

CHALLENGE OF RETAIL BUSINESS IN CASE OF WOLKITE TOWN



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DEPARTMENT OF MARKETING MANAGEMENT

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Endorsement

This research paper has been submitted to Wolkite university, College of Business and Economics, Department of Marketing management for the examination with my approval and advisor.

Name of advisor

signature

date

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ABSTRACT

The study was conducted to assess the challenges of retail business in Wolkite Town. The general objectives of the study are to investigate the main problem faces on retailers' business area. The study used primary and secondary source of data more emphasis on using primary source of data to attain the above objectives. The primary data was collected directly from the retailers, secondary source are books and manuals. The researcher utilized non probability sampling techniques as a types of sampling methods and takes a total sample of 77 from target population that filled questionnaires. A descriptive statistical technique was applied. While the researcher used different method of data interpretation table and percentage. Finally, the paper, supposed conclusion and recommendations has given on each problem identified.

Acronyms

MSEs -. Micro ,small and enterprise

MFIS -.micro finance institutions

GTP -growth and transformation plan

MOI -MINISTRY OF INDUSTRY

MOUDHC –ministry of urban development housing and construction

FEMSEDA –regional micro and small enterprises development Agencies

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Retail is the sale of goods to end users, not for resale, but for use and consumption by the purchaser. The word retail is derived from French word retailer, meaning to cut a piece of or to bulk. In simple terms, it implies a first –hand transaction with the customer. Retailing can be defined as the buying and selling of goods and services. It can also be defined as the timely delivery of goods and services demanded by consumers at prices that are competitive and affordable. (Ms. Vidushi Handa, Mr. Navneet Grover 2017).

Globally, retailers face the challenge of retailing innovations. The retailers that opt for globalization must concentrate on retail innovations in different markets. Typically, there are three categories of markets: mature, emerging and less developed markets. Retailers will be challenged to come up with goods and services that can adapt into these markets. The only result for international retailers is to design certain goods to can adapt into each market; this can be time consuming, as resources may not be wholly applied (Yupal & Gadhavi, 2016). Besides, retailers who expand into the global market to capture new markets will be facing new customers and new competitions. Furthermore, retailers will also face challenges in directing diverse operations in different countries, which in turn cause downgrade performance. It is also necessary to hand over some of their domestic country resources across the national borders, either directly in the practice of foreign direct investment, or indirectly through their emergence in their products. Transferring resources across the borders is not easy as different countries have different laws for foreign retailers with legal restrictions implied for the retailers (Yazdanifard & Yee, 2016).

In Africa, retail market is largely dominated by a small number of major retail and consumer goods companies. The four largest retailers in the country are Shoprite, Pick 'n Pay, Spar, Woolworths and Massmart and constitute a combined 60% market share. Shoprite is the biggest grocery retailer. Independent retailers are privately owned businesses that do not belong to a larger chain (W&R Seta, 2011). They are small businesses targeting lower living standard measure (LSM) customers in periurban, township, industrial and central areas of the city. They include food and non-food retailers such as cash and carry's that have both wholesale and supermarket offering. They also include the spaza shops, spazarettes and superettes. There are over 100 000 informal stores in Africa. They stock fast moving items and operate at very low profit margins (das Nair & Dube, 2015). Independent retailers emerged as a result of the colonization that demarcated shopping and residential zones for minority citizens and black majority citizens. This created opportunities for black entrepreneurs to establish businesses to serve their communities (Chikwekwe, 2015). By market share (PWC, 2017). Major retailers in SA have increased their market penetration and have also increased marketing efforts through brand promotion and advertising (Durham, 2011).

Ethiopia is one of the developing countries which have taken measures to enhance the operation of MSEs by considering their contributions. UNDP (2012) has indicated that the development of MSE's is the key component of Ethiopia's industrial policy direction that will contribute to the industrial development and economic transformation of the country. Even the country's latest grand plan (the Growth and Transformation plan-GTP, 2011-2015) has stressed the need for providing support to MSEs. The Government has tried to promote the development of the sector through workable laws and regulations, facilitation of startup and working capitals, managerial and technical assistance, working premises and infrastructure, market-enterprises linkages. As a result, many MSEs have played their roles to employment creation, poverty alleviation, creation of entrepreneurship and national economic development (MoFED, 2010).

Gurage zone is endowed with many micro and small scale enterprises. Wolkite town is also one of the towns which is endowed with their sector in this line. In addition to this, there is good weather condition which is favorable for many youth and enterprise. Micro and small enterprise are expected to play a significant role for national development as well as minimizing unemployment and related problem. In wolkite town has stagnated and remains relatively small

in terms of its contribution to economy or gainful employment. In this town there are large number of micro and small enterprise however the town not yet exploited their potential very well to contribute for economic development, job creation and poverty reduction (Deksiso, 2018).

1.2 Statement of the problem

In developing economics including Sub-Saharan Africa, SMEs are typically more credit constrained than large firms, severely affecting their possibilities to grow (Ayyagari et.al, 2012). As cited in Osano and Languitone (2016), only 5% of the SMEs in Mozambique are financed through banking institutions meaning they use other financing lines for both investment and working capital. Practically many of the SMEs finance their projects through their own funds, family funds, and friend"s funds due to a number of difficulties in accessing bank financing. Based on a survey conducted on April 2012 in Kenya, found out those players in this sector are dissatisfied with access to finance especially from major financial institutions in Kenya. In general, young firms which do not have adequate managerial and operation experience and those with inadequate collateral are highly credit constrained.

Dereje (2012) and Feten (2010) are some of the researchers who have carried out studies touching on accesses to finance in SMEs growth and its challenge. Tarfasa, et al. (2016) conducted a research to assess the determinants of growth of micro and small enterprises by using a random sample of 300 enterprises selected from manufacturing, construction, service, trade and urban agriculture in Addis Ababa. Cherkos et.al (2017) studied significant factors in micro and small enterprises performance in Amhara region. Leza, Rajan and Kuma (2016) conducted research with the intention of investigating the key determinants of employment growth among SMEs, based on interview schedule consisting 352 randomly selected enterprises in three administrative towns in Wolaita Zone. Significant number of researchers have identified access to finance is as one of the main factors that affect success and growth of SMEs in Ethiopia (Admasu, 2012; Brhane, 2010; Gedam, 2010).

According to the research done by Hiwot Tsegaye in 2007 about factors Affecting Micro and Small Enterprises Growth, the finding indicates that financial and political & legal factors the biggest potential to the growth of MSEs, followed by marketing, management, technology, entrepreneurial, working place and infrastructures factor. The result of the research indicate only the factors that affect MSEs but in this research the researcher will see the challenges of retail business and the government contribution in promoting retail business and types of retail marketing in detail. Although several have been undertaken that greatly focused on accesses to finance and SMEs, they have not been conclusive and should be updated to show the current situation. This study addresses the challenges, government contribution and the functions of retail business.

The Ethiopian government attention towards poverty eradication, minimization of urban unemployment, and also the structural transformation of the economy from Agricultural led development economy to the industry led economy and the government strongly believed that MSEs are bedrock for the transformation of the economy. From my personal experience there are so many MSEs in Wolkite town who are supported by the government to create employment opportunities however they cannot be effective. This fact drives me to engage in assessing factors affecting MSEs performance in Wolkite town. Many research have been done in major cities of the country like Addis Ababa, Harar, Mekelle and the like with the independent variables such as politico-legal, working premises, technological and entrepreneurial factors with the aim of assessing factors affecting micro and small enterprises Performance (MSEs), as a Zone level but there is no earlier detailed studies on MSEs. There are also no earlier detailed studies on the infrastructural, marketing, financial and management factors of MSEs in Wolkite Town at all. And this research will fill this information gap. Generally, the researcher select this topic because to know the contribution of the retail business we must identify the challenges faced by the retailer. So, this research will be useful for enterprises to get information on the current situation and challenges in retail business.

1.3 Research question

1.3.1 Main research question

What are the major challenges of retail business in Wolkite town?

1.3.2 Sub research question

- What are the contribution of the government in promoting retail business?
- What are the characteristics of retail marketing?
- What are the functions of retail marketing?

1.4. Objective of the study

1.4.1 .The general Objective of the study

The general Objective of the study is to assess the major challenges of retail business in wolkite town.

1.4.2 .The specific objective

- To assess the contribution of the government in promoting the retail business
- To identify the characteristics of retail marketing
- To identify the functions of retail marketing

1.6 .Significance of the study

The finding of the study is expected to indicate practical solutions to current sustainable MSEs growth problems in the city. Apart from benefiting the MSEs, the public have benefit from the study through improved MSEs Services and enhance economic development. The study can help the government and other actors to focus on MSEs as one of the involvements for the fight against poverty. The study could also assist the planners and practitioners to give emphasis on MSEs in their development programs and projects to reach at appropriate solutions to the problems on MSEs growth. It may also be helpful for Wolkite Micro and Small Enterprise Office and Administration Micro and Small Enterprises Bureau in general; to take corrective measures to overcome the

challenges and the outcome of the study have give important understanding for further studies.

1.7. Scope of the Study

The scope of the study focused was on the three area; methodologically, geographically and conceptually. the study was limited to examine the determining access to challenge of retail business by using descriptive survey design, and hence, this study was based on quantitative evidence on important variables in order to capture their of access to and challenges in SMEs found in the target area. The study area is Gurage zone in Southern Nations, Nationality and people's Region (SNNPR) in Wolkite town

1.8. Limitation of the study

It is known that any researcher will face constraints. While conducting this study the researcher face material constraints, financials constraint, and source of data collection, unwillingness of the retailer to answer questions, sample size limitation and shortage of experience limit the generalization of the current study to all retailers in Wolkite Town

1.9 .Organization of the study

The research report was be organized under five chapters as listed below: Chapter one Introduction: This chapter contains background of the study, Statement of the problem, research question, objectives of the study, significance of the study, and scope and the Chapter two: Review of related literature: This chapter deals with the literature relevant to the study. It have an introduction, the theoretical and, empirical review Chapter three: Research Methodology: This chapter describes the approaches and design of research, population of the study, Sampling techniques, the sources of data, the data collection, instruments, and the methods of data analysis used. Chapter four: Data presentation, analysis and interpretation: This chapter summarizes the results/findings of the study; interpret and

discuss the: Summary, Conclusion and Recommendation: This chapter comprises findings Chapter five four sections, which include summary of major findings, conclusions, recommendations and direction for future study.

Chapter two

REVIEW OF RELATED LITERATURE

2.1. Theoretical overview of Micro and Small Enterprises

The term micro and small enterprises cover a wide range of definitions and measures, varying from country to country and varying between the sources reporting small enterprises definitions. In addition, based on the economic activity sectors, the definitions are different (Parisa et al., 2013). Even inside one country could be more institutions and associations, which differently define and classify micro and small enterprises like statistical institutions, banks, governmental agencies, and others.

Definitions for micro and small enterprises are statistical or administrative and based on the number of employees, the number of annual working hours, annual turnover, annual balance sheet, or production volume and independence of the company. Countries are using one or several of these definitions. The number of employees and annual turnover seems to be the criteria applied in most countries. However, the definitions are different in relation to economic activity sectors. For instance, the physical production and the sales amounts often provide the basis for the agricultural sector, while the number of employees often is the basis for other sectors (Harjula, 2008).

2.1.1. Definition of Micro Enterprise in Ethiopia

Based on both national and international experiences the government of Ethiopia defines micro enterprises which involved in manufacturing, construction and mining as an enterprise that operates with a maximum of 5 people (including the owner) and/or own up to ETB100,000 total

asset. The total equity aspect is limited to a maximum of ETB 50,000 if the micro enterprises are engaged in the service sector including retailer, transport, hotel and Tourism, ICT and maintenance service. Likewise, the Ethiopian government classifies enterprises that have 6 to 30 employees (including the owner) and/corporate with a total asset that is beyond the micro enterprises in the industry segment but not exceeding ETB 1.5million as small enterprises. On the other hand, the definition puts enterprises engaged in the service sector like in the retail, transport, hotel and Tourism, ICT and maintenance under small enterprise once their capital exceeds ETB 50,000 until it reaches ETB 500,000 and/or employing the same 6-30 employees as the enterprises operating under the industry sector.

2.2. Characteristics of MSES

The MSE sector is characterized by a number of highly diversified activities, which can create job opportunity for a large segment of the population. The characteristics of the informal sector (small and micro enterprises) have also been described as it is easy to enter; more efficient, more equitable in distributing the income they generated, geographically diverse, more entrepreneurs nurturing mainly financed by personal and family resources, requires small starting capital, uses labor-intensive techniques, and it relies on the non-formal school system such as apprenticeship and on-the-job training (Zewdeet al, 2002, Liedholm, Carl, and Mead, C. Donald 1999)

2.3 Role of Micro and Small-Scale Enterprise

In a developing country like Ethiopia, the role and importance of small-scale industries is very significant towards poverty eradication, employment generation, rural development and creating regional balance in promotion and growth of various development activities. This clearly shows the importance of small-scale industries in the economic development of the country. The small-scale industries have been playing an important role in the growth process of economy. In spite of, stiff competition from the large sector and not very encouraging support from the government (Mohammed, 2016) The small business sector is recognized as an integral component of economic development and a crucial element in the effort to lift countries out of poverty (Wolfenson, 2001). Small-Scale businesses are driving force for economic growth, job creation, and poverty reduction in developing countries. Further, small scale business has been recognized as a feeder service to large-scale industries (Fabayo, 2009)

2.4. Challenges of Micro and Small Enterprises

2.4.1. Access to Finance

EDRI found out that, the access to finance problem is twofold when it comes to the MSEs in the country. First is the wide gap existed between the demand and supply of credit to MSEs. For instance MFIs have only met about 50% of the demand for finance. Second, given that the prices of goods and services have been increasing, the real value of the loan is so small and does not provide MSEs much leverage (EDRI, 2014). Lack of adequate capital, sufficient loan, and inefficient financial market in terms of facilitating financial resources to entrepreneurs are the major obstacles in doing business particularly in the informal sector. Most micro and small enterprises are highly risky ventures involving excessive administrative costs and lack the experience in dealing with financial institutions and do not have a track record of credit worthiness with banks. Since most banking institutions are reluctant to provide small enterprises with loan and credits, most MSEs are unable to secure collateral requirements. As a result of absence in financing, the creation of new enterprises and the growth and survival of existing ones will be impeded (Commission on Legal Empowerment of the Poor, 2006). Access to finance is a major bottleneck for the rapid growth and development of MSEs mainly due to targeted mechanism put in place to address the financial needs of small-scale enterprises. Most micro and small enterprises do not have access to micro finance institutions and most banks are reluctant to avail credit facility to small enterprises unless they have acceptable collateral. The standard of loan appraisal, the long delay the banks take to sanction loans, unfavorable disposition towards small loans and the limited collateral requirement, which is over 100% of the loan amount, are the major obstacles that small scale enterprises are facing (Commission on Legal Empowerment of the Poor, 2006).

2.4.2. Managerial factors

There is lack of knowledge of entrepreneurial and managerial capacity, and marketing experience. Lack of skill leads to problems in production due to the unfamiliarity of workers with rapid changing technology, lack of coordination of production process, and inability to troubleshoot failures on machinery and/or equipment is a critical problem that MSEs are facing

Cannot afford to employ specialists in the fields of planning, finance and administration, quality control, and those with technical knowledge (Commission on Legal Empowerment of the Poor, 2006). Lack of business skills and shortage of skilled labor which results from

absence of proper training are affecting micro and small enterprises negatively (Olawale and Garwe, 2010) Though the formal education system prepares students for paid employment, there are very few vocational institutions that cater for developing skills. This inevitably leads to low level of innovation in almost all sectors of the economy and severe shortage of training opportunities for potential entrepreneurs (Gebrehiwot & Wolday, 2004) Management is one of the fundamental bases of business development. Most of the small business owners do not acquire enough education before establishing business of their own and they are still blind in seeing the wisdom of formal learning or acquiring managerial skills in doing business though claim to be successful with their acquired experience. This has resulted to the low level of attention to the welfares of their workers. It is therefore important for small business owners to absorb the skills of proper management (Etumeahu, 2009).

2.4.3. Marketing factors

The marketing problem is the main constraint for the growth of enterprises (Rahel& Paul, 2010). Micro and small enterprises in Ethiopia faced various marketing problems. There is lack of product diversity and as result similar products are overcrowding the market. In addition to this certain micro and small enterprises lack the skill to modify their products and they have lack of sufficient range of product designs (Assegedech, 2004 as cited in Woldegebriel, 2012). Ethiopian micro and small enterprises have different pricing problems such as lack of costing knowledge, did not include overhead costs, salary or wage of family members involved in the production process are not considered, and do not know the exact earning from sales (Assegedech, 2004). According to Eshetu and Mammo (2009), majority of MSEs produce or give services of similar products in a limited domestic market. Most of them do not seek new possibilities and opportunities outside the local markets. (Rahel and Paul 2010) also reported the presence of competition is the most significant factor. This is because of the reason that enterprises in the same sector sell identical products without any additional distinctiveness and innovative activities. This led them to compete for the same demand. Most of the government induced linkages which target holidays and festivities created only temporary jobs. Moreover, lack of detailed support packages, poor implementation of packages

This is due to the reason that most of MSEs tend to congregate in dense markets and overcrowded cities. Small business owners do no longer find it easy in competing with their

own goods which is mostly perceived by consumers as low-quality ones when compared with those of the multinational companies.

2.4.4. Infrastructure factors

Good infrastructure facilitates have a positive effect in reducing the cost of operation. MSEs Owners in Ethiopia indicated that lack of efficient, reliable, safe and affordable infrastructure is affecting the performance of their business. The physical infrastructure facilities are not adequately developed and expanded in Ethiopia to meet the growing demand of MSEs activities. As a result, most MSEs have problems related to business premises such as an increase in house rent, lack of basic services such as telephone lines, electricity supply, sewerage and water services (Eshetu& Mammon, 2009). According to Commission on Legal Empowerment of the Poor, 2006 though not directly linked inadequacy of infrastructure like road, banking service, electricity, telecommunication and other services in facilitating smooth operation of private investment are serious impediments. Rahel& Paul, 2010 also identify that even if access to infrastructure is not reported as a significant problem, lack of access to water and lack of awareness about the advantages of telephones and media leads to a negative or insignificant effect on the growth of enterprises.

2.5. Government Support Packages for MSEs Policy (Institutional) Coordination

The implementation of the MSE policy involves many government agencies – FeMSEDA and ReMSEDA, MFIs, Land Development and Management Bureaus, and other infrastructure providers such as EEPC, Ethio-Telecom and Water and Sewerage Management Authority. Because of this, multi-agency support system policy coordination becomes a critical challenge during the policy implementation. In order to solve policy coordination problems, Ethiopia instituted coordination councils at both Federal and Regional Levels. At the Federal level, an MSE council oversees policy implementation and coordination. The MSE council consists of Ministry of Urban Development, Housing, and Construction (MoUDHC), Federal Micro and Small Enterprises Development Agency (FeMSEDA), Regional Micro and Small Enterprises Development Agencies (ReMSED, Technical and Vocational Education and Training (TVETs), Ministry of Industry (MOI), National Bank of Ethiopia (NBE) and Ethiopian Revenue and Customs Authority. The MoUDHC chairs the Federal MSE council. There is similar council at

the regional level, which is chaired by the head of the trade bureau in Addis Ababa and Presidents in other regions (FeDRE Ministry of Trade and Industry, 2011)

The council has a command post, which holds regular and extraordinary sessions to deliberate on the challenges MSEs face and give strategic leadership to the sector. FeMSEDA along with microfinance institutes and technical and vocational training institutes are the three implementing bodies that are responsible for implementing the national MSE strategy. The institutional decision-making process decentralizes to the lowest administrative units, woreda. Within the woreda, there is a one-stop shopping service. The three implementing agencies have at least one staff at the one-stop service center to respond to MSE operators' needs in one stop service. Officers from the microfinance institutions, industrial extension agents from the TVET bureaus and an expert from the micro and small enterprises development bureau combine their expertise to address the challenges MSEs face. The one stop service addresses all the needs of the MSEs. Technical, financial, and administrative challenges facing MSEs are tackled with a hands-on solution without any bureaucratic hurdles in principle. It is supposed to save time and energy for MSEs.

2.6. Empirical Literature

the study conducted by Mulugeta (2011), the critical problems of SMEs has recognized and classified in to market-related problems, which are caused by poor market linkage and poor promotional efforts; institution-related problems including bureaucratic bottlenecks, weak institutional capacity, lack of awareness, failure to abide policies, regulations, rules, directives, absence of training to executives, and poor monitoring and follow-up; operatorrelated shortcomings like developing a dependency tradition, extravagant and wasting behavior, and lack of vision and commitment from the side of the operators; SME-related challenges including lack of selling place, weak accounting and record keeping, lack of experience sharing, and lack of cooperation within and among the SMEs and finally society-related problems such asits distorted attitude about the operators themselves and their products.

A survey conducted by Dessalegn, 2013 aimed at assessing the challenges and opportunities of micro and small manufacturing enterprises in Eastern Zone of Tigray. He took 323 sample of MSEs who were engaged in manufacturing sector from the total of 1682 population by stratified random sampling method. He identified that entrepreneurs have good attitude towards the business this was an opportunity for micro and small manufacturing enterprise in the study area and they also faced a number of challenges like financial difficulties due to high collateral requirement, lack of adequate machinery and modern technology, lack of access to market, and electric power shortage are the major challenges faced by the micro and small manufacturing enterprises

Netsaalem, 2011 assessed the factors affecting the performance of micro and small enterprises in Harar city with the aim of examining the factors or challenges which affect the performance of MSEs in the city he selected 45 MSEs from the three woredas of the city by simple random sampling technique and he found out and conclude the result obtained from the study the main challenges faced by MSEs were lack of credit utilization, inadequate training, and inadequate working machinery were the major obstacles to transform MSEs to the medium and large enterprises. From the total respondent 33.3% on aggregate said that they are less capable or unable to transform to medium and large-scale enterprise and 21.5% said they don't know the capacity of transformation.

2.7. The Conceptual Frame Work

Conceptual framework means that concepts that relate to one another were used to explain the research problem. Since business performance is influenced by both internal and contextual factors, operators need to understand what influences businesses to reach peak performance. The contextual factors include infrastructural, marketing and financial factors. The influence of these factors to the firm performance is very important but it is noteworthy that the management has no (Little) control over them (Wanjiku, 2009). Nevertheless, the factors must be closely monitored to ensure that stringent measures are taken within the best time to either take advantage of the opportunities or combat the threats found in the external environment. The internal factors that influence the firm's performance is managerial factors. To align the conceptual framework with the research objectives, performance of MSEs is the dependent variable whereas infrastructural, marketing, financial and managerial factors are all independent variables.

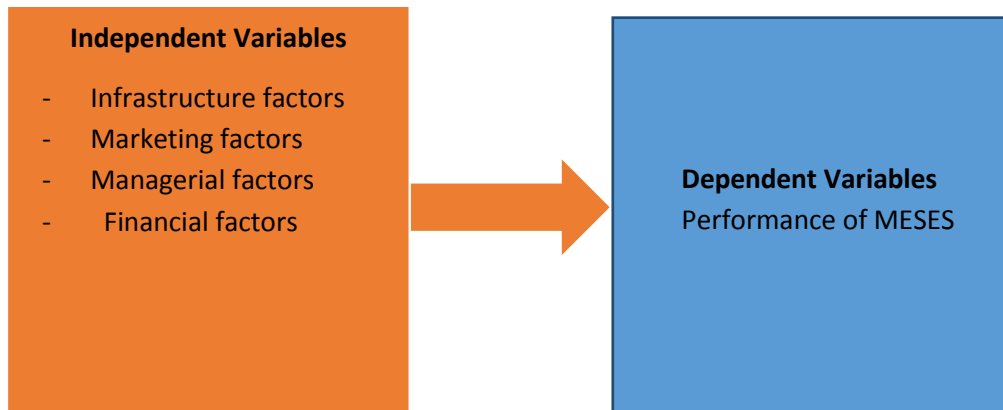


Figure 1.1: Conceptual framework of independent variables and dependent variables Source: Woldetsadik K. (2009)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Description of study area

Wolkite is a town is the administrative center of the Gurage Zone in Southern Nations, Nationality and People's Region (SNNPR), this town has a latitude and longitude of 8°17'N 37°47'E and an elevation between 1910 and 1935 meters above sea level. It surrounded by Kebena Woreda. According to the Gurage Zone Government, Wolkite is one of 12 towns with electrical power, one of eleven with telephone service and one of nine that have postal service.

3.2 Research approach

In order to conduct this study, quantitative data were collected. Quantitative method is used because it is helpful to show situations as they currently exist. Moreover, it is economical and rapid, and turns around the data collection and identification attributes of the large population from a small group of individuals.

3.3 Research design

The descriptive survey design was used in this study. The method is appropriate to explain the present situation of retail business. Elliott (2000) reported that descriptive survey design important to answer questions related to the current situations of the problems.

3.3 Sources of data

Basically, two main sources were used. These include primary data sources and secondary data sources. The research was used both primary data and secondary data. From primary source of data questionnaire were used in addition to primary sources, secondary source was used from books, manuals and other publish materials.

3.4 Sample and Sampling Techniques

Among the various sampling technique, the researcher was used non probability sampling techniques in order to include all customer group which have high potential with regarding to capital and small retail with low potential in addition to its ability of including with the number of assortments the business own method of data collection.

The data was collected from different source personally by using Questionnaires because questionnaire is the most important method to collect data from middle to large group. Currently there are above 326 retailing business establish by retailer in Wolkite (head of trade and industry bureau) of which the study was taken 77 by using non probability sampling techniques because the number is estimated one.

$N = \text{Total population}$

$n = \text{sample size}$

$e = 0.1 (10\%)$

$N_{\text{retailer}} = 326$

$$n = N / (1 + N(e)^2)$$

$$326 / (1 + 326(0.1)^2)$$

$$= 326 / 4.26$$

$$= 77$$

3.5 Procedure of data Collection

In order to conduct this study, the following procedure of data collection was used. The questionnaire was developed the questions was close ended. Based on the feedbacks obtained, the

necessary modifications were made. Finally, the questionnaires were administered to the respondents and the researcher collected data from those respondents.

3.6. Data analysis and presentation

The study was use tables to present the data and analysis was made thematically to explain the situation as it is and conclusion and recommendation was provided accordingly based on the finding.

3.7. Ethical Consideration

To make the research process professional, ethical consideration were made. The researcher informs the respondents about the purpose of the study i.e., purely for academic; the purpose of the study was also introduced in the introduction part of the questionnaires guide to the respondents and confirm that subject's confidentiality was protected. In addition to this, they were informed that their participation in the study was based on their consent. The research was not personalized any of the respondent's response during data presentations analysis and interpretation. Furthermore, all the materials used for this research were acknowledge.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

The universe of the study consists of around 326 retailing business established by the retailers. Retailing business like supermarket, non-durable household materials, food staff, stationary, etc.

To accomplish the research properly, both qualitative and quantitative data were gathered by preparing a questionnaire to interpret the collected data simple descriptive method used to assess and evaluate the finding and arrive at some valid and relevant conclusion about the research. Therefore, it includes tables and, percentages, ratios. Thus, this chapter involves displaying the result obtained from the study discussed with retailers and giving the properly interpretation. The result obtained from the study area briefly discussed as follows.

4.1 Questioners response rate

This chapter deals with analysis ,presentation and interpretation of the collected data from questioner based on non-probability sampling methods for this finding 77 paper had distributed to customer were successfully collected and returned 57 ,while 20 were fail to return

4.1 Age and Sex composition of the respondents

Most of the respondents in the study areas are adults. Perhaps, because of their ambitious economic Motiva table prosperous. Gender wise most of these respondents are male and the number of females is less than 26% of the total respondents because of their house burden with in family and also, they consider the retail work has heavy task allowed for males only.

Table 1.1 Age and Sex composition of retailers in Wolkite Town.

| No | Age group | Male | Female | Total | Percentage |
|----|------------|-----------|-----------|-------|------------|
| | | Frequency | Frequency | | |
| 1 | 18-25 | 11 | 2 | 13 | 23% |
| 2 | 25-35 | 13 | 6 | 19 | 33% |
| 3 | 35-45 | 10 | 4 | 14 | 25% |
| 4 | 45-55 | 7 | 2 | 9 | 16% |
| 5 | 55 or more | 1 | 1 | 2 | 3% |
| | Total | 42 | 15 | 57 | 100% |

Source: own survey 2023

As evident from the above table, most of the respondents are within the age range 25-35 years old. According, these age group consists of 33% (19) the total, whereas, those who 55 or more age groups are small in number which accounts for 3% (2) of the total respondents (see table 1.1 above).

4.2 Source of Finance

To start any business, finance is an essential resource for their retailers, hence, this finance is obtained from different sources as clearly shown in the following table.

Table 1.2 Source of finance

| N0 | Source of finance | Respondents | |
|----|-------------------------|-------------|------------|
| | | Number | percentage |
| 1 | From family | 30 | 52% |
| 2 | From bank | 5 | 9% |
| 3 | From credit association | 4 | 7% |
| 4 | From friends | 8 | 14% |
| 5 | Others | 10 | 18% |
| | | 57 | 100% |

According to the data in table above about (30) 52% of the respondents said their financial source is from family. On the other hand, about (5)9% of the respondents suggested that their financial from government and a credit association. Similarly, about (8) 14% of the respondents have got the financial friends.

While (10) 18% of the respondents from others like relatives, foreign donations and from themselves etc. as shown form the table, government and credit association as well as banks are not willing that much to give loans to the retailers perhaps, because retailers have less money and they do not have sufficient guarantee.

4.3 Favorableness of retail business in Wolkite Town

The following table shows the responses given by the respondents in Wolkite Town

Table 1.3 Favorableness of retail business in Wolkite Town

| No | Is wolkite town favorable for retail business? | Respondent | |
|----|--|------------|------------|
| | | Number | percentage |
| 1 | Yes | 20 | 35% |
| 2 | No | 37 | 65% |
| | Total | 57 | 100% |

Source: own survey 2023

4.4 Problems faced on retailers at the time taking loans from banks and other credit associations.

Table 1.4 Problems at the time of taking loans.

| No | What type of problem you encountered? | respondent | |
|----|---------------------------------------|------------|------------|
| | | Number | Percentage |
| 1 | Heavy documentation | | |
| 2 | High inters rate | 17 | 30% |
| 3 | Other | 40 | 70% |
| | Total | 57 | 100% |

As evidence from the above table (17) 30% of the respondents said that heavy documentation requested by the bank and other credit association is the problems in connection with taking loans. In other words, the respondents who constitute about (40) 70% agree that high interest rate charged by the bank and other credit association is the major problem.

In taking loans other than these problems heavy documentation and high interest rate

4.5 Problems of retail Business

There is various problem faced by retailers at the time of starting their business.

Table 1.5 Problems of retailers at the time of starting their business

| No | What are the problems you have encountered at the time of starting their business? | Respondent | |
|----|--|------------|------------|
| | | Number | percentage |
| 1 | Financial | 30 | 52% |
| 2 | Bureaucracy | 4 | 7% |
| 3 | No assistance from government | 5 | 9% |
| 4 | Problems of getting suitable location | 8 | 14% |
| 5 | Others | 10 | 18% |
| | Total | 57 | 100% |

Source: Own survey 2023

From the above table, it can be observed that (30) 52% of the respondents said that financial shortage is a major problem at the time of starting their business. About (10)18% of the total respondents believe that there are other problems faced by retail business during starting the business like less skill about the business, less educational level, political instability in the country etc. About (8) 14% of the respondents believe that problem of getting suitable location is a major problem when they starting the business where as the bureaucracy in various offices is not as such a major to start their business.

4.6 Tax effect on retail business

Government collects tax from society and invests for benefits of society in various sectors. Retailers also one parts of the society who should have an obligation and responsibility to pay tax. Having said this, researcher try to levied tax tariffs by the government whether proportional to their business or not.

Table 1.6 Responses to the tax and tariffs imposed by government

| No | Is the tax and tariffs imposed by government to your business ? | Respondent | |
|----|---|------------|------------|
| | | Number | percentage |
| 1 | Yes | 5 | 9% |
| 2 | No | 52 | 91% |
| | Total | 57% | 100% |

Source: Own survey 2023

As researchers have seen from the above table about (52) 91% of the respondent agrees that the amount of tax and tariffs levied by the government is high and not proportional to their business.

On the other hand, only (5) 9% of the respondents said tax and tariffs imposed by the government are fair from this. The researcher can conclude that the amount of tax and tariff is not proportional to the retail business, thus, it hinders the retailers to conduct their business and forced them to leave out the sector.

4.7 Training given to retailers

Training is essential for retailers to do their job efficiently.

Table 1.7 responses to know whether training program is given or not

| No | Have you undergone any training program ? | Respondent | |
|----|---|------------|------------|
| | | Number | percentage |
| 1 | Yes | 20 | 35% |
| 2 | No | 37 | 65% |
| | Total | 57 | 100% |

Source: own survey 2023

As shown in the above table, most of the respondents agree that they do not get any kind of training program yet with regard to retail business. From this the researcher can understand that the Wolkite trade and industry does not formulate many kinds of training programs to retailers.

4.8 The willingness of retailers to take training

It is advisable to assess the willingness of retailers to take any training program in the future.

Table 1.8 interested respondents to take training program

| No | Do you need any further training? | Respondent | |
|----|-----------------------------------|------------|------------|
| | | Number | percentage |
| 1 | Yes | 50 | 88% |
| 2 | No | 7 | 12% |
| | Total | 57 | 100% |

Source: Own Survey 2023

As evident from the above table (50) 88% respondents agree that they need training program in future to develop their skill and to work their duties effectively and efficiently. On the otherhand, only (7) 12% of the respondents believed that they cannot need training program towards the retail business.

4.9 Store location decision

Decision about where to locate store are critical to any retailer's success. A clearly coherent strategy should specify location for long term commitment. "Location mistake is clearly more devastating to a retailer than a buying mistake" for instance. The following table clearly shows the responses given by the retailers for the question does the location have located the business affect the activity.

Table 1.9 shows store location decisions

| No | Does location you have site affect the activity ? | Respondent | |
|----|---|------------|------------|
| | | Number | percentage |
| 1 | Yes | 10 | 18% |
| 2 | No | 47 | 82% |
| | Total | 57 | 100% |

Source: Own Survey 2023

From the above table clearly observed that, only (10) 18% of the total agrees that the location sited their retail business conducted. On the other hand, (47) 82% of total supposed the decision of store location have mostly affected the business activities.

In general, the researcher can conclude that majority of the retailers have a problem in related with choosing the right location.

4.10 Satisfaction level of customer towards the product

Customers are looking for a good value in what they purchase. To some people a good value means a low price, many different types of consumers have become much more price sensitive

About 40% of the respondents suggest that customers are neutral by the price charge on different products and services: 20% of the respondent agrees that customers are very much satisfied the price charged. On the other hand, only 4% of the respondents said that customers are dissatisfied by the price charged on different product and services, from this researcher can understand that the price charged by the retailers on various products and services satisfied majority of customer in Wolkite Town from their point of view

4.11 SATISFACTION LEVEL OF CUSTOMER TOWARDS THE PRODUCT

Manufactures make products and sell them to customers through retailers of whole sales. Whole sellers buy products from manufactures and resale them to retailers, while retailers resell

products to customers. Here, while sellers satisfy retailer's needs whereas, retailers direct their reports to satisfy the needs ultimate customer.

Table 1.10 Satisfaction level of customer towards products

| No | What is satisfaction level of customer towards product ? | Respondent | |
|----|--|------------|-------------|
| | | Number | percentage |
| 1 | Neutral | 10 | 18% |
| 2 | Satisfied | 15 | 26% |
| 3 | Very satisfied | 28 | 49% |
| 4 | Dissatisfied | 4 | 7% |
| 5 | Very dissatisfied | - | - |
| | Total | Total | 57% 100% |

Source: Own survey 2023

From the above table clearly observed that (10) 18% of the respondents' said customers are neutral by the products variety and availability in the retail out let. On the other hand (15) 26% of the total believed the customers are satisfied with products and services in the retail business. While (28) 49% of the respondents argue that customer is very satisfied with products in their business. From this the researcher can understand most of the retailer's give attention to their customers care

4.12 PROMOTIONAL STRATEGY PRACTICED BY RETAILERS IN WOLKITE TOWN

Retailers communicate with customers through advertising, sales promotion, publicity, personal selling and word of mouth. These elements in promotional mix have been coordinated to customer's needs which have a clear distinct image of the retailers.

Table 1.11 Different promotional activities practiced by retailers

| No | Promotional activities practiced by retailer ? | Respondent | |
|----|--|------------|------------|
| | | Number | percentage |
| 1 | Price discount | 27 | 47% |
| 2 | Value added service | 23 | 40% |
| 3 | Special offer | 2 | 4% |
| 4 | Credit facility | 5 | 9% |
| 5 | Others | - | - |
| | Total | 57 | 100% |

From the above table the researcher clearly observed that price discount and value-added services as mostly practiced about (27) 47% of the respondents said that they giving value added service is one of the promotional activities in order to attract customers.

Besides this there are promotional activities in order to practice by the retailer line providing credit facility and special offer that constitute (5) 9% and (2) 4% of the total respectively.

4.13 QUALITY OF PRODUCTS IN RETAIL BUSINESS.

Despite the fact that quality measures the satisfaction level customer it is more clearly showing in the following table that is composed of the retailer's response in the Town

1.12 Qualities of product in retail business

| No | Do you product have quality ? | Respondent | |
|----|-------------------------------|------------|------------|
| | | Number | percentage |
| 1 | Yes | 57 | 100% |
| 2 | No | - | - |
| | Total | 57 | 100% |

Source: Own survey 2023

As it shown in the above table, all of the respondents that constitute (57) 100% believed that are products have quality. In other words, no one said there are poor qualities of products in the business. Moreover, there are different reason for qualitativenss of the product

Table 1.13 Information of retailers obtained from intermediaries

| No | Response's importance of information | Respondent | |
|----|--------------------------------------|------------|------------|
| | | Number | Percentage |
| 1 | To make decision | 10 | 17% |
| 2 | To increase sales and profit | 32 | 57% |
| 3 | To achieve goals | 5 | 9% |
| 4 | To solve problems | 10 | 17% |
| 5 | Other | - | - |
| | Total | 57 | 100% |

In case of the above table, products and price areas are basic factors for the competition with other business and they constitute (19)33% and (29) 51% respectively. On the other hand (2) 4% and (7) 12% of the respondents agree that distribution channels and promotion are essential to be competent with other out lets respectively. Furthermore, the respondents or retailers have not elaborated other competitive factors except the sited above.

4.14. ATTITUDES OF CUSTOMERS TOWARDS THE PRODUCT AND SERVICES

The attitudeof customers regarding products and services is critical whether to be a good customer to the out let or not. It also assesses the time when the customers exit in the business being a good purchaser i.e., if they have good attitude to the commodities of the business they will have been staying for the long period of time in that business while the inverse is true.

Table 1.14 customer's attitudes towards products and services

| No | What is attitude of customer? | Respondent | |
|----|-------------------------------|------------|------------|
| | | Number | Percentage |
| 1 | Positive | 57 | 100% |
| 2 | Negative | - | - |
| | Total | 57 | 100% |

As shown in the above table, there is a mutual agreement between the respondents or retailers who constitute (57) 100% of the total i.e., they expressed their suggestion as the customers look for their products positively.

In other hand, no one has expressed the negative attitude of the customers to wards the products and services in the retail out let.

As the researcher have seen from the above table looking for products positively by the customer have various aspect in the retail business.

Table 1.15 impact of positive attitude of customers towards product

| No | What is the impact of positive attitude of customers towards product? | Respondent | |
|----|---|------------|------------|
| | | Number | Percentage |
| 1 | Increment of sales | 18 | 32% |
| 2 | Increment of customer need and want | 33 | 58% |
| 3 | Enhancement of business expansion | 3 | 5% |
| 4 | Strengthen relationship | 3 | 5% |
| 5 | Other | - | - |
| | | 57 | 100% |

As expressed in the above table (18) 32% of the total said increment of the sale is one of the positive impacts in the Wolkite Town but (33) 58% of the respondent agree in the increment of customer's needs and wants by saying it is the positive impact. Similarly, the retailers who said the enhancement of business and good relationship constitute the same rate (3) 5% of the total.

4.15. CUSTOMERS CARE IN RETAIL BUSINESS

For staying with customer suitable, providing care is the best means of retail business. In fact, there are various mechanisms for the customers as shown below.

Table 1.16 Customers care in Wolkite Town

| No | Care mechanism | Respondent | |
|----|-------------------------------|------------|------------|
| | | Number | percentage |
| 1 | By discounting price | 6 | 11% |
| 2 | By providing incentives | 2 | 3% |
| 3 | By supplying required product | 49 | 86% |
| 4 | Other | - | - |
| | Total | 57 | 100% |

Source: Own survey 2023

On the basis of the above table, even though there are mechanisms of providing care to the customer like discounting price and providing incentives the most and the best mechanisms is supplying the required to the customers, that is why it holds about (49) 86% of the total

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. SUMMARY

Based on the analysis and interpretation the research was forwarded the following summary about the assessment on challenges of retail business in Wolkite Town.

- ✚ Regarding the gender wise most of the respondents are male and the number of females is less than 26% of the total respondents. In terms of the age group most of the respondents are within the age range 25-35 years old most of the respondents in the study area are adults.
- ✚ About (30) 52% of respondents said their financial source is from family. On the other hand, about (9) 16% of respondents suggested that their financial source is from bank and credit association and the rest of the respondents got their financial source from friends and others.
- ✚ Majority of the respondents (40) 70% agrees that high interest rate charged by the bank and credit association is the major problem encountered at the time of taking loans
- ✚ About (30) 52% respondents suggest that financial shortage is the major problem at the time of their business. About (10) 18% of the total respondents believed that there are other problems faced by retailer during starting the business like: less skill about the business, less educational level, political instability, and the like are major problems.
- ✚ Majority of (52) 91% of the respondents said yes that is the tax and tariff imposed by government to the business is not proportional. On the other hand, only (5) 9% of respondents said tax and tariff imposed by government are fair.
- ✚ Regarding to the training program given or not to the retailer to do their job efficiently most of the respondents (37) 65% agrees that they do not get any kinds of training program yet with regard to retail business.
- ✚ In terms of satisfaction level customer toward the product (28) 9% are very satisfied (15)26% of the respondents are satisfied (10) 18% of the respondents are neutral.
- ✚ Price discount and value-added service is the major mechanism practiced by retailer by attaining promotional activities.
- ✚ All of the respondents constitute (57) 100% believed that product have poor qualities.
- ✚ In terms of customer care mechanism (49)86% of the respondents said that gives their care mechanism employed by supplying required products. Beside that (6) 11% of the respondents said by discounting price.

5.2 Conclusion

Based on the finding of this research, the following conclusion have drawn.

- ❖ Regarding the sex distribution respondents were males this implies the majority of the respondent were males, and the number of females is less than of the total respondents

because of house burdens with in family and also, they consider the retail work has heavy task allowed for males only.

- ❖ To start any business, finance the one and foremost necessary resource for the retailer. Hence this finance is obtained from different sources like that; from family, banks, friends, from credit association and by other means getting the finance.
- ❖ Regarding the favorableness of retail business in Wolkite town the researcher can conclude that Wolkite town is not favorable for retail business in various reasons.
- ❖ The majority of the respondents respond that, financial shortage is a major problem at the time of starting their business and other problem were faced like; less skill about the business, less educational level, political instability in the country, problem of getting suitable location is a major problem when they starting their business.
- ❖ This research implied that the amount of tax and tariffs levied by government is high and not proportional to their business. The researchers can conclude that the amount of tax and tariffs is not proportional to the retail business, thus it hinders the retailer to conduct their business and forced them to leave out to the sector.
- ❖ The finding of the study shows that training program given or not to the retailer to do their business in best manner. The result shows from this they do not get any kinds of training program yet with regard to retailer business. From this the researcher can understand that Wolkite trade and industry does not formulate any kinds of training programs to retailers
- ❖ Decision about where to locate store are critical to any retailer success. A clearly coherent strategy should specify location for long term commitment “location mistake is clearly more devastating to a retailer than a buying mistake” for instance, (47)82% of the total supposed the decision of store location have mostly affected the business activities. In general, the researchers can conclude that majority of the retailers have a problem in related with choosing the right location.
- ❖ In terms of satisfaction level of customer toward the products, customers are looking for a good value in what they purchase. To some people a good value means a low price, many different types of consumers have become much more price sensitive. In addition to this majority of the respondent suggest that a customer is neutral by the price charge on different product and service and the like response made. The researcher can understand that the price charged by the retailers on various product and services are satisfied majority of customers in Wolkite town from their point of views.
- ❖ Communication is made a vital role in retailing sectors. Retailors communicate with customers through different promotional strategies like: advertising, sales promotion, publicity, personal selling, and the like. Different promotional activities are practiced by retailers to meet their goal. Besides that, retailers in Wolkite town use different mechanism like: price discount, value added service, special offer, credit facilities and others. From those listed above price discount and value-added services were mostly practiced.

- ❖ For staying with customers providing suitable care is the best means of retail business. Even though there are mechanisms of providing care to the customers by discounting price and providing incentives the best mechanism is supplying the required to the customers.

Generally, retailers must differentiate themselves by meeting the needs of their customers better than the competitors. Retailers should prepare marketing plans that include decision on the target market, product assortment and procurement, service and store atmosphere, price promotion and proper placement of products inside the retail shops. There is a general agreement that a basic retailing strategy for creating competitive advantage is the delivery of high service quality. Therefore, by giving better service and product, definitely the retailers can taste the success.

5.3 Recommendations

On the base of the findings obtained and the conclusions drawn, the following recommendations are forwarded to the concerned bodies to improve their practices.

- The location of the store should be convenient and easy to access. The distance that the consumer must travel to shop is the basic criteria
- Effective control system must be introduced for controlling purchase store and inspections of goods it is highly useful for maintaining quality of goods sold. The out of date inventories are to be immediately identified and removed from the store.
- The promotional measures such as advertising in local television, banners etc. These result in confidence and trust by customer on the store about the availability of the specialized items or products.
- The retailers should properly pay the loan and advance to the financial institutions or government institutions they reduce the interest rate.
- Government should reduce the registration formalities and regulation.
- Government takes initiatives in providing proper training programs in order to develop and increase the efficiency of the retailer in promoting the business successfully.
- Government supports the retailer by providing financial support that means making taxes and tariff proportion to their business by accommodating banks to give loans and reduce the interest rate. Moreover, providing infrastructural facilities like; communication, road transportation and etc.

5.4 Suggestion for Future Study

The present study investigated the role of awareness on the challenge of retail business. Based on the findings of the study the researcher recommends the following for further investigation

- The study area of the current study is in Wolkite Town, the coverage of which is limited in its scope. Further research needs to be done to identify the challenge of retail business the outside Wolkite Town and exploring it in the context of less urban and rural areas of the country as to have a clear and holistic understanding of the role of awareness in retail business in Ethiopia.

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Appendix
 Wolkite University
 College of Business and Economics
 Department of Marketing Management

Dear respondents

The purpose of this questionnaire is to collect data for this research to meet requirements for partial fulfillment of B.A degree in Marketing Management in Wolkite University. Your genuine for the following question is extremely important for the successful completion of this paper the information you provide used only for the purpose indicate and will be kept highly confidential.

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

- NB, there will not need of writing your name on the question paper put tick (x) market for your answer in box provide.

1. Sex Male female

Age 18-25 25-35 35-45 55 more

2. Source of your finance from family from government and nongovernment
 From Creditassociation from friends from banks others

3. Is Wolkite Town favorable for retailing business? Yes no

4. If your financial source is from banks and other credit associations what type of problems have you encountered? High interest rate other

5. What are different problem you have encountered at the time of starting their business?
 Financial other

Bureaucracy in various governmental organizations

Non assistance from the government institution

Problem of getting suitable location

6. Is the tax and tariffs imposed by the government proportion to your business?

Yes no

7. Have you undergone any training program? Yes no

8. If yes do you need any further training? Yes no

9. In question number 8 if no do you need any training?

Yes no

10. Does the location have sited the business affect the activity?

Yes no

11. Satisfaction level of customer towards the product

Neutral satisfied very satisfied dissatisfied

12. Satisfaction level of customer towards the product available in your retail outlet? Neutral
 satisfied very satisfied dissatisfied very dissatisfied
13. The promotional activity practiced by the retail in Wolkite Town?
 Price discount credit facility value added service
14. Do your products have quality? Yes no
15. If yes reasons for qualitiveness? Yes no
 To result in customers satisfaction to increase profit ability
 to sustain in growth and earning other
16. The information that you get from suppliers enables you
 To make decision to achieve goals
 To solve problems to increase sales profit Other
17. The bases that you compete with other business
 Product channel price promotion
 Other
18. What is the attitude of customer towards the product?
 Positive negative
19. If positively what its impact
 Increments of sale increment of customers' needs and wants
 Increment of business expansion relationship other
20. How do you apply the customer care?
 By discount the price by providing incentives
 By supplying require products other
- Thank you for advance co-operations