

ST. MARY'S UNIVERSITY COLLEGE
BUSINESS FACULTY
DEPARTEMENT OF MARKETING MANAGEMENT

DISTRIBUTION AND CHANNEL SELECTION PRACTICE
IN META ABO BREWEREY COMPANY

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AN ASSESSEMENT OF DISTRIBUTION AND CHANNEL SELECTION PRACTICE

IN META ABO BREWEREY COMAPANY

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CHAPTER ONE

INTRODUCTION

1.1. Background of the study

The 4Ps of the marketing mix include product, price, place and promotion. Distribution management deals with the place part of the marketing mix. One major aspect of the distribution management process is the role and relevance of distribution channels in helping the 'place' aspect of the marketing mix.

A distribution channel is a group of people and firms involved in the transfer of title or ownership as the product moves from the producer to the ultimate consumer. (Havaladar and Cavale, 2007:8.15)

Distribution channels perform many key functions. Some help complete transactions by gathering and distributing information needed for planning and aiding exchange; by developing and disseminating persuasive communications about an offer, by performing contact work finding and communicating with prospective buyers, by matching shaping and fitting the offer to the buyer's needs; and by entering into negotiation to reach an agreement on price and other terms of the offer so that ownership can be transferred. Other functions help to fulfil the completed transactions by offering physical distribution (transporting and storing goods); financing (acquiring and using funds to cover the costs of the channel work); and risk taking (assuming the risks of carrying out the channel work). (Havaldr and Cavale, 2007.)

Even though some companies pay too little attention to their distribution channels, others have used imaginative distribution systems to gain competitive advantage.

Meta Abo Brewery S.C is located in the town of Sebeta, 27km from Addis Ababa. The Brewery was established in 1963 by the Ethiopian Government and Ethiopian private nationals as a share company. It is the only Brewery which gets water from a big reserve of soft spring water (locally known as holy water of Saint Abo). The company produces bottled and draft beer. Meta Abo supplies its products to Addis Ababa city through its distributors and exports to the United States of America and countries in Europe and Africa.

Like other business organization, Meta Abo Brewery Share Company is also believed to meet its objective by implementing superior distribution channel practice. Thus, the researcher has been inspired to conduct this study in order to identify pertinent factors regarding their distribution channel practice and describe how each factor affect the achievement of the company's objective. The student researcher identifies the shortcomings of the company's practice and forward possible recommendations that can be constructive to future development of the company.

1.2. Statement of the problem

From the economic system's point of view, the role of marketing intermediaries is to transform the assortments of products made by producers into the assortments wanted by consumers. Producers make narrow assortments of products in large quantities but consumers want broad assortments, intermediaries buy the large quantities from many producers and break them down into the smaller quantities and broader assortments wanted by consumers. Thus, intermediaries play an important role in matching supply and demand.

So, it is believed that proper practice of distribution channel in a company helps to achieve their objectives. With increasing number of new privately owned companies coming to the market in Ethiopia, brewery companies are facing high level of competition. Due to this, the company should consider and evaluate their marketing plan and develop appropriate marketing mix strategy from time to time to remain in the market.

The student researcher has assessed the practice of distribution channel in Meta Abo Brewery Company. It was observed that there exist problems regarding on time delivery between the intermediaries and the company, the other problem was the company faced major challenges from its competitors. More over the company did not have sufficient and convenient distribution channel which results in lose of market share (profit) and also customer shift to other alternative products. The student researcher thus tried to investigate the problems stated above through the following research questions.

- ❖ Does the company have sufficient and convenient distribution channel?
- ❖ What are the major distribution related challenges that Meta Abo faces?
- ❖ To what extent does the company utilizes opportunities underlying the distribution practice?

1.3. Objective of the study

General objective

The general objective of this research paper is to assess the existing distribution channel practice and the problems which Meta Abo Brewery faces.

Specific objectives includes

- ❖ To examine whether the company have sufficient and convenient distribution outlets.
- ❖ To identify the major challenges of Meta Abo on its distribution practice.
- ❖ To investigate the extent at which the company utilizes different opportunities.

1.4. Significance of the study

This research output has believed basically to benefit the researcher to get basic knowledge about the marketing strategies in general and distribution channels in particular and their significance in the brewery industry. On the other hand, Meta Abo Brewery can use the recommendations forwarded by the researcher and improve its distribution channel practices. Also, this research paper can be used as reference material to future researchers who will conduct study on the brewery industry.

1.5. Scope of the study

The study is delimited on the distribution channel practice of Meta Abo Brewery. Meta Abo delivers its products to other part of Ethiopia and abroad, the study will only focus on Addis Ababa. The student researcher selected Addis Ababa because the company sells large number of its products in Addis Ababa, in terms of time it is difficult to asses all parts of Addis Ababa, so the student researcher has focused around Mexico, Lideta, Legehar and Piassa. This areas are selected because there are lots of wholesalers and retailers.

1.6. Definition of Terms

Distribution channel is a group of people and firms involved in the transfer of title or ownership as the product moves from the producer to the ultimate consumer. (Havaladar and Cavale, 2007:8.15)

Direct Channel:- the pattern of distribution where by the producer sells directly to the final buyer without the agent. Sahu and Raut (2003:13)

Indirect Channel:- the pattern of distribution where by the producer sells through various middle persons like wholesaler, agents, retailers etc. Sahu and Raut (2003:13)

1.7. Research Design and Methodology

1.7.1. Research Design

A descriptive research has applied to conduct a study that assesses the practice of distribution channel with in the company.

1.7.2. Population and Sampling Technique

❖ Population

The student researcher takes retailers and wholesalers together with employees in the marketing and sales department.

❖ Sampling unit and size

Retailers and wholesalers: - the researcher has sampled 30% from 150 retailers and 30% from 50 wholesalers of Meta products in Mexico, Lideta, Piassa and Legehare areas.

Employees: - the researcher interview 2 employees who are working in the marketing and sales department of Meta Abo Brewery.

❖ Sampling techniques

A student researcher used simple random sampling technique and judgemental sampling technique for retailer, wholesaler and employees respectively to give equal chance for all population and to obtain knowledgeable employees.

1.7.3. Types of data to be used

To get correct and relevant information, the student researcher has collected both primary and secondary data. Primary data collection has conducted through questionnaire and interview. While secondary data includes reference books, journals etc.

1.7.4. Method(s) of data collection

The primary data has collected through close ended and open ended questionnaires to the selected respondents and structured interview to the company employees. Secondary data has obtained from different books related to the subject matter, publications and website related to the study.

1.7.5. Methods(s) of data analysis

The student researcher interpreted the collected quantitative data by using percentage, graph, pie-charts and tables and also analyse the qualitative data obtained from the responses to interviewees and questionnaires.

1.8. Limitation of the study

One of the limitation of the study was not getting secondary data from the company.

1.9. Organization of the study

This research paper is composed of four chapters. The first chapter will include introduction, statement of the problem, objective of the study, definitions of terms, research design and methodology. The second chapter dealt with review of literature. Then, the third chapter includes presentation and analysis of data. The last chapter includes summary of the finding, conclusion and recommendation.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Basic Concepts of Distribution Channel and System

2.1.1 Definition of Distribution

The channel of distribution is the route through which Goods and Service pass from the point production to the point of consumption. It comprises a number of agencies through which the product moves physically before it reaches the ultimate consumers. (Sahu and Raut, 2003:13)

Channels of distribution are the means and ways by which products get from the producer to the final consumer or industrial users. (Kumar N. and Mittal R. 2001:196)

A distribution channel is a group of people and firms involved in the transfer of title or ownership as the product moves from the producer to the ultimate consumer. (Havaladar and Cavale, 2007:8.15)

Even if there are so many definitions of distribution channel in different books, the main concepts are almost similar. One can understand from the above three definitions that channel of distribution means ways by which products get from the producer to final consumer.

2.1.2. Importance and Objectives of Distribution Channel

Whether selling products or services, marketing channel decisions play a role of long-term importance in ensuring the presence and success of a company in the marketplace. Presence ensures that the product gets wide distribution and it reaches out to the maximum number of customers and prospects.

Distribution channels are required as the companies by themselves cannot directly reach and sell the products to their millions of consumer. As manufacturers produce large quantities of a limited number of goods whereas a consumer would buy small quantities of a large number of goods the use of intermediaries is essential. (Havaladar and Cavale, 2007:8.5)

This use of intermediaries resulted from greater efficiency in making goods available to target market. Through their contracts, experiences specialization, and scale of operation intermediaries usually offer the firm more than it can achieve on its own. (Kotler and Armstrong 2006:363)

The primary objectives of distribution channel are on the one hand to assist the producers in marketing the goods and to satisfy the demand of consumers. On the other hand, channel of distribution helps the consumers by providing goods of right quantity at the right time, place and at the right price. (Sahu and Raut, 2003:13)

2.1.3 Channels of Distribution

Different authors categorize the routes used for bringing the product in the market from producer to consumer in different ways. Here, we will see two of them.

The broadest categorization is the one given by Sexenam (2006) in which channels are divided into two categories, direct and indirect channel. Under direct channel of distribution, the manufacturers directly sell to the consumer using branch office, sales office, and salespeople. Under indirect channel of distribution, producers sell through various middle persons. Sexenam further identify the following three types of middle persons that facilitate the flow of goods and services from manufacture to the consumer:

1. One is merchant middlemen also known as Dealers, Wholesalers and Retailers.

2. Agents who do not take title to goods and services but helps in identifying potential customers and this includes jobbers and brokers.
3. Facilitators which are an independent business unit that facilitates the flow of goods and services without taking title - transport companies, banks and independent warehouse are example of this institution.

Sherlekar S.A (2004) on his part gives a more detailed classification of distribution channels as follows: -

1. **Manufacturer-Consumer-channel (Direct sale):** there are three alternatives in direct sale to consumers: a) sale through advertising and direct methods (mail order selling), b) sale through travelling sales force (house to house canvassing), c) sale through retail shops of manufacturer.
2. **Manufacturer-Retailer-Ultimate Consumer:** This channel option is preferable when buyers are large retailers, e.g., a department store, discount house, supermarket, big mail order house or co-operative stores. The wholesaler can be by-passed in this trade route. It is also suitable when products are perishable and speed in distribution is essential. Automobiles, appliances, men's and women's clothing, shoes are sold directly to retailers. However, the manufacturer has to perform functions of a wholesaler such as storage, insurance, financing of inventories, and transport.
3. **Manufacturer-Wholesaler-Retailer- Consumer:** this is a normal, regular and popular channel option used in groceries, drugs, drug goods, etc. it is suitable for a producer under the given conditions: a) producer has a narrow product line, b) producer has limited finance, C) wholesalers are specialized and can provide strong promotional support, d) products are durable and not subject to physical deterioration or fashion changes.

The best means of transport and communications, growth of big retailers, computer handling of small innumerable orders of retailers, advances in automatic data processing, information explosion, etc., may however reduce the need and importance of wholesalers in future.

4. **Manufacturer-Agent-Wholesaler-Retailer-Consumer:** In this channel the producer uses the service of and agent middleman such as a sole selling agent, for the initial dispersion of goods. The agent in turn may distribute to wholesalers, who in turn sell to retailers. In marketing manufactured goods, agent middlemen are used by manufacturers to make themselves free from marketing tasks. An agent middleman sells on commission basis directly to wholesaler or large retailer.
5. **Manufacturer-wholesalers-Consumer/User:** Wholesaler may by pass retailer when there are large and institutional buyers, e.g. business buyers, government, consumer co-operatives, hospitals, educational institutions, business houses. (Sherlekar S.A, 2004:372)

The researcher will focus on the third type of distribution channel; which is manufacturer-wholesaler-Retailer-consumer, as it is appropriate for the distribution of such products as Beer.

2.1.4 Channel structure

Channel structure is defined as the group of channel members to which a set of distribution tasks has been allocated. Channel structure also shows the number of channel level. (Saxena, 2002:393)

Channel levels represent channel members who have structure of the channel that will reflect the manner in which tasks among the members of the channel allocated (Rosenbloom, 1995:22)

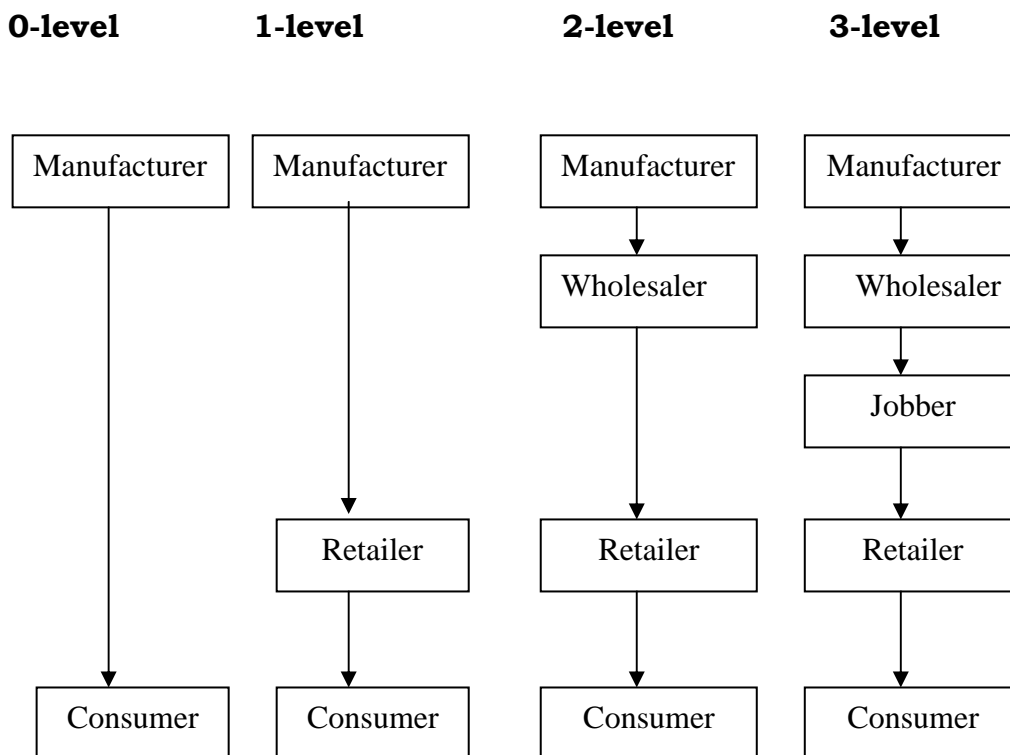
Zero-level channel consists of manufacturer selling directly to final consumer.

One level channel consists of manufacturer selling through retailers to final consumer.

Two-level channel contains two intermediaries; these are wholesalers and retailers.

Three-level channel contains three intermediaries; wholesalers, Jobbers and retailers.

Fig .1 Channel Structure for consumer goods.



2.1.5 Channel Functions

Ramaswamy and Namakumari (2002:385), Kotler and Armstrong (2006:364), Sahu and Raut (2003:13) Saxena (2002:391) have showed many key function performed by channel member apart from the work of moving goods from the producer to consumers. Below is a list of key function mentioned by Kotler (2000:491) which shares also the above mentioned

writers idea too. Members of the marketing channel perform a number of key functions. To mention some:

- They gather information about potential and current customers, competitors and other actors and forces in the marketing environment.
- They develop and disseminate persuasive communications to stimulate purchasing.
- They reach an agreement on price and other terms so that transfer of ownership or possession can be affected.
- They place order with manufacturer.
- They acquire the funds to finance inventories at different levels in the marketing channel.
- They assume risks connected with carrying out channel work.
- They provide for the successive storage and movement of physical products.
- They provide for buyers payment of their bills through banks and other financial institutions.
- They over see actual transfer of ownership from one organization or person to another.

All channel functions have three things in common. They use up scarce resources; they can often be performed better through specialization; and they can be shifted among channel member. (Kotler, 2006:491)

Havaladar and Cavale,(2007:8.5) on their part state that intermediaries or channel members are normally expected to perform the following functions:

- To accumulate the right kind of goods, aggregating and sorting to meet consumer needs at the point of purchase.
- To believe in routine and simplified transactions and work with a large number of products (at the wholesaler and retailer level), so that the distribution costs could get minimized.
- To provide information both to the sellers and the buyers to help them manage their business better.

- To buy a large variety of goods and can compare costs and prices and make the right recommendations to their customers.
- To be aware of the environment in which they operate and hence isolate the companies from the direct impact of these local conditions.
- To reduce the number of touch points. The company will not be able to meet the demands of thousands of its consumers directly and hence needs intermediation.

2.1.6 Channel Systems

According to Roger J. Best there are three alternative channel systems. These are direct, indirect and mixed channel systems.

Direct channel system

A direct approach can include a direct sales force, direct marketing, telemarketing, online marketing; manufacturer's representatives, sales agents, or brokers. In each case, the business retains ownership of the products and responsibility for sales, distribution, service, and collection of payment for products sold.

Although a direct sales force offers the best opportunity for sales communication and customer interaction, it is often too expensive to reach target customers with a direct sales approach. The cost of direct customer sales contact is high and increasing. One way to reduce these costs is by using manufacturers' representatives, sales agents, and brokers.

Indirect channel systems

Provide varying degrees of sales and value-added functions while transferring ownership and responsibility for delivery to target customers to channel intermediaries. These systems are inherently more complex, because they involve at least one intermediary who takes over both ownership of the product and the majority, if not all, of the control in both

sales and distribution. An indirect channel system could include retailers, commercial distributors (also called dealers), full function wholesalers, and specialty wholesalers.

Retailers take over the sales and point of purchase distribution in consumer markets, and distributors or dealers assume this responsibility in business-to-business markets. Compensation for their services is usually in the form of a discount off the customer selling price.

Wholesalers offer an intermediate point of sales and physical distribution between a business and retailers or dealers.

Mixed channel systems

Provide direct sales contact and technical support while the actual purchase is made at a channel intermediary who has taken title (ownership) of the products being sold. These systems are particularly important when products are fairly technical and localized availability and services are important.

Havaladar and Cavale (2007:913) on their part have grouped channels into three systems. These are: -

- Vertical marketing system (VMS)
- Horizontal marketing system (HMS)
- Multi-channel marketing system (MCMS)

It is an essential to see each of them. However, different scholars had defined these concepts in similar way such as:

Vertical Marketing System

Vertical marketing system is a channel of distribution in which there is formal cooperation among members at the manufacturing, wholesaling, and retailing levels.

The more detail definition is developed by Rosenbloom (1995:485) as professionally managed and centrally programmed networks, pre-engineered to achieve operating economics and maximum market impact stated alternatively these VMS's are rationalized and capital intensive networks, coordination and synchronization of marketing flows from point of production to points of ultimate use.

Three types of VMS have been identified.

- Contractual
- Administered
- Corporate

Corporate VMS: combines successive stage of production and distribution under single ownership.

Administered VMS: coordinates successive stages of production and distribution - not through common ownership or contractual ties but through the size and power of one of the parties. Manufacturers of a dominant brand are able to secure strong trade cooperation and support from resellers.

Contractual VMS; it consists of independent firms at different firms at levels of production and distribution, integrating their programs on a contractual basis to obtain more economies or sales impact than they could achieve alone.

Horizontal Marketing System

Horizontal marketing system is arrangement within a channel of distribution in which two or more unrelated companies put together resources or programs to exploit an emerging marketing opportunity. Each company lacks the capital, know-how, production, or marketing resources to venture alone, or it is afraid of the risk. The companies might work with each other on a temporary or permanent basis or create a joint venture company. (Kotler and Keller 2009:428)

Multi-channel marketing system (MCMS)

Multi channel marketing system often called hybrid marketing system in which a single firm sets up two or more marketing channels to reach one or more customer segments.

Hybrid channels offer many advantages to companies facing large and complex markets. With each new channel, the company expands its sales and market coverage and gains opportunities to tailor its products and services to the specific needs of diverse customer segments. But such hybrid channel systems are harder to control, and they generate conflict as more channels compete for customers and sales.

2.2 Channel design decisions

Designing a channel system calls for analyzing consumer service needs , setting the channel objectives and constraints, identifying the major channel alternatives, and evaluating them. (Kotler and Armstrong 1999:364)

Analyzing consumer service needs

Analyzing consumer service needs means finding out what values consumers in various target segments want from the channel. If the channel is more decentralized, the faster the delivery, the greater the assortment provided, and the more add-on services supplied, the greater the channel's service level.

Setting the channel objectives and constraints

Channel objectives should be stated in terms of the desired service level to target consumers. The company should decide which segments to serve and the best channels to use in different levels. In each segment, the company wants to minimize the total channel cost of meeting customer service

requirements. The company's channel objectives are also influenced by the nature of its products, company policies, marketing intermediaries, competitors, and the environment. Each of these factors influence the company's channel objectives in the following manner: -

- i. **Customer characteristics.** In designing their channels, producers are greatly influenced by customer characteristics. When the number of customers is large, producers tend to use long channels with many middlemen on each level. The importance of the number of buyers is modified somewhat by their degree of geographical dispersion. It is less expensive for a producer to sell directly to five hundred customers who are concentrated in a few geographical centres than to sell them if they are scattered over five hundred locations. Even number and geographical dispersion are further qualified by the purchasing pattern of these buyers. Where the ultimate customers purchasing pattern of these buyers. Where the ultimate customers purchase small quantities on a frequent basis, lengthier marketing channels are desirable.
- ii. **Product characteristics.** Product characteristics also influence channel design. Perishable pre-cuts require more direct marketing because of the dangers associated with delays and repeated handling. Products that are bulky in relation to their value, such as building materials or soft drinks, usually require channel arrangements that minimize the shipping distance and the number of handlings in the movement from producer to ultimate customers. Un standardised products, such as custom-built machinery and specialized business forms, are usually sold directly by company salesmen because of the difficulty of finding middlemen with the requisite technical knowledge. Products requiring installation and/or maintenance service usually are sold and maintained directly by the company or by dealers given

exclusive franchises. Products of high unit value are often sold through a company sales force rather than through middlemen.

- iii. **Middleman characteristics.** Channel design must take into account the strengths and weaknesses of different types of intermediaries in handling various tasks. For example, manufacturers' representatives are able to contact customers at a relatively low cost per customer because the total cost is shared by several clients. But the selling effort per customer during the contact is often less intense than if the company's salesmen were doing the contact. In general, intermediaries differ in their aptitude for performing such functions as promotion, negotiation, storage, and contact, as well as in their requirements for credit, return privileges, training, and frequency of shipment.
- iv. **Competitive characteristics.** Channel design is influenced by the channels that competitors use. The producers in some industries want their products to compete in or near the same outlets carrying the competitors' products. Thus food producers want their brands to be displayed next to competitive brands, and this means using the same middlemen. The marketing channels used by competitors sometimes define what the producer wants to avoid rather than imitate. Avon decided not to compete with other cosmetics manufacturers for scarce and inconspicuous positions in retail stores and established instead a profitable door-to-door selling operation.
- v. **Company characteristics.** Company characteristics play an important role in channel selection. The company's overall size determines the extent of its markets, the size of its larger accounts, and its ability to secure the cooperation of intermediaries it elects to use. Its financial resources determine which marketing functions it can handle and which ones to

delegate to intermediaries. A financially weak company tends to employ commission methods of distribution and tries to use intermediaries who are able and willing to absorb some of the storage, transit and customer-financing costs. The company's product mix influences its channel pattern. The wider the company's product mix, the more it is likely to favour exclusive or selective dealers. The more consistent the company's product mix, the greater the homogeneity of its marketing channels. The company's past channel experience and current marketing policies influence channel design. A policy of speedy delivery to ultimate customers affects the functions the producer wants intermediaries to perform, the number of final-stage outlets and stocking points, and the type of transportation system used. A policy of heavy advertising leads the producer to seek intermediaries willing to handle displays and join in cooperative advertising programs.

- vi. **Environmental characteristics.** Channel design is further influenced by environmental factors. When economic conditions are depressed, producers want to move their goods to market in the most economical way. This means using shorter channels and dispensing with inessential services that add to the final price of the goods. Legal regulations and restrictions also affect channel design. The law has sought to prevent channel arrangements that "may tend to substantially lessen competition or tend to create a monopoly." The most sensitive areas have to do with agreements by manufacturers not to sell to certain types of outlets, attempts by a manufacturer to offer its line to dealers on condition they do not carry competitive lines, attempts by a manufacturer to force its full line on dealers, arbitrary action by a manufacturer to force its full line on dealers, arbitrary action by a manufacturer in the withdrawal of or refusal to renew dealer franchises, and attempts to set up territorial restrictions that substantially lessen competition. (Kumar N. and Mittal R, 2001:200)

Identifying major alternatives

When the company has defined its channel objectives, it should next identify its major channel alternatives in terms of types of intermediaries, number of intermediaries, and the responsibilities of each channel member.

Evaluating the major alternatives

Finally each alternative should be evaluated against economic, control, and adaptive criteria in order to select the one that will best satisfy the company's long term objectives.

2.3 Patterns of Distribution

Pattern of distribution determines the intensity of desired distribution after a firm has decided on the most appropriate channels of distribution. In a way, the intensity indicates the service level that the organization provides to its customer. There are three types of distribution intensity.

- ◆ Intensive distribution
- ◆ Selective distribution
- ◆ Exclusive distribution

A brief explanation of the three different patterns of distribution is as follows.

Intensive distribution

This strategy is to make sure that the product is made available in as many outlets as possible so that anywhere the consumer goes, he or she should be able to get the product of his choice.

Selective distribution

It is obvious that in this case only a few selected outlets will be permitted to keep the company products. The outlets are carefully selected by the company in line with the image it wants to project about itself and its

exclusive products. This may be dictated by the value of the product. Selective distribution gives the advantage of making the product available in outlets that matter the most and keeping distribution costs lower.

Exclusive distribution

Only one outlet in a market may keep the product. In addition, the outlets set up by companies for their own products could also be counted among these. The producer is interested in keeping a close watch and control on the distribution of his products. It requires a good relationship between the producer and the reseller. (Havaladar and Cavale, 2007: 8.17)

2.4 Channel Conflicts

2.4.1 Types of Channel Conflicts

Channels of distribution seem to be so sequentially arranged that there does not seem to be any conflict arising within. In reality, there may be situations giving rise to conflicts among channels.

Horizontal conflict

Generally the horizontal type of conflict occurs among:

- ❖ Two or more middlemen of the same type.
- ❖ Different types of intermediaries operating at the same level.

Inter-type conflict

This type of conflict occurs when the middlemen dealing in a particular product start trading outside their normal product range.

Vertical Conflict

Vertical conflict occurs when there are contradictions among different levels of the same channel like those:

- ❖ Between manufacturers and wholesalers.
- ❖ Between manufacturers and retailers.

2.4.2 Causes of conflicts among channels

Channels conflicts can be caused by the following factors:-

Failure to understand one another

Conflicts among different channel members arise sometimes because they may fail to understand one another. Manufacturers are busy with their own problems. The middlemen formulate strategies as per their own convenience and at times their working style has to be accepted by manufacturers whether they like them or not.

Disagreements among channel members

Sometimes for the same goal the middlemen may have a difference of opinion on some matters like division of profits, distribution of work, etc.

Manufacturers' Privacy Requirements

Some manufacturers do not like to disclose their important decisions till the right time comes. This may not suit the middlemen who need time to make their own preparations within the limited time period. (Kumar N. and Mittal R, 2001:334)

2.5. Channel management decisions

According to Kotler and Armstrong channel management calls for selecting and motivating individual channel members and evaluating their performance over time.

Selecting channel members

When selecting intermediaries, the company should evaluate each channel member's record, cooperativeness, and reputation. If the intermediaries are sales agent, the company shall evaluate the number and character of other lines carried, and the size and quality of the sales force. If the intermediary is a retail store that wants exclusive or selective distribution, the company shall evaluate the store's customers, location, and future growth potential.

Motivating channel members

The company must sell not only through the intermediaries, but to them. Most producers use the carrot-and-stick approach: At times they offer positive motivators such as higher margins, special deals, premiums, cooperative advertising allowances, display allowances, and sales contests. At other times they use negative motivators, such as slow down delivery, or to end the relationship altogether. A producer using this approach usually has not done a good job of studying the needs, problems, strengths and weaknesses of its distributors.

Evaluating Channel Members

The producer must regularly check the channel member's performance against standards such as sales quotas, average inventory levels, customer delivery time, and treatment of damaged and lost good, cooperation in company promotion and training programs, and services to the customer. The company should recognize and reward intermediaries who are performing well. Those who are performing poorly should be assisted or, as a last resort, replaced.

Finally, manufacturers need to be sensitive to their dealers. Those who treat their dealers lightly risk not only losing their support but also causing some legal problems. Marketing highlight describes various rights and duties pertaining to manufacturers and their channel members.

CHAPTER THREE

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

Timely and safe delivery of products is one of the most important marketing activities. Choosing the right channel of distribution has a key role in the proper delivery of products.

In this chapter, the overall distribution channel practice of Meta Abo Brewery Share Company is discussed. The information or the data gathered from wholesalers, retailers and marketing and sales department employees is presented.

The study is conducted in Addis Ababa specifically around Piassa, Mexico, Leghar and Lideta. A total of 60 respondents were selected - out of which 45 were retailers, 15 were wholesalers. Two marketing and sales department employees of Meta Abo Brewery Company were also interviewed.

The information obtained is summarized and analyzed using descriptive analysis method with tables, graphs and explanation.

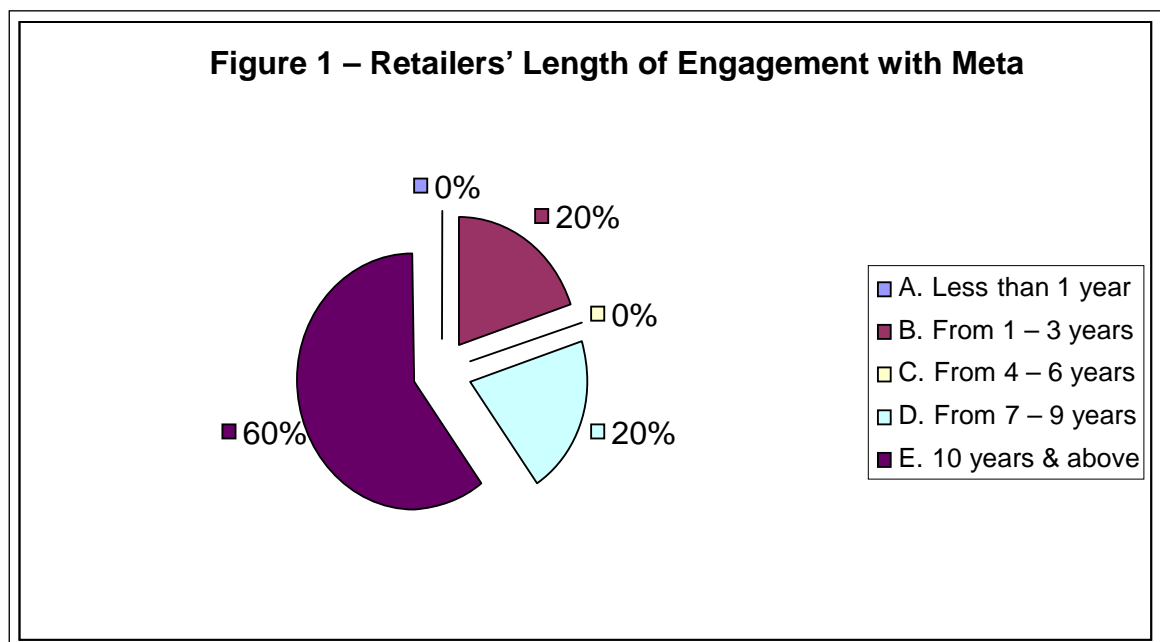
3.1 Respondents' Profile

Two characteristics of respondents were captured through the questionnaires. These are educational level of respondents and the length of their relationship with Meta Brewery. The results are presented on table 1 and figure 1 and 2 below.

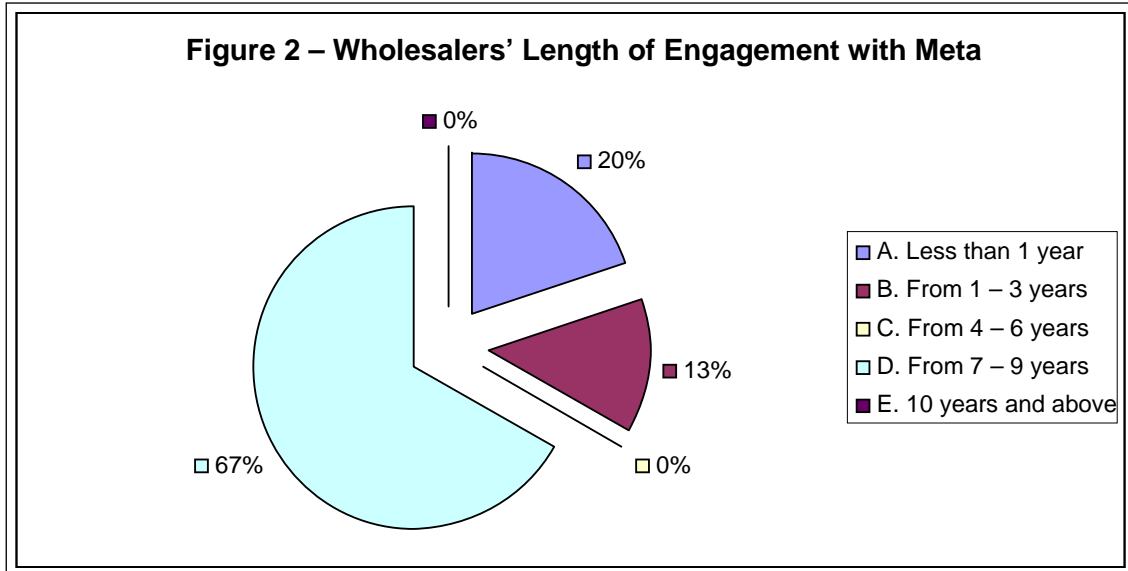
Table 1 - Educational Background

| No | Items | Retailers | | Wholesalers | |
|----|---|-----------------------|--------------|-----------------------|--------------|
| | | Number of respondents | % | Number of respondents | % |
| 1 | What is your educational background? | | | | |
| | A. Twelve complete | 26 | 57.78 % | 6 | 40 % |
| | B. Certificate | --- | --- | --- | --- |
| | C. Diploma | 8 | 17.78 % | 3 | 20 % |
| | D. First Degree | 11 | 24.44 % | 6 | 40 % |
| | E. Second degree and more | --- | --- | --- | -- |
| | Total | 45 | 100 % | 15 | 100 % |

As indicated in the above table, the educational background of most retailers 57.78 % and 40 % wholesalers are twelve complete and 17.78 % of retailers and 20% of wholesalers are diploma holders and the remaining 24.44 % of retailers and 40 % of wholesalers are first degree holders.



From the above figure one can see that most retailers (60%) have been distributing Meta’s products for more than 10 years, 20% of retailers from 1-3 years while the remaining 20% have been distributing from 7–9 years.



Regarding wholesalers, the above figure shows that 20% of them have been distributing for less than 1 year, 13% from 1-3 years and the remaining 67% have been distributing from 7-9 years.

The two figures show that most of the wholesalers and retailers have distributed Meta’s products for long period of time. As the number of years increases, it shows that there is a will and interest of channel members to work with the company and also indicate their loyalty.

3.2 Distributors’ Relationship with Company

The study looked into how distributors started working with Meta Brewery and what their relationship is based on. Respondents were also requested to express their perception regarding their relationship with the company. The results are presented as follow:-

Table 2 - Work relationship with the company

| No | Items | Retailers | | Wholesalers | |
|----------|---|-----------------------|--------------|-----------------------|--------------|
| | | Number of respondents | % | Number of respondents | % |
| 1 | How do you start working with the company ? | | | | |
| | A. we asked the company | 29 | 64.44% | 7 | 46.67 % |
| | B. By reference | --- | --- | 8 | 53.33 % |
| | C. The company itself asked us | 16 | 35.56 % | --- | --- |
| | D. Other response | --- | --- | --- | --- |
| | Total | 45 | 100 % | 15 | 100 % |
| 2 | What is the basis of the work relationship with the company? | | | | |
| | A. Contract | 14 | 31.11 % | 6 | 40 % |
| | B. Contract agreement | 12 | 26.67 % | 5 | 33.33 % |
| | C. Oral agreement | 19 | 42.22 % | 4 | 26.67% |
| | D. Other reason | --- | --- | --- | --- |
| | Total | 45 | 100 % | 15 | 100 % |
| 3 | How do you see your work relationship with the company since you started distributing the product? | | | | |
| | A. Very good | 7 | 15.56 % | 5 | 33.33 % |
| | B. Good | 10 | 22.22 % | 10 | 66.67 % |
| | C. Medium | 9 | 20 % | --- | --- |
| | D. Poor | 19 | 42.22 % | --- | --- |
| | F. Very poor | --- | --- | --- | --- |
| | Total | 45 | 100 % | 15 | 100 % |

As shown on table 2 number 1, out of the total respondents 64.44 % of retailers and 46.67 % of wholesalers started working with the company by requesting directly the company and 35.56 % of retailers were asked by the company itself while 53.33 % of wholesalers started working by reference. The fact that the majority of retailers and all wholesales started working with the company by either requesting themselves or by being referred by others indicates that the company is doing little efforts to get distributors. It also implies that the selection of distributors is not well planned and competitive.

As shown on the above table from the total population of the respondents 31.11% of retailers have joined work relation with the company by temporary agreement, 26.67% by contract agreement and 42.22% by oral agreement. And, 40% of wholesalers work with temporary agreement. The respondents who have joined work relation with the company by contract agreement are 33.33% and the rest 26.67% with oral agreement.

As it is summarized in the above table, most of retailers and wholesalers have word of mouth agreement. There is no contractual agreement which force them to do the work they are expected to. In other words, the company is doing business with no bounding agreement which force each party to successfully perform its duty.

As indicated in table 2 number 3 regarding the work relationship with the company, 15.56 % and 33.33 % of retailers and wholesalers have a very good work relationship with the company respectively however most of retailers (42.22 %) said they have poor work relations with the company. Around 22.22% and 20 % of retailers said they have good and fair work relationship respectively.

Most retailers (more than 62%) are not satisfied with the work relationship they have with the company. This should be of great concern as distributors' satisfaction may have an effect on the sales of products.

3.3 Information Exchange

The other aspect the study looked at is the information exchange between distributors and the company. The means through which information is exchanged and the frequency of information exchange is seen. Besides, respondents were requested to rate the manner in which the company receives information from its distributors and how it handles it.

Table 3- Information Exchange

| N o | Items | Retailers | | Wholesalers | |
|--------------|---|--------------------------|--------------|--------------------------|--------------|
| | | Number of respondents | % | Number of respondents | % |
| 1 | How do you communicate with the company to exchange ideas and information? | | | | |
| | A. By meeting | --- | --- | 3 | 20 % |
| | B. Report | --- | --- | 6 | 40 % |
| | C. Through telephone | 9 | 20 % | 6 | 40 % |
| | D. Through sales employees | 36 | 80 % | --- | --- |
| Total | | 45 | 100 % | 15 | 100 % |
| 2 | How frequently you provide information and idea regarding the company product? | | | | |
| | A. Most Often | --- | --- | 12 | 80 % |
| | B. Frequently | 8 | 17.78 % | --- | --- |
| | C. Occasionally | 37 | 82.22 % | 3 | 20 % |
| | D. Less occasionally | --- | --- | --- | --- |
| Total | | 45 | 100 % | 15 | 100 % |
| 3 | How do you see the company condition about receiving and handling the information you gave to the company? | | | | |
| | A. Very high | --- | --- | 2 | 13.33 % |
| | B. High | --- | --- | --- | --- |
| | C. Medium | 17 | 37.78 % | 6 | 40 % |
| | D. Low | 18 | 40 % | 7 | 46.67 % |
| | F. Very low | 10 | 22.22 % | --- | --- |
| Total | | 45 | 100 % | 15 | 100 % |

From the above findings, around 80 % retailers respond that their communications with the company to exchange ideas and information is through sales employees and 20 % of wholesalers have exchanged ideas and information with meeting and 40 % of wholesalers via report and the same percentage of wholesaler's through telephone.

The researcher can realize from table 3 number 2, majority of wholesalers (80 %) have a great opportunity to exchange information and idea regarding the company product regularly in contrast with this 82.22 % of retailers and 20 % of wholesalers have exchanged information and ideas occasionally and 17.78% of retailers do that frequently .

The above table is a witness that sales people play great role in the company's communication with retailers.

From the above data we can infer that, the condition of the company about receiving and handling the information is low. As mentioned in the table 37.78 % and 40 % of retailers rated as medium and low respectively and around 22.22 % of them said it's very low .Whereas 13.33 % and 40 % of wholesalers rated as very high and medium respectively. However,46.67 % of them said it is low.

The above figure witness that the company did not build and maintain good and formal communication with distributors especially with retailers. Building strong and healthy communication is a key factor for the achievement of mutual goal. Unless and otherwise one have good attitude for the other, all their effort is futile.

A company always should have to be near to its channel member and open its door and ears to hear and discuss how its channel members are doing in the market place. A company is represented by its channel member in the market place and ignoring feed back from the distributor will results in poor performance. Each information has great value and strong communication with distributors; who are sources of information, is crucial. Periodic report, sales data, meeting and timely visit should be undertaken to build strong bond.

3.4 Timeliness of Delivery

One of the issues the research tried to address has to do with timeliness of product delivery. Delivery of product at the right time, the right place, and the right quantity is an issue of big concern. Effort towards improving delivery time must be exerted. Quick response is crucial in building company image. Other wise most consider it as incompetents if it cannot serve on time. Whether the company has set a time bar for distribution and how quickly orders are delivered to distributors are seen. The results are as follows:-

Table 4 - Setting timeliness of delivery

| No | Items | Retailers | | Wholesalers | |
|----|---|-----------------------|--------------|-----------------------|--------------|
| | | Number of respondents | % | Number of respondents | % |
| 1 | Does the company set a time bar to distribute the product ? | | | | |
| | Yes | 27 | 60 % | 5 | 33.33 % |
| | No | 18 | 40 % | 10 | 66.67 % |
| | Total | 45 | 100 % | 15 | 100 % |
| 2 | How quickly arrived at your end the products you order from the company? | | | | |
| | A. Very quickly | --- | --- | 7 | 46.67 % |
| | B. Quickly | --- | --- | --- | --- |
| | C. Moderate | 6 | 13.33 % | 8 | 53.33 % |
| | D. Lately | 39 | 86.67 % | --- | --- |
| | E. Very lately | --- | --- | --- | --- |
| | Total | 45 | 100 % | 15 | 100 % |

We can see from table 4 that the company distribute its product to the retailers without a program whereas to the wholesalers' the company does not set a time bar for the product distribution and that retailers and wholesalers give opposite response. Thus, 60 % of retailers and 33.33 % of wholesalers replied that the company set a time bar for the distribution however 40 % of retailers and 66.67 % of wholesalers respond that there is no time bar for the distribution of the product.

The above table also indicates that there is delay in delivery especially to retailers. Whereas, as learnt from the interview the company believes that there is on time delivery problem although the problem is not with them, rather with the distributors.

3.5 Product Development and Distributors Support

Distributors' sales related documentation and their evaluation of the product development trend of Meta Brewery are looked at. Besides, the support the company provides to its distributors when they are faced with sales problems is also examined. The results are presented in table 5 and figure 3 below.

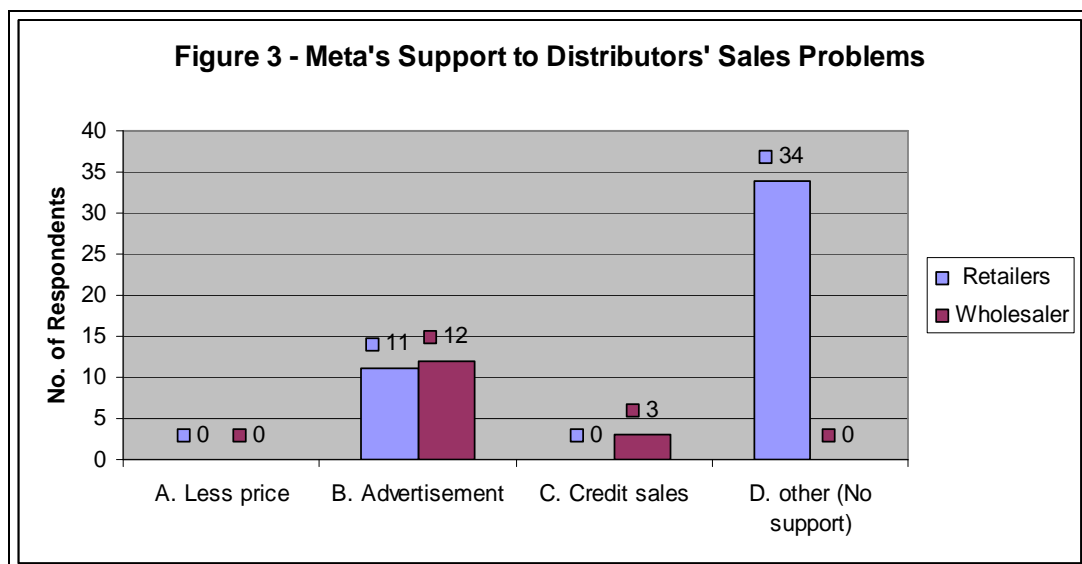
Table 5 - Evaluation of product

| No | Items | Retailers | | Wholesalers | |
|----|--|-----------------------|--------------|-----------------------|--------------|
| | | Number of respondents | % | Number of respondents | % |
| 1 | Do you have file for the sales of products which you distribute? | | | | |
| | A. Yes | 8 | 17.78 % | 6 | 40 % |
| | B. No | 37 | 82.22 % | 9 | 60 % |
| | Total | 45 | 100 % | 15 | 100 % |
| 2 | How do you evaluate development of product from the company that you received and sold? | | | | |
| | A. Highly increased | --- | --- | 3 | 20 % |
| | B. Increased | 9 | 20 % | 3 | 20 % |
| | C. Moderate | 9 | 20 % | 9 | 60 % |
| | D. Declining | 27 | 60 % | --- | --- |
| | F. More declining | --- | --- | --- | --- |
| | Total | 45 | 100 % | 15 | 100% |

According to the above table, 17.78% of retailers responded that they maintain documentation for their sales and 82.22% said they do not. On the other hand, 40% of wholesaler said they have sales file and 60% responded they do not have.

It can therefore be stated that documentation of sales related information by wholesalers and retailers working with Meta is not adequate. As the information is a basis for various analysis and for indicating the company's and its distribution members performance, the issue of documentation needs to be looked at seriously.

Although distributors do not keep adequate information regarding sales of products, 20% of retailers said that the product development of Meta Brewery is either increasing or moderate. However, most of retailers (60 %) responded that it is declining. On the other hand, wholesaler replied as follows 20% highly increase, 20% says it is increasing and 60% says it is moderate. These results are clear indications that distributors consider Meta is not performing well in terms of product development. The company should realize that there is little chance that its products would remain competitive in the market with moderate or declining product development trend and take actions.



The above chart shows that 11 (24.44%) respondents replied that the company provide advertisement support to deal with their sales problem. However, most retailers (34 respondents representing 75.56 %) responded that the company does not give any support at all. In the case of the wholesalers, 12 (80%) responded advertisement as a support and the remaining 3 (20%) stated that they get credit sales from the company when faced with sales related problems.

Majority of retailers perceiving that they are left on their own to deal with sales related problems will result in distributors' reluctance to take on the company's product as it amounts to higher risk which is not shared with the company.

3.6 Product Distribution

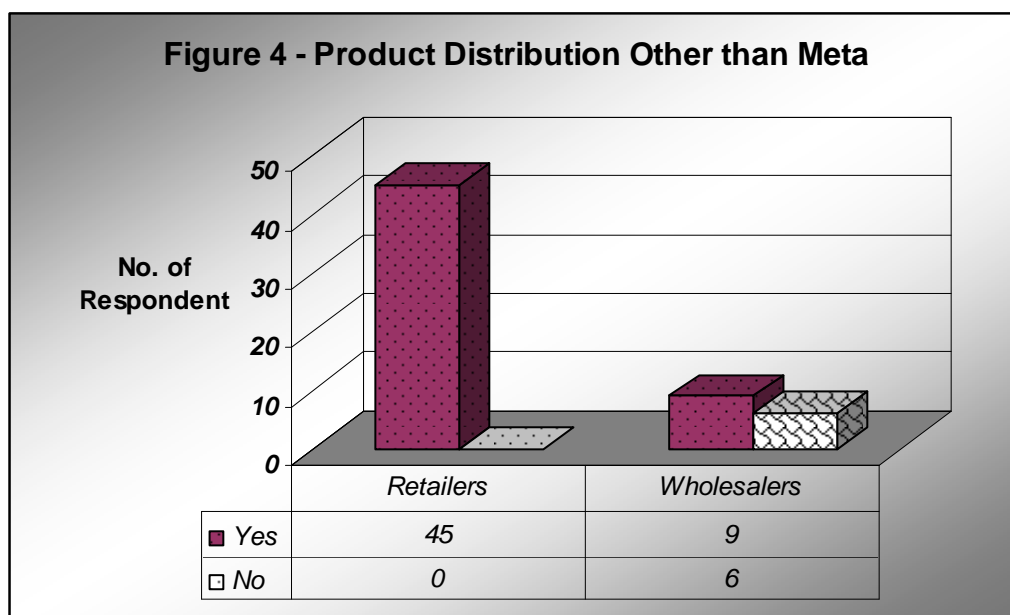
The research looked into different aspects of distribution. The reasons why distributors choose to distribute Meta Brewery's products and whether distributors exclusively distribute Meta products or not were seen. In addition respondents were asked to evaluate Meta products sales compared to products from other Breweries. The results are presented on table 6 below.

Table 6 - Distribution

| No | Items | Retailers | | Wholesalers | |
|----------|---|-----------------------|--------------|-----------------------|--------------|
| | | Number of respondents | % | Number of respondents | % |
| 1 | How do you think Meta sales, compared with other producers? | | | | |
| | A. Very quickly | --- | --- | --- | --- |
| | B. Quickly | --- | --- | 6 | 40 % |
| | C. Moderate | --- | --- | --- | --- |
| | D. Low | 45 | 100 % | 7 | 46.67 % |
| | E. Very Low | --- | --- | 2 | 13.33 % |
| | Total | 45 | 100 % | 15 | 100 % |
| 2 | What are the reasons to choose and distribute Meta products? | | | | |
| | A. Less Price | --- | --- | --- | --- |
| | B. By customers request | --- | --- | --- | --- |
| | C. quality of the product | --- | --- | 4 | 26.67 % |
| | D. Located near by you | --- | --- | 6 | 40 % |
| | E. Other | --- | --- | 5 | 33.33 % |
| | Total | 45 | 100% | 15 | 100 % |

From the above table, sales of Meta Abo products compared to competitors all the 45 retailer rated as low but the wholesalers rated as follows:- 6 (40%) of them as quickly, 7 (46.67%) as low and 2 (13.33%) as very low. It shows that Meat's market share is declining. During my interview program with Meta marketing employees they have accepted that the market is declining, one of the reason is capacity problem, in their opinion this can be solved the expansion they are currently undertaking and which is expected to increase there capacity by 60% is finalized. However, expansion alone might not be a solution to the problem of low level of sales compared to competitors and the company needs to consider the issue closely.

As it is shown in the above summarized table 26.67% of wholesalers replied they choose Meta's product by its quality, 40% because of it is nearby location and the rest 33.33% by some other criteria. The fact that only few stated quality and none mentioned customer's demand or price competitiveness as being the reasons for selecting Meta indicates that the company can work in areas of quality, price and demand creation in order to solve its sales decline problem.



According to the above figure, all 45 retailers (100%) answered that they distribute products other than Meta. Whereas, 9 (60%) stated that they distribute products other than Meta, the remaining 6 indicated that they distribute Meta products exclusively.

Concerning Meta Abo distribution practice interview was conducted with the marketing and sales department employees, specifically with interviewed two marketing experts.

The company offers bottled beer, draft beer and Meta premium with 330 millilitre and 500 millilitre as they have mention the premium one is their recent product which have different feature according to its quality, alcohol content and price.

The company distribute its product through distributors and by its own sales persons. They separate their distribution channel by route and the distributor vehicle and sales man assigned to specific route. According to the interviewee there is no specific distribution channel to specific location rather they set their channel based on the chain of location.

He added that for criteria's to nominate the distributors, they notify and, select distributor based on experience, vehicles, ware-house, working capital, legal personality, and demand in the district.

As per the interviewee information the expert said that the company has sufficient and convenient distribution channel but there is some problem with the distributor which is they do not reach to the potential customer on time, so the customer will shift to other alternative products. The company has also faced a problem that there was no organized marketing department but now a day they opened the department and assigned qualified employees.

The experts replied that there is on time delivery compared to competitors, they give emphasis on draft beer. They mentioned that they deliver daily and on time and thus no delay at all. According to them it is best from competitors. But to normal beer sometimes there is delay, because of unfair distribution.

The distribution strategy of the company has applied quality management system, which means by developing regular schedule upon the 4P's. The interviewee has planned for the future to expand its route based on demand on a specific location, to product alcohol free beer, and also caned Beer.

CHAPTER FOUR

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

4.1. Summary of the Major Findings

Dominantly Meta Abo is applying direct and indirect distribution. Under direct channel of distribution, the manufacturers directly sell to the consumer using branch office, sales office, and salespeople. Under indirect channel of distribution, producers sell through various middle persons.

- ❖ Most of the retailers and wholesalers working with Meta are educated and have been distributing Meta's product for a long period of time.
- ❖ Most retailers and wholesalers started working with Meta by either directly requesting the company or they were referred by others. Meta has not done much in terms of proactively engaging distributors.
- ❖ Most of retailers and wholesalers have word of mouth agreement with Meta. There is no contractual agreement which bind them to do the work they are expected to.
- ❖ Sales employees are the major communication line through which the company exchange ideas and information with its distributors.
- ❖ Majority of wholesalers have a great opportunity to exchange information and idea regarding the company product regularly. In contrast with this, most of retailers exchange information and ideas with Meta occasionally.
- ❖ The Company is not efficient in terms of receiving and properly handling information from distributors.
- ❖ The company distributes its product to the retailers without a program whereas to the wholesalers' the company does not set a time bar for the product distribution and that retailers and wholesalers give opposite response.
- ❖ The collected data indicates that there is delay in delivery especially to retailers.

- ❖ Few retailers and only 40% of wholesalers maintain sales related documentation. This indicates that documentation of sales related information by wholesalers and retailers which are working with Meta is not adequate.
- ❖ Most retailers respondents replied that the company does not give any support at all and 80% of wholesalers replied that the company is supporting them by advertisement.
- ❖ With regards to sales of Meta Abo products compared to competitors, all retailers rated as low but the wholesalers gave a mixed response in that, while 46.67% rated the sales as low and 13.33% as very low the remaining 40% of stated that the products sell quickly.
- ❖ From the collected data, quality of the products is not the main reason why distributors have chosen to work with Meta. It is only a quarter of the wholesalers who have chosen Meta's product by its quality and 40% of them have chosen it because of proximity.
- ❖ All of retailers answered that they distribute products other than Meta. Whereas, 60% of wholesalers respondents replied that they distribute products other than Meta, the remaining distribute Meta's product exclusively.

4.2 Conclusions

The following conclusions were drawn from the findings of the research in line with basic questions.

- ✚ In order to distribute its products, Meta Abo use distributors as well as direct sales. The distributors are nominated based on experience, vehicles, ware-house, working capital, legal personality, and demand in the district.
- ✚ As per the interviewee information the expert said that the company has sufficient and convenient distribution channel but there is some problem with the distributor which is they do not reach to the potential customer on time, so the customer will shift to other alternative products. The company has also faced a problem that

there was no organized marketing department but now a day they opened the department and assigned qualified employees.

- ✚ The company distribute its product through distributors and by its own sales persons. They separate their distribution channel by route and the distributor vehicle and sales man assigned to specific route. According to the interviewee there is no specific distribution channel to specific location rather they set their channel based on the chain of location.
- ✚ The fact that the majority of retailers and all wholesales started working with the company by either requesting themselves or by being referred by others indicates that the company is doing little efforts to get distributors. It also implies that the selection of distributors is not well planned and competitive.
- ✚ Most of the wholesalers and retailers have distributed Meta's products for long period of time. As the number of years increases, it shows that there is a will and interest of channel members to work with the company and also indicate their loyalty.
- ✚ As it is summarized in chapter three, most of retailers and wholesalers have word of mouth agreement. There is no contractual agreement which force them to do the work they are expected to. In other words, the company is doing business with no bounding agreement which force each party to successfully perform its duty.
- ✚ Most retailers (more than 62%) are not satisfied with the work relationship they have with the company. This should be of great concern as distributors' satisfaction may have an effect on the sales of products.
- ✚ Sales people play great role in the company's communication with retailers.
- ✚ The company did not build and maintain good and formal communication with distributors especially with retailers.
- ✚ The summary indicates that there is delay in delivery especially to retailers. Whereas, as learnt from the interview the company believes

that there is on time delivery problem although the problem is not with them, rather with the distributors.

- ✚ The documentation of sales related information by wholesalers and retailers working with Meta is not adequate.
- ✚ The research result shows that distributors consider Meta is not performing well in terms of product development.
- ✚ Majority of retailers perceiving that they are left on their own to deal with sales related problems.
- ✚ Sales of Meta Abo products compared to competitors all the 45 retailers rated as low but the wholesalers rated as follows: - 6 (40%) of them as quickly, 7 (46.67%) as low and 2 (13.33%) as very low.
- ✚ Few of the distributors choose Meta because of its quality.
- ✚ According to the collected data, all 45 retailers (100%) answered that they distribute products other than Meta. Whereas, 9 (60%) stated that they distribute products other than Meta, the remaining 6 indicated that they distribute Meta products exclusively.

4.3. Recommendations

It will be neglecting the truth to claim that a company is entirely free from any sort of problem. No form of organization, as cautious as ants or has hard working as bees, is without shortcomings and there are always rooms for improvement. Meta Abo Brewery also lies under this roof as discussed above in executing its four marketing mix strategies. Therefore, the researcher would like to suggest the following points that can help address those problems mentioned above so that the company can boost up its market share.

- ✚ To get better market share, Meta Abo should distribute its products more timely than its competitors in order not to lose existing customers as well as to attract competitors' customers to test its products. Meta Abo should develop a distribution strategy taking into consideration its long run strategies especially the production

capacity increase it envisages. The distribution strategy it develops should enable it to attract customers by distributing intensively and properly indicating the product quality.

✚ Since distribution is the key to deliver its product to the customer, the company should give an emphasis to this section. As learnt from the interview the company believes that there is on time delivery problem and it is mainly the failure of distributors. The researcher has recommended that ,the company should therefore take the following actions to mitigate this problem: -

- Plan the selection of distributors and make it competitive
- Have a binding agreement, unlike the current word of mouth agreement, with distributors.
- Conduct periodic evaluation of distributors' performance in order to check whether they are complying with agreed terms and conditions as well as identify gaps and take corrective measures.
- Look into alternative channels of distribution, like use of carts (as coca cola does), to ensure timely delivery of products.

✚ The results of this study indicate that the communication of Meta with its distributors, especially its retailers, is inadequate and needs to be improved. Meta should select appropriate channels of communication to interact with distributors and put in place a mechanism that would enable it to properly handle the information it gets from them. Taking these measures is critical since distributors are the ones who are in direct contact with end users of the products and the information they provide might be of great valuable in terms of improving overall performance of the company.

✚ Marketing employees of Meta agree that the market is declining and state that one of the reasons is production capacity problem which they believe will be solved by the expansion they are currently undertaking that; when finalize, is expected to increase their capacity by 60%. However, expansion alone might not be a solution to the

problem of low level of sales compared to competitors. The company needs to work in the following areas which this study indicates that it is not performing well:-

- Product Development – an area which distributors think that Meta needs to improve.
- Quality, price and demand creation – as currently very few of the distributors indicated that they have chosen to work with Meta because of the quality of its products, its price competitiveness or customer's demand.

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APPENDICES

A.1.1
St. Mary's University College
Business Faculty
Department of Marketing Management

This question is developed by final year marketing degree program student of St, Mary's University College for partial fulfilment of senior paper in titled Distribution and Channel Selection Practice in Meta Abo Brewery Share Company.

This questioner should be filled by wholesaler and retailer of Meta products. The main purpose of the study is to look into Meta's product distribution channel and understand their impacts on customer and sales. Besides, a research paper will be written based on the answer provided by the respondent.

Dear respondents,

Your genuine and honest answer to the questions, is crucial not only for successfully completing the research, but also for the improvement of the performance of Meta. I, therefore would like to thank you in advance for your co-operation.

Please put un (X) mark in the boxes of your choose and you can also write on the blank space provided any additional idea you may have.

1. What is your educational background?
 - A. Twelve complete
 - B. Certificate
 - C. Diploma
 - D. First degree
 - E. Second degree and more

2. For how long do you distribute Meta's products?
 - A. Less than 1 year
 - B. From 1-3 years
 - C. From 4-6 years
 - D. From 7-9 years

- E. 10 years and above
3. How do you start working with the company?
- A. we asked the company B. By reference
- C. The company itself asked us D. other response
4. What is the basis of the work relation ship with the company?
- A. Short term Contract B. Indefinite Contract agreement
- C. Oral agreement D. other reason
5. How do you see your work relationship with the company, since you started distributing the product?
- A. Very good B. Good
- C. Medium D. Poor E. Very poor
6. How do you communicate with the company to exchange ideas and information?
- A. By meeting B. Report
- C. Through telephone D. Through sales employees
7. How frequently you provide information and idea regarding the company product?
- A. Most often B. Frequently
- C. occasionally D. Less occasionally
8. How do you see the company condition about receiving and handling the information you gave to the company?
- A. Very high B. High
- C. Medium D. Low F. Very low
9. Meta's support to distributors sales problems
- A. Less price B. Advertisement

C. Credit sales D. Other (no support)

10. Does the company set a time bar to distribute the product

A. Yes B. No

11. Do you have file for the sales of products which you distribute?

A. Yes B. No

12. How do you evaluate development of product from the company that you received and sold?

A. Highly increased B. Increased

C. Moderate D. Declining F. More declining

13. How quickly arrived at your end the products you order from the company?

A. Very quickly B. quickly

C. Moderate D. Lately

14. How do you think Meta sales compared with other Producers?

A. Very quickly B. Quickly

C. Moderate D. Low E. very low

15. Do you distribute products other than Meta?

A. Yes B. No

16. If your answer is yes for question number 15 What are your reasons to choose and distribute Meta's products?

A. Less price B. By customers request

C. Quality of the product D. Located near by you

E. Other

A.1.2
St. Mary's University College
Business Faculty
Department of Marketing Management

The interview to be conducted with Meta Abo Brewery Share Company of Marketing and Sales Department.

I am a student in the business faculty at St. Mary's University College. I am carrying out a research entitled "Distribution and Channel Selection Practice in your esteemed company."

This structure interview seeks to solicit your view regarding the distribution activities currently provided to your appreciated customers.

Your views are very important for the success of the research, you are therefore providing your opinions and experience as openly as possible. The information that you provide will be treated for the research purpose only and I will bear out you that the information will not be passed to the third party.

Thank you in advance for giving me your valued time and energy to answer the interview.

1. What is your position in the company?
2. What are the products that your company offers?
3. How does the company distribute its products?
4. How many distribution channels does the company have at Mexico Legehar, Lideta and Pissa areas?
5. What criteria's does the company use to nominate distributors?
6. Does the company have sufficient and convenient distribution channel?

7. Have the company faced any challenge in relation to its distribution practice?
8. How do you evaluate the delivery time of the company compared to competitors?
9. What strategy does the company apply to satisfy its customers?
10. What plan does the company have for the future?

A.1.3

pÉef T'ÁU ž'>y'e+ cK?İ

u="e ó"M+

T'Ÿ?+"Ó T'@İS"} Ç=û`fS"f

upÉef T'ÁU ž'>y'e+ cK?İ uT'Ÿ?+"Ó T'@İS"} }T] uT@ x u=^ >.T. ¼U`f e`ßf " ¼ŸóóÁ U`Ÿ >c^" u}SKŸ} ¼SS[mÁ îG<õ KT²ÒÈf ¼}²ÒÈ SÖÁp::

ÁI SÖÁp ¼T>SKc< ¼T@ u=^ >.T U`„,“ uT>ÁŸóóK< " uT>†[ı] "": ¼Ø~ "ª LT uT@ u=^ >.T <eØ É'İ- U`„† "Á }ÖnT>"< KTÉ[e ¼T>ÁÁ`Ń"< e`ßf Á"u—< LĂ ÁK"< T>" "İ* KSSMŸf< u}ÚT]U }ÖnLĂ "penc?<" ÖÁq KS[Çf" u}Ń-<fU ULj; LĂ uSS`ç' Ø" © îG<õ KT²ÒÈf "": eK]U K}Ö¼lf ØÁo-< f;ıK—<" SMe up"f" u T—'f SMe u=cÖ<~ KØ~ Sd"fu J' KÉ'İ- e^ ÖnT>" <Ö? T'f "ÁT>[Ç ¼ŃKİŸ< KT>Á[ÓM~ fww' upÉT>Á }ScÓ"KG<:

Tdcu=Á:-

- uSÖÁI LĂ eU" >É^h Síõ >eðLŃ> >ĂÁKU::
- u}²ÒÈ< dØ" <eØ SMe-f" ¼ (X) UMıf uS[Ö<f SMe SeŸ dØ" Á'<:: }ÚT] Hdw "KA-f u}cÖ< x LĂ >ß' SMe SSKe Ā.LK<:
- "Á >eðLŃ>'~ Ÿ"É uLĂ SMe SSKe Ā.LK<:
- SMe- KØ~ LT w%o Ā<LM::

1. ¼fUI`f Á[ı;

G. ı2— įõM ¼Ú[c K. c`}õŸ?f

N. Ç=yKAT S. ¼SĚS]Á Ç=Ó]

W. G<K}— ÉÓ]" Ÿ²=Á uLĂ

2. ¼É'İ- U`f TŸóóM (SgØ) ŸĚS\ U" ÁIM Ń>²? ĀJ* M;

G. Ÿ"É }Sf u < - 3 }Sf

N. Ÿ 4- 6 }Sf S. Ÿ 7- 9 }Sf

W. ı0 " Ÿ²=Á uLĂ

3. ŸÉ'İ- Ø "Éf Se^f ĚS\; (Ÿ"É Ń>²? uLĂ SSKe Ā%oLM)

G. É'İ- H@ı uT'ÒŃ' ÖİS"<~

N. É'İ- S„ >ÒÓa~ S. K} ĀÓKı< -----

4. ŸÉ'İ- Ø ÁKAf ¼e^'Ó"—<'f uU" LĂ ¼}Sc[} }";<

G. u}f' N̄>2? e" f^f K. 3/4N̄>2? N̄Aw 3/4K?K" < " <M eUU'f
 N. unM eUU'f S. K?L "K ĀÓK< -----

5. U'~" TŸóðM (SgØ) ŸËS\uf N̄>2? ,e, ŸÉ'Ī- Ò' ÁKA-f" 3/4e^ Ó" <f "Èf ĀÑSÓŠ< M;

G. u×U Ø\ K. Ø\
 N. S"ŸK— . Å" T W. u×U

6. ŸÉ'Ī- Ò' uU" SMŸ< " < GXw" S[í 3/4T>K^"Ö<f; (Ÿ;"É N̄>2? uLĀ SSKe Ā%oLM)

G. uewcv K. u}û'f
 N. ueMj S. uiÁß c^}™; uŸ<M
 W. K?L "K ĀÓK< -----

7. eK É'Ī- U'f ÁKA-f" Gdw" }e}Á3/4f uU" ÁIM ÉÓÓVi Ák'vK<;

G. u×U u}ĀÒÒT> K. u}ĀÒÒT>
 N. }Mö }Mö u×U }Mö }Mö

8. 3/4T>cÖ<f" }e}Á3/4f É'Ī- 3/4SkuM" 3/4Te}N̄É G<'@ " "Èf Á; M;

G. u×U Ÿö}— K. Ÿö}—
 N. S"ŸK— S. 'p}— W. u×U 'p}—

9. uiÁß LĀ 3/4T>ÁÒØVf" }Ó' KSö f É'Ī- U" }Ā'f ÉÒö ÁĀ'ÓKA M; (Ÿ;"É N̄>2? uLĀ SSKe Ā%oLM)

G. 3/4^Ò p'd K. 3/4Te "mÁ N̄³
 N. 3/4Eu? }N̄MÓKAf S. K?L "K ĀÓK< -----

10. É'Ī- 3/4T>ÁŸóðK<f" (3/4T>gÖ<f") U'f }Ā'f " w3f uN̄>2? N̄Aw "e* ĀcÙ M;

G. }- K. }ĀĀKU

11. ŸÉ'Ī- }kwK" < 3/4T>gÖ<f" (3/4T>ÁŸóðK<f") U'„, 3/4iÁß S[í ÁekU×K<;

G. }- K. }ĀĀKU

12. ŸÉ'Ī- }kwK" < KiÁß 3/4T>Ák'u<f" U'f ÉÑf }Èf ĀÑSÓŠ< M;

G. u×U ÁĀÑ " < K. Ī " <
 N. S"ŸK— " < S. " < W. u×U 3/4k'c " <

13. ŸÉ'Ī- "Ç=k'wKAf Á22<f °n uU" ÁIM ðØ'f ĀĀ'f M;

G. u×U uõØ'f

K. uõØ'f

N. S"ŸK—

zÓÃ,,

W. u×l Ã,,

14. ŸK?KAç ›U^CEç Ò' c='ñ' ¼T@ ›x U'„ç iÁß U" ÃSeLM;

G. u×U Ÿõ}— K. Ÿõ}—

N. S"ŸK— ç. 'p}—

W. u×U '

15. ŸT@ U'f "çÜ ¼K?L U'f ÁŸóöLKç;

G. ›- K. ›ÃÅKU

16. K·e^ ›Ue}—ç ØÁo SMe-f ›ÃÅKU Ÿj' ¼T@ " U'f TŸóðM (SgØ) ¼S[Öçuf U;"Áf U"É"çç;
(Ÿ;"É Ñ>²? uLÃ SSKe Ã%oLM)

G. uªÖç T'e uÅ"u— ØÁo

N. uØ^~ ux "ç p'uf

∴ K?L "K ÃÓKìç -----

DECLARATION

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

Name: Serkaddis Fikre

Signature: _____

Place of submission: Marketing Management Department

Date of submission: June 21, 2010

ADVISOR'S DECLARATION

This paper has been submitted for examination with my approval as the university College Advisor.

Name: _____

Signature: _____

Date: _____

