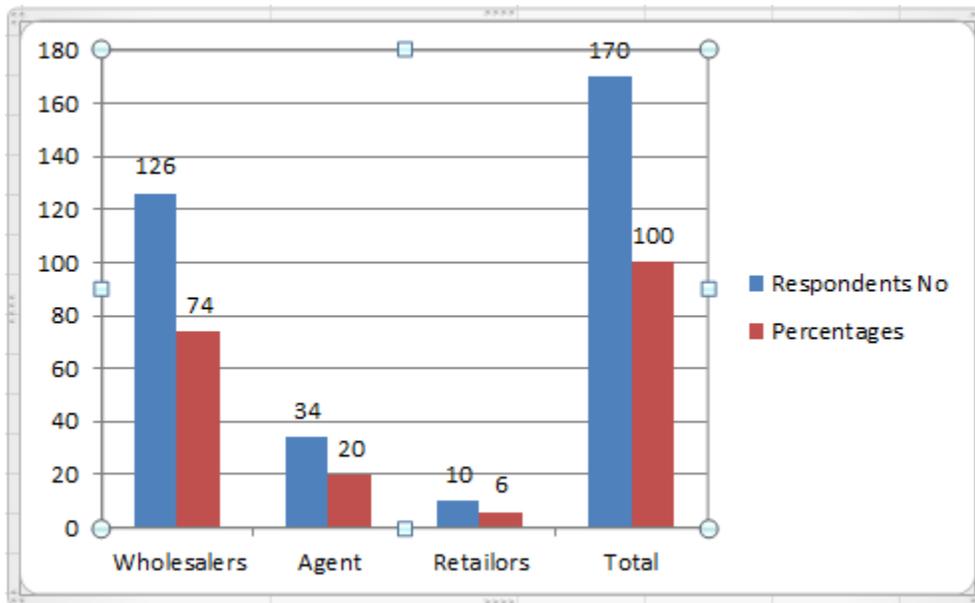


Figure of 4.1

4.3 Base of Relationship of Customers

Table 4.2 Customer response on base of relationship with the company

No	Item	Alternatives	Frequencies No	Percentages
1	Base of relationship	Contractual	70	41.25
		Word of month	100	58.75
		Total	170	100%

According to the response of channel members on their base of relationship with the company only 70 (41.25%) of respondents answered contractual, while 100(58.75%) replied word of mouth. Based on the data indicated above the student researcher can infer that the company relationship base is word of mouth. This benefits Abem to sell its product to whom and when it is interested. the researcher has summarized the effect of market mix using frequency, percentage, mean and standard deviation using 5 - point Likert scale.

The 5- point with their respective numeric value was:

5: Excellent (E) 4: Very Good (VG) 3: Good (G) 2: Fair (F) and 1: Poor (P)

Table 4.3. Distribution strategy

3. On your Understanding rate Abem's practice respect to distribution strategy.								
Q	Parameters	Excellent	Very Good	Good	Fair	Poor	Mean	S.D
1	The company's product optimized from a distribution perspective to reach the largest portion of my target customers?	53	82	17	10	8	3.95	1.0336
		31%	48%	10%	6%	5%		
2	Company's distribution strategy delivering the best ROI/ return on investment possible?	36	94	26	9	5	3.86	.9071
		21%	55%	15%	5%	3%		
3	Are there other products the same categories that are at risk of being de-listed and present an opportunity for mine?	86	39	17	16	12	4.01	1.2719
		51%	23%	10%	9%	7%		

Source own survey, 2023

The company's product is optimized from a distribution perspective to reach the largest portion of my target customers. This is evident from the high percentage of respondents who rated the company's distribution strategy as excellent or very good (53(31%) and 82(48%,) respectively).

The second item in table 4.illustrated ,The company's distribution strategy is also delivering the best ROI/return on investment possible, as evidenced by the high percentage of respondents who rated the company's distribution strategy as excellent or very good (36(21%) and 94(55%) , respectively).

There are other products in the same categories that are at risk of being de-listed and present an opportunity. This is evident from the high percentage of respondents who rated the company's distribution strategy as excellent or very good (86(51%) and 39(23%), respectively).

The company's distribution strategy implies that company is doing a good job of reaching the largest portion of its target customers and delivering the best ROI/return on investment possible. This is a positive sign for the company, as it indicates that its distribution strategy is effective and is helping to drive sales.

Table 4.4. Cause of channel conflict

Q	Cause of channel conflict attributes	5	4	3	2	1		
1	Do think One Cause of channel conflicts is channel design itself	45	74	29	10	12	3.76	1.116
		26%	44%	17%	6%	7%		
2	Do think territory management is discriminatory?	92	43	18	14	3	4.22	1.043
		54%	25%	11%	8%	2%		
3	outcome of the rivalry and lack of continuous cooperation between manufacturers and the middlemen because of their conflicting goal	19	101	19	18	13	3.56	1.0680
		11%	59%	11%	11%	8%		

Source: own survey,2023

Causes of channel conflict has got as excellent or very good 45(26%) and 74(44%). The data shows that most respondents believe that channel design itself is a cause of channel conflicts, followed by territory management 92(54%) and 43(25%) has got as excellent or very good 45 and 19(11%) and 101 (59%) has got as excellent or very good rivalry and lack of continuous cooperation between manufacturers and the middlemen were the source of channel conflict. This implies that there are a number of factors that can contribute to channel conflicts, and that it is important to address these factors in order to minimize the potential for conflict.

4.5 Channel Members Perception on Company Practice with Respect of Relationships to competitors

Only 2 (1.18%) and 14 (8.14%) of respondents indicated that the firm's incentives are, respectively, "very good" and "good" in answer to item 1 of table 4.4, which shows the responses of channel members on unique incentives they received from the company. 42 (24.71%) responded "average," yet 75 (44.12%), 37 (21.76%), and 75 (44.12%) correspondingly responded "bad" and "very bad" to the same item. Based on the data provided above, the student researcher can deduce that the majority of respondents gave "bad" responses, indicating that they disagreed with the incentives they received from the firm. The mean number is 2.23, it is supported by Mezgeb (2017) study show that the mean value was 2.97. Similarly, Belay (2019). However, which the company shows that the channel members have a negative perception of the company's special incentive policies (discounts and bonuses). The firm has to improve if it is to fulfill the demands of its channel members.

Table 4.4 Channel members rating on the company's practice, respect to Relationship variables

No	Item		Frequencies						Mean	S. D
			5	4	3	2	1			
1	Special Inceptives (discount bonus)	N	2	14	42	75	37	2.23	0.9205	
		%	1.18	8.24	24.71	44.12	21.76			
2	Company's credit facility	N	25	30	47	44	24	2.93	1.2583	
		%	14.71	45.88	27.65	8.82	2.94			
3	Margi you got from selling compar products	N	15	5	30	82	38	2.28	1.1115	
		%	8.82	2.94	17.65	48.24	22.35			
4	Giving timely information lik (product availability, price change.	N	14	25	60	47	24	2.75	1.121	
		%	8.24	14.71	35.29	27.65	14.12			
5	Company's commitment toward yo as a business partners.	N	25	33	82	8	22	3.18	1.1462	
		%	14.71	19.41	48.24	4.71	12.94			
6	Trust level of the company ability developing you in Business	N	20	50	77	15	8	3.35	0.9595	
		%	11.76	29.41	45.29	8.82	4.71			
7	Sales staff attitude and quality	N	24	33	41	49	23	2.92	1.2576	
		%	14.12	19.41	24.12	28.82	13.53			
8	Product availability and Delivery	N	16	11	41	61	41	2.41	1.1911	
		%	9.41	6.47	24.12	35.88	24.12			
Group Mean							2.34	1.1462		

Source: compiled from own survey,2023

Table 4.4 shows the company's level of relationship-variable practice from the perspective of its channel members.

R1garding item 2 of table 4.4 in the preceding page, which is about the company's credit facility, 25 (14.71%), 30 (45.88%), and 47 (27.55%) of the respondents gave "very good" and "good" responses, respectively. They also gave "average" and "average" responses, respectively, and gave 15 (8.82%) and 5 (2.94%) "Bad" and "very bad" responses, respectively. Based on the information provided above, the study can deduce that the majority of respondents gave "average" responses,

indicating that most of them think the company's credit facility is moderate. The mean number is 2.93. Similarly, it is supported by Belay (2019) .the mean value was 2.53. On the contrast, Mezgeb (2017) study show that the mean value was 4.04 which shows that the company's credit facility practices are middle in the channel members' views and might use some improvement.

Regarding the profit margin they made from selling the company's products, see item 3 of table 4.4 on the preceding page. 30 (17.65%) respondents responded "average," 15 (8.82%) respondents said "very good," 5 (2.94%) respondents said "good," and 82 (48.24%) and 38 (22.35%) respondents said "bad" and "very bad," respectively. 2.28 is the mean value. The majority of respondents gave "bad" responses, which suggests that most respondents disagree with the profit margin they received, according to the statistics presented above. The firm has a lot of work to do to meet the demands of its channel members and requires improvement.

With regard to the company's communication efforts with them, see item 4 of table 4.4 on the previous page. Among the responders, 14 (8.14%) and 25 (14.71%) selected "very good" and "good," 60 (35.29%) selected "average," and 47 (27.65%) and 24 (14.12%) selected "bad" and "very bad," respectively. The student researcher might conclude from the data shown above that most respondents gave "average" answers, indicating that the majority of respondents disapprove of the company's communication efforts. To address the needs of its channel members, the firm has considerable work to do. The median rating is 2.75, which shows that the company's practices regarding timely information dissemination (such as product availability and pricing changes) are unfavorable in the channel members' views.

With regard to the company's commitment to them, see item 5 of table 4.4 on the previous page. Among the responders, 25 (14.71%) and 33 (19.41%) chose "very good" and "good," 82 (48.24%) chose "average," and 8 (4.71%) and 22 (12.94%) chose "bad" and "very bad," respectively. Based on the information provided above, the student researcher may deduce that the majority of respondents gave "average" responses, which suggests that most respondents have a moderate level of agreement with the company's commitment. The average score is 3.18, which shows that the channel members do not find the company's commitment to them as business partners to be sufficient. Additionally, the business partner's dedication to the channel members has to be addressed because it isn't seen favorably by them. It also requires improvement.

Regarding their degree of faith in the company's faith, see item 6 of table 4.4 on the previous page. 20 (11.76%) and 50 (29.41%) of the respondents gave respective "very good," and "average" responses. 15 (0.82%) and 8 (4.71%) of the respondents gave "bad" and "very bad" responses, respectively. 3.35 is the mean value. The majority of respondents gave "average" answers, which suggests that most respondents found the company's level of trust to be unsatisfactory and in need of improvement, according to the statistics presented above.

With regard to the quality and attitude of the company's sales team, see item 7 of table 4.4 on the previous page. Among the responders, 24 (14.12) and 33 (19.41%) gave "very good" and "good" responses, respectively; 41 (24.22) gave an "average" response; and 49 (28.82%) and 23 (13.53%) gave "bad" and "very bad," respectively. 2.92 is the mean value. The majority of respondents gave "bad" responses, which suggests that the majority of respondents disagree with the company's sales staff's quality and attitude, according to the statistics presented above.

With regard to the availability and delivery of the company's products, see item 8 of table 4.4 on the previous page. Among the respondents, 16 (9.541%) and 11 (6.47%) gave "very good" and "good" responses, respectively; 41 (24.212%) gave "average" responses; and 61 (35.68%) and 41 (24.212%) gave "bad" and "very bad" responses; respectively. 2.41 is the mean value. The majority of respondents gave "bad" answers, which suggests that the majority of respondents disagree with the conclusion drawn from the facts shown above that the company's product availability and delivery are appropriate.

The group's mean value for the factors pertaining to the company-practice connection is 2.75, which is a moderate result. That suggests that it needs to be improved. A reasonable outcome is shown by credit facility, commitment, sales staff attitude quality, and trust level, 2.93, 3.18, 2.92 and 3.35, respectively. While certain incentives correspondingly channel profit margin and communication. This suggests that there is a gap in the company's practice regarding relationship factors.

4.6 Channel Members Perception on Importance of Relationship Variable

Rate the following relationship factors as per their importance for you. Illustrated as follow: 3= highly important, 2= Average important, 1=Less important

The respondents explained their perception accordingly the request of the attributes of the importance of the relationship of variables as follow

As shown in table 4.5 , item no ,Out of the total respondents, 122 respondents (71.76%) said that incentives are "highly important" on the following page, which lists the responses of channel

members to this question. 12 (7.06%) replied "less important," while 36 (21.18%) said they were "averagely important." Based on the data provided the mean value is 2.65, the researcher can deduce that the majority of respondents rated incentives as a very significant aspect of relationships because they selected "highly important" as their response.

Table 4.5 respondents answer regarding the importance of relationship variable

No	Item	Frequencies					
			3	2	1	Mean	S.D
	Attributes						
1	Special Inceptives (discount & bonus)	N	122	36	12	2.65	0.6079
		%	71.76	21.18	7.06		
2	Company's credit facility	N	130	30	10	2.71	0.5703
		%	76.47	17.65	5.88		
3	Profit margin you got from selling compa products	N	112	38	20	2.54	0.6954
		%	65.88	22.35	11.76		
4	Giving timely information like (produ availability, price change....)	N	65	58	47	2.11	0.8047
		%	38.24	34.12	27.65		
5	Company's commitment toward you as business partners.	N	75	65	30	2.26	0.74
		%	44.12	38.24	17.65		
26	Trust level of the company ability developing you in Business	N	40	70	60	1.88	0.7579
		%	23.53	41.18	35.29		
7	Sales staff attitude and quality	N	53	70	47	2.04	0.7662
		%	31.18	41.18	27.65		
8	Product availability and Delivery	N	101	61	8	2.55	0.5847
		%	59.41	35.88	4.71		
Group Mean						2.34	.6954

Table 4.5 shows the significance of connection variables from the perspective of the company's channel members. With respect to item 2 of table 4.5 in the above page, which is on the importance of credit facilities, 130 (76.47%) of respondents replied that credit facilities are "highly important" and According to the data above, the student researcher can infer that most respondents answered "highly important," which indicates that most respondents agree credit facilities are a very important

factor in relationships. 30 (17.65%) answered "averagely important," but 10 (5.68%) answered "less important." and the mean value is 2.71.

112 respondents (65.88%) responded "highly important" to the question on the importance of profit margin in Table 4.5 on the previous page. 20 (11.76%) answered "less important," while 38 (22.35%) said it was "averagely important. And the mean value is 2.54." Based on the data mentioned above, the student researcher may deduce that most of the respondents replied "highly important" which shows that the majority of the respondents believe profit margin is the most important component of connection.

With regard to the significance of communication with them, see item 4 of table 4.5 on the previous page. While 47 (27.65%) said "less important," 65 (38.24%) said "highly important," and 58 (34.12%) said "averagely important." 2.11 is the mean value. The student researcher can deduce from the data provided above that the majority of respondents stated that communication is a very important aspect of relationships since they selected "highly important" as their response.

With regard to the importance of commitment, which is covered in item 5 of table 4.5 on the previous page, 30 (17.65%) answered "less important," while 65 (38.14%) and 75 (44.12%) responded "highly important" and "averagely important," respectively. 2.26 is the mean value.

The student researcher can deduce from the data above that the majority of respondents stated that commitment is a very significant element in relationships because most of them chose "highly important" as their response. Regarding item 6 of table 4.5 on the aforementioned page, which discusses the significance of trust, 40 (23.53%) of the respondents responded "highly important" and 70 (41.18%) answered "averagely important" whereas 60 (35.29%) answered "less important". The mean value is 1.88. Based on the information provided above, the student researcher may conclude that the majority of respondents indicated that trust is an important relationship aspect to some degree by selecting "averagely important" as their response.

With respect to item 7 of Table 4.5 on the previous page, which focuses on the company's sales team's quality and attitude, 47 (27.65%) respondents indicated "less important," whereas 53 (31.18%) respondents indicated "highly important" and 70 (41.18%) respondents indicated "averagely important." The mean value is 2.04. The majority of respondents suggested that the sales staff's quality and attitude are, to some extent, key relationship factors, as evidenced by their "averagely important" responses, which the student researcher deduced from the data presented above.

Regarding the availability and delivery schedule of the company's products, see item 8 of table 4.5 on the previous page. 101 (59.41%) of the respondents selected "highly important," 61 (35.88%) selected "averagely important," and 8 (4.71%) selected "less important". The mean value is 2.55. Based on the information provided above, the student researcher may deduce that the majority of respondents rated the elements of product availability and delivery speed as highly significant.

This conclusion is supported by the fact that the majority of respondents chose "less important" as their response category.

The aggregate mean value for relationship variables is 2.34, which is considered moderate. That suggests that the relative relevance of each variable varies. The importance of special incentives and credit facilities outweighs the importance of product availability, delivery speed, and a reliable company.

4.7 Channel Members Perception on Challenges of Relationships

Table 4.6 Channel member’s response on relationship challenges.

No	Parameters		5	4	3	2	1	Mean	S.D
1	Selection	N	8	41	34	36	51	2.52	1.2705
		%	4.71	24.12	20	21.18	30		
2	Conflict	N	10	16	18	39	87	1.96	1.2336
		%	5.88	9.41	10.59	22.94	51.18		
3	Incentives	N	20	64	36	20	30	3.14	1.2883
		%	11.76	37.65	21.18	11.76	17.65		
4	Motivation	N	38	25	21	37	49	2.80	1.5401
		%	22.35	14.71	12.35	21.76	28.82		
Group Mean								2.62	1.2583

Source: own survey , 2023

According to item 1 of table 4.6 presented in the above page, which indicates the company’s Selection from the point of view of channel members, 8 (4.71%) and 41 (24.12%) of the respondents replied “highly challenging” and "challenging,” respectively. 36 (21.18%) and 51 (30%) of the respondents responded with "somewhat challenging" and "unchallenging," respectively, while 34 (20%) of the respondents chose "moderately challenging." The majority of

respondents indicated "challenging," which suggests that the majority of channel members perceive the company's Selection over the relationship as challenging based on the data presented above, according to the student researcher. The median value is 2.52, which shows that the channel members find the company's Selection to be a moderately difficult variable that could use some improvement.

With regard to conflict, out of total respondent, 10 (5.88%) and 16 (9.41%) of the respondents, respectively, responded "highly challenging" and "challenging" in response to item 2 of table 4.6 in the preceding page, which indicates a conflict.

While conflict 18 (10.59%) of the respondents said "moderately challenging," 39 (22.94%), and 87 (51.18%), respectively, replied "somehow challenging" and "unchallenging." respectively. the majority of channel members said that they found the opposing goals to be "unchallenging," which suggests that the majority of channel members do not find the conflict to be difficult for the relationship, according to the data presented above. The mean value is 1, 96; this suggests that competing objectives are not a difficulty for the connection from the perspective of the channel members.

Only 20 respondents (11.76%) chose "highly challenging" in response to item 3 of table 4.6 on the previous page, whereas 64 respondents (37.65%) chose "challenging" and 36 respondents (21.18%) chose "moderately challenging." Somewhat tough and unchallenging were the responses given by 20 (11.76%) and 30 (17.65%) of the respondents, respectively. 3.14 is the mean value. Based on the data presented above, the student researcher might conclude that the majority of respondents felt that the relationship was "challenging" because of incentives.

With respect to item 4 of table 4.6, on the preceding page, which represents the sales motivation from the point of view of channel members, respondents 38 (22.35%) and 25 (14.71%) replied "highly challenging" and "challenging" accordingly, while 21 (12.35%) of the respondents replied "average." While 49 (28.82%) and 37 (21.76%) of the respondents said, respectively, "unchallenging" and "somewhat challenging," the average number is 2.8. The student researcher may deduce that the majority of respondents selected "unchallenging" based on the data presented above. This suggests that most respondents saw the sales projection as unchallenging to the relationship. The median score for the group in terms of relationship difficulties is 2.61, which is moderate. That suggests that it needs to be improved.

4.8 Interview Analysis

Marketing managers, sales manager's sales coordinators of Abem industry plc asked their perception regarding channel management and distribution and how to manage conflict of channels as follows

The interview was conducted to marketing management, the first interview question request how many channel members does Abem have in the country. They replied that the marketing manager confirms that the company has 170 active channel members and that he strongly believes in the value of channel relationships for the company's success.

Second, the question rose to marketing managers regarding the importance of channel member continuing with company's business. Managers replied that yes, the support us to address to customers and help the company to deliver on right time and place ultimately the get better profit and the objective,

Marketing managers requested regarding the query in the interview about how the business chooses channel members. The organization chooses the channel members based on the criteria of the company such as their sales volume, financial capacity, and geography, the marketing manager responded. The marking manager thinks as follows: Although the firm is reliable in the eyes of the channel members, there are certain restrictions on communication because of a lack of adequate resources.

The interview managers responded about the coordination of channel members, the work together two way communication, participating channel in decisive operational and strategic decision and taking feedback and improve the product as per the need of customers, proving incentive for channels member and other facilities which are very important to the success of distribution.

The marketing managers asked about trustworthiness of the channel members. They replied definitely, without trust the company never delegate them on the behalf of the company.

The interview question asked difficulty the company encounter channel management, they replied that the company reacted to cop up difficulty by reducing overlap channel members particularly the long distance channel members.

The marketing managers responded to enhance the channel management accordingly, regarding the interview question on how the company selects channel members. The marketing manager answered as the company selects the channel members based on their sales volume, financial

capability and their location. The marketing manager believes as the company is trustworthy for the channel members as well as by reducing long distant channel members.

The marketing managers asked how the company resolve the conflict of the channels, they responded demarcating the territories, strictly supervising the area and the price of the product as well as Consistent availability of products, Credit sales collection related issues and inadequate communications are the challenges we face

Discussion

Even when channel structural modifications have not been implemented, channel selection judgments are usually essential. To support development or to replace channel members who have left the channel, businesses may require new outlets. The marketer must make a judgment on channel design. Generally speaking, selection is less important the more intense the distribution is. When a company focuses on ensuring intense distribution, the intermediaries used are frequently chosen solely on the basis of their likelihood of paying their debts. Programmers and techniques for incentive management that support lead generation and RO Channel Marketing Concierge initiatives. How to motivate and inspire their partners to continue selling their goods and services should be a key concern for every channel programmer. How to accomplish this successfully and demonstrate ROI for the incentive programmers is the conundrum that many channel director's face. To develop a systematic approach to B2B incentive management, it is crucial for channel leaders to have awareness of the best practices that are currently being used in the sector. An efficient and successful channel incentive programmer may be built using certain trade secrets. Sirius Decisions, the special guest, has collaborated with several vendors and partners to develop and implement incentive management programmers, channel marketing concierge services, and approaches to increase ROI. A pioneer in unified channel management, ZINFI Technologies, has also used automation to put many of Sirius Decisions' best practices into practice in several major business customers with intricate channel architectures. I. A pioneer in unified channel management, ZINFI Technologies, has also used automation to execute many of Sirius Decisions' best practices in several major business clients with intricate channel architectures.

The manufacturer's actions to encourage channel member participation in carrying out the manufacturer's distribution goals are referred to as "motivation" to channel managers. The topic of channel management is current channels. The phase ensure the cooperation of channel members

indicates that channel members do not automatically collaborate just because they are members of the channel, and as a result, channel design decisions are seen as distinct from channel management decisions. To win their cooperation, administrative measures are required. For channel management, the phrase "distribution objectives" is also applicable. For the channel's administration to be effective, well defined distribution objectives are required. Motivating the channel's participants is one of the most essential and significant facets of channel management.

Pricing ambiguity is a major cause of channel member issues, thus the first thing you should do to prevent them is establish a minimum stated price. Take over product distribution after guaranteeing pricing uniformity. It may be alluring to collaborate with as many distributors as you can, but doing so may saturate the market, make relationships challenging to manage, and ultimately have an impact on your supply chain. You have greater control and the likelihood of a channel dispute happening are lowered with a limited distribution that tries to cover the market's potential via the use of the fewest partners feasible. Ensuring that only authorized distributors are selling your employer's products can help create less competition between other parties the company partners with. It also limits the number of distributors that can legally sell the company's product, which also decreases your chances of encountering channel conflict with the key word selection, incentives, motivation, and Conflict.

CHAPTER FIVE

5. SUMMARY CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

The following results were reached after the student researcher's and channel members' data were analyzed and interpreted:

The data shows that Abem's distribution strategy is generally effective, with most respondents rating it as excellent or very good. However, there is some room for improvement, as some respondents felt that the company's product is not optimized to reach the largest portion of its target customers and that the company's distribution strategy is not delivering the best ROI possible.

- Additionally, there is an opportunity for Abem to explore other products in the same categories that are at risk of being de-listed.
- The research showed that channel members concur that the company's items were of high caliber.
- Data showed that channel members believed the pricing of the company's items to be excessive.
- The results showed that there was no channel member involvement in the development or evaluation of the organization's channel management system.
- The data showed that the company's promotion efforts fell short of what channel members would have expected.
- The research showed that the company's distribution methods fall short of what channel members expect.
- It was discovered that while the credit facility and the company's practices regarding the economic nature of connection variables were suitable, the profit margins and incentives were not. Communication, commitment, and trust were not adequate for the channel members due to the non-economic nature of the connection factors. While the channel members were satisfied with the quality and attitudes of the sales team.

- It was discovered that both economic and non-economic factors influence relationships. Credit facility, special incentives, and profit margin were economic elements, whereas dedication to the partnership and communication were key non-economic characteristics. Although the quality and attitudes of salespeople and trust were only marginally significant.
- The results generally showed that, albeit to varying degrees, the company's challenges were marketing efforts (communication), insufficient profit margins, and incentives to channels, as well as a lack of commitment to the connection and trust in the channel members' eyes.

5.2 Conclusion

Overall, the data suggests that Abem's distribution strategy is sound, but there is some room for improvement. By addressing these areas, Abem can continue to improve its distribution strategy and reach a wider audience

The company should continue to focus on its distribution strategy, as it is a key factor in its success. The company should also consider looking for other products in the same categories that are at risk of being de-listed and present an opportunity

This study was conducted in Abem Soap and detergent manufacturing firms to investigate the challenges of channel management. The challenges with the channel members, the researcher adopt critical challenges from literature and asked respondents to rank in accordance with their degree of effect. To begin with extent of firms' intensity towards channel management, the study found that Abems Soap and detergent manufacturing firms are somewhat in a good position. Yet, in terms of media promotion usage it was found weak in the firms under the study. The study find that lack of channel trust and commitment, resistance to change and lack of adequate product availability to the channel members were identified as the critical challenges for satisfying the demand of channel members of the process in the manufacturing firms under the study. To this end, reducing the extent of such challenges and implementing supply chain integration expected from managers of the company to enhance their competitiveness. In this study data were collected from manufactures, not include supplier and customer. The study validly generalizability only from manufacturers point of view. Hence, it is highly desirable in the future research to have more than one respondent and consider it to incorporate customers and suppliers. Additionally, even though Abem Industrial Private Limited Company employ channel management, it was difficult to declare that the business

was successful in putting good channel management into practice, according to the questionnaire analysis and data from the interview.

From evaluating the connection of the firm with its channel members, we can say that the company provides attention to its relationship with them but still needs to make more effort, notably in its supplier relationship management. It was found out that the corporate practice on the economic nature of relationship variables and the loan facility was good, but incentives and profit margins were not satisfactory. From the non-economical character of relationship variables, communication, commitment, and trust were not sufficient for the channel members. It was found out that the elements impacting relationships were both economical and non-economic variables. From economic variables, credit facility, specific incentives, and profit margin; from non-economic aspects, communication and dedication to the connection were extremely essential components.

5.3 Recommendation

The student researcher was providing the recommendations listed below in light of the conclusions drawn from the data that were analyzed and evaluated.

- ❖ Based on the results of this survey, the study would recommend that the company continue to focus on its distribution strategy. The company is doing a good job of reaching the largest portion of its target customers and delivering the best ROI/return on investment possible. The company should also consider looking for other products in the same categories that are at risk of being de-listed and present an opportunity.
- ❖ The researcher recommends that Channel design: The company should consider redesigning its channel structure to reduce the potential for conflict. This could involve creating more direct channels, or making it easier for customers to switch between channels.
- ❖ The response of responded out of total, Territory management: The company should ensure that its territory management policies are fair and equitable. This could involve setting clear rules for how territories are allocated, and ensuring that there is no discrimination against certain channels.
- ❖ Cooperation between manufacturers and middlemen: The company should work to improve cooperation between manufacturers and middlemen. This could involve creating more

opportunities for communication and collaboration, and ensuring that both parties are aware of each other's goals and objectives.

- ❖ By addressing these factors, the company can help to minimize the potential for channel conflicts and improve its overall performance

- ❖ The researcher advises the business to spend money on promotion, particularly on mass advertising to highlight the benefits of the product that were make it worth the cost.
- ❖ The researcher suggests that the business create incentives like volume discounts and seasonal rebates to address the economic relationship variables. This were motivate the channel members and improve the relationship.
- ❖ The researcher suggests the company to give a better margin for the wholesaler, by differentiating its price from the retailers.
- ❖ The researcher suggests the company to provide timely information about product availability, price changes and any other information. The sales staffs have to be equipped well on the required information and use the positive perception of the channel towards them as an opportunity to solve the communication gap.
- ❖ The researcher recommends that the firm help the channel members improve their businesses by providing sales and customer service training. The relationship's issues with commitment and trust will be resolved by doing this.
- ❖ The researcher advises the business to do that because including the channel members in the planning and assessment of the channel management design process would be beneficial.

In order to resolve non-economic relationship factors, the firm must manage channel conflict. The measure forward was that the corporation demonstrates its commitment to the channel members by setting up a channel day at least twice a year. The panel discussion, individual product refreshment meetings, corporate briefing, and appreciation of individuals who made significant contributions to the firm were all take place during the event, which was attended by members of the company's management, marketing team, and channel. This will strengthen and improve the connection.

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Appendix

Dear respondents,

This questionnaire is designed and distributed to collect data on assessment of channel management in the case of Abem industry plc In Addis Ababa. The study is conducted by a postgraduate student in partial fulfillment of MA degree in business administration.

I kindly ask you to spare some of your time to completing the questionnaire. I like to assure you that your response be treated with utmost confidentiality and used for academic purpose only. The objective of the study cannot be realized without your genuine support. Therefore, your genuine, honest and prompt response is a valuable input for the quality and successful completion of the research.

Thank you in advance for your crucial cooperation to spare invaluable time and energy to complete these questionnaires

Questioner to be field by Abem channel members

This questioners prepared by a prospective graduate of St. Marry University in MBA management as partial fulfillment of the requirement of MBA Marketing management. These questioners prepared to assess the channel management practice of Abem. You are kindly requested to fill this questioner honesty with due care instruction.

Instruction

- writing your name on the questioner is not necessary! please put in the box
- If you interested to give addition response they can be used blanks pace that provided at the end.

Part I General Questions

1. Business Type

Agent wholesaler Retailer

2. What is your relationship base with Abem?

Contractual word of mouth

3. On your Understanding rate the price of the Abem 5=Excellent, 4=Very Good, 3=Good, 2=Fair, 1=Poor						
Q	Parameters	5	4	3	2	1
1	Company's Product quality perception					
2	Company's Product price perception					
3	Company's Promotion					

Part II Specific Questions

4. Have you ever involved in the company's channel management planning?
 Yes No. I don't recall
5. Have you ever involved in the company's channel management evaluation?
 Yes No. I don't recall

Table 4.Cause of Channel conflict

Q	Parameters	5	4	3	2	1		
1	Do think One Cause of channel conflicts is channel design itself	6	9	29	67	45		
		4%	6%	19%	43%	29%		
2	Do think territory management is discriminatory?	10	3	8	92	43		
		6%	2%	5%	59%	28%		
3	outcome of the rivalry and lack of continuous cooperation between manufacturers and the middlemen because of their conflicting goal	8	12	16	101	19		
		5%	8%	10%	65%	12%		

Q	Parameters	5	4	3	2	1
1	The company's product optimized from a distribution perspective to reach the largest portion of my target customers?					
2	Company's distribution strategy delivering the best ROI/ return on investment possible?					
3	Are there other products the same categories that are at risk of being de-listed and present an opportunity for mine?					

6. On your Understanding rate Abem's practice respect to Channel relationship variable compared with its competitors. 5=Excellent, 4=Very Good, 3=Good, 2=Fair, 1=Poor						
Q	Parameters	5	4	3	2	1
1	Special Incentives (discount and bonus)					
2	Company's credit facility					
3	Margin you got from selling company products					
4	Giving timely information like (product availability, price change...)					
5	Company's commitment towards you as business partner.					
6	Trust level of the company-ability of developing your business					
7	Sales staff attitude and Quality					
8	Product availability and delivery					

Rate the following relationship factors as per their importance for you. 3= highly important, 2= average important, 1=less important

No	Item	Frequencies				
		3	2	1	Mean	S. D
1	Special Inceptives (discount & bonus)					
2	Company's credit facility					
3	Margin you got from selling company products					
4	Giving timely information like (product availability, price chang.)					
5	Company's commitment toward you as a business partners.					
6	Trust level of the company ability of developing you in Business					
7	Sales staff attitude and quality					
8	Product availability and Delivery					
	Group Mean				2.34	

8. On your Understanding rate the below relationship Challenges. 5=Highly challenging, 4=Very Challenging, 3=Moderately Challenging, 2=Somehow Challenging, 1=Unchallenging

Q	Parameters	5	4	3	2	1
1	Selection					
2	Motivation					
3	Incentives					
4	Conflict					

For Abem Marketing Manager Interviews

1. How many channel members does Abem have in the entire nation?

2. Does Abem believe that channel member relationships are critical to the continued success of its business?

How does Abem choose the channel's members?

4. How do you work with other Abem departments to coordinate channel activities?

5. Does Abem appear trustworthy in the views of its channel members, seem devoted, and communicate well?

6. Describe the difficulties you encounter when practicing channel management.

7. How would you propose the organization enhance its channel management?

8. How Abem's solve the conflict between the Channel members?
