# ASSESSING THE DISTRIBUTION EFFECTIVENESS OF EDEN BUSINESS SHARE COMPANY




**WOLKITE UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS**

**DEPARTEMENT OF MARKETING MANAGEMENT**

**A RESEARCH PAPER SUMMITED TO DEPARTMENT OF MARKETIMG MANAGEMENT TO THE PARTIAL FULLFILMENT OF BA DEGREE IN MARKETING MANAGEMENT**

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# ABSTRACT

*This research is prepared to assess effectiveness of the distribution channel of Eden business share company effective marketing activates by using the objective of any business is to generate profit. The product is necessary for the organization high attention should be given to its quality the company must use high quality raw materials in order to product and distribute good quality to retailers. The distribution channel plays a key role and has a great implication in making the product available to the target market. The channel design process although specifically developed for industrial firms the structure has applicability that is more general. The fact evaluates its channel by using different mechanisms like decision with workers. This makes the company use the most effective channel for enhanced profitability.*

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the study

Effective marketing activates by using the objective of any business organization is to generate profit. The development of rights products for target market at right price is not enough. However, business entities must also develop strategies and programs for marking available and accessible its product to target market, providing right goods and service to buyers at the right time, and at the lowest possible cost has until recently regarded as one of the most function of marketing. Marketing is system as business activity designs to plan price, promote and distribute want satisfying products to target market in order to achieve organizational objectives. (Kotler Phillip)

Effective channel of distribution are marketing activities that is essential for business organization to achieve their objectives. The aim of the business organization on distribution activity is either to survive or compete to generate revenue. In achieving any company's objective distribution plays a key role. It makes product available to the target customers at desired place and desires time. Distribution channel selection for product is one of the problems faced by producer of goods and service. In selecting the appropriate distribution channel, producers must consider their capacity, nature of the products, decision of the buyer and others. Effective selection of channel of distributions is essential for firms to generate profit and satisfy their customers in a good manner. It helps the customers by providing the rights quantity at the right time, place and price. Thus, the study attempts to discover the effectiveness of distribution channel of Eden business share company factors and find out the problems of the company in distribution and house to overcome these problems.

### 1.2 Background of the company

Eden Business Share Company (EBSC) was established in 1998 (2005) under the (1952)1960 commercial code proclamation No.304-509 by about 35 founding business persons with a paid up capital of Birr 99.7 Million. And obtained a business entity from Federal Contract and

Document Authentication Office in 2006 and received investment license from Southern Nation Nationalities and People Regional State (SNNPRS), Trade and Industry Development Office by Principal Registration Certificated Number 11020/98.

The Company has started operation on January 20, 2014 and has penetrated the Ethiopian Packed water market by providing quality product and satisfactory service, in Addis Ababa and in eight regional states. Because of its successful operation and promising profitability, the number of the shareholders is growing from time to time and has reached over 2,289 currently. EBSC is the only ingenious company that can be mentioned as a pioneer to choose and to implement a particular green business program among so many similar water bottling companies. And this particular impressive idea helps the company to answer the ever increasing societal question of the environment.

## 1.3 Statement of problems

The goal of responsible organization is to satisfy their customers and getting the resulting profit. Distribution as one of the functional area as in the organization in general and in its marketing unit in particular is the most vital responsibilities for those who are concerned about making marketing activities effective. Based on preliminary survey, the researcher might find shortage of raw material, unexpected electric power failure (interruption and shortage transportation) as some of the factors contributing to in efficiency of this marketing mix. In light of these, this research paper was aimed to answer the following base research questions.

## 1.4 Research question

- Does the distribution system of the company satisfy the customer?
- To what extent are the techniques available in the factory effective in evaluating and then controlling the distribution strategy employed?
- What are the strengths and weaknesses of Eden factory share company?
- How the company must use high quality raw materials in order to produce and distribute good quality product to retailers?

## 1.5 Objectives of The study

Objectives are desired outcomes of any organization that its sets from the very beginning of its operation. The research has both general and specific objectives.

### 1.5.1 General objective

- To assess the distribution effectiveness of Eden business Share Company as seen from the dynamic needs of its esteemed customers.

### 1.5.2 Specific objectives

- To determine whether the factory distribution system it's satisfying the customers.
- To identify the strength and weaknesses associated with the factory distribution system.
- To find out whether the mechanisms used by the factory to overcome the weaknesses identified were effective.

## 1.6 Significance of the study

The research attempted to discover the effectiveness of the factory distribution channel in making the organization products available to target customer at desired place and time. The distribution channel plays a key role and has a great implication in making the product available to the target market. The study will provide information to the company to distribute its produced effectively, It will help the concerned bodies give due attention to the problems in relation to Distribution channel, The study will also benefit the company to be aware of its weaknesses and strengths in regard to its distribution channel, It will help the company develop effective distribution strategy to meet its customers' needs and wants.

## 1.7 Scope of the study

The company sets price for its products and uses different promotional strategies and communication to announce its product to target market. The study was limited to Eden share company factory (in Agena Town) covering only the area of distribution system. Under this study, effectiveness of distribution, objective of distribution channel, distribution channel mechanisms to over the problems related to distribution and problems associated with distribution and problems associated with distribution

## 1.8 Limitation of the study

Due to the corona virus pandemic the research was limited with shortage of information that are necessary for the study. Financially the researcher was unable to finish the thesis on time. There was also unwillingness of respondents to fill out questionnaires and biased responses.

## 1.9 Organization of The study

The research paper is organized in to five chapters. chapter one which is an introductory part, back ground of the study, statement of the problem, objectives of the study, significance of the study , scope(delimitation) of the study, limitation of the study and organization of the study. The second chapter deal with the literature review that contained review of areas related. The third chapter is about the methodology of analysis and interpretations of data collected from different parts (employees, Customers, retailers) collecting data. The fourth chapter deal with major findings. The last fifth chapter presents conclusions and Recommendations.

# CHAPTER TWO

## REVIW OF RELATED LITERATURE

### 2.1 What is Distribution channel?

The term distribution channel describes the commercial arrangements established to enable a product to flow from the point of production to the point of ultimate consumption. Distribution channel consists of chains of institutions, with the exception of the original supplier and end user, these institutions are intermediaries, each intermediaries under takes a number of activities which either directly move a product. distribution channel is a set of interdependent organizations involved in the process of making a product or service available for use or consumptions by consumer or business user. (Gower distribution management p.91)

### 2.2 Nature of Distribution channel

Most producers use intermediaries to bring their products to market. They try to a distribution channel a set of interdependent organization involved in the process of making a product or service available for use or consumption by the consumer or business user.

The marketing intermediaries used to, All doing so means giving up somehow and to whom the products are sold .The use of intermediaries results from their greater efficiency in making goods available to target markets. Through their contacts, experience, specialization, and seals of operation, intermediaries usually after the firm more than it come achieve on its own. (Principles of marketing, kotler& Armstrong eight edition p.353)

Distribution system refers that complex of agents, wholesaler, and retailers through which manufacturers move products to their marketed. Marketing channel are made up of independent firms who are in business to make a profit these are known as marketing intermediaries of middlemen Distribution out lets can include combination system, a manufacture must make a policy choice between selling direct to customer by employing sales peoples or using intermediaries i.e. Selling through agents wholesalers and retailers the decision is usually based on cost factors that function of:

- The number of potential customers in the market
- How concentrated or dispersed
- How much each will buy in a given period.

- Cost associated with the distributive operation (e.g. transport, warehousing and stock holding).

Industrial goods manufacture tend to direct selling and deliver direct to user/ customer .Fast moving customer goods (FMCG) manufacturer tend to use network marketing intermediaries because of large numbers of potential customers and their dispersion although there are exceptions like Avon cosmetics' who sell direct to homes through agents.

Distribution arrangements tend to be long term in nature. Because of this channel decisions usually classed as strategic rather than tactical or operational. There are two reasons for treating channel decisions like this:

- Channel decisions have a direct effect on the rest of a firm's marketing activates.
- Once established a company's channel system is hard to change in the short term.(marketing model simple, go off Lancaster & paul Reynolds . 155)

## 2.3 Strategic Elements of channel choice

An important consideration for marketing managements when formulating channel policy and the number of marketing intermediaries used it the degree of market exposure sought by the company for its products. Three distribution strategies. Resulting in varying degrees of market exposure can be distinguished.

## 2. 3.1 Intensive distribution

Product are said to be seen by customers as a bundle of attributes or satisfactions. Producers of convenience goods and certain raw materials aim to stock their product in as many outlets as possible (i.e. An intensive distribution strategy) .The dominant factor when marketing such products is their place utility. Producers of convenience goods like confectionery and cigarettes try to enlist every possible retail, out let, ranging from multiples to in dependent co corner shops, to maximum brand exposure and maximum convenience customers.

## 2.3.2. Exclusive Distribution

Some producers deliberately limit the number of intermediaries handling their products, as they wish to develop a high Quality brand image. Exclusive distribution to recognize official distribution can enhance the prestige of the product.

Exclusive (souls) distribution is a policy of granting dealers exclusive rights to distribute in a certain geographical area .By granting exclusive distribution. The manufacturer gains more

control over intermediaries in relation to price, credit and promotional price, greater loyalty and more resolute selling of the company products.

### 2.3.3 Selective Distribution

They policy lies between the extremes described. The manufacturing firm may not have the resources to adequately service or influence the policies of intermediaries who are willing to carry a particular product. Instead of spreading its marketing effort over the whole range of possible out lets; it concentrates on the most promising of out lets.

Channel members should have facilities require that relaters have adequate deep freeze display facilities The product may have a carefully cultivated brand image that could be damaged by being stock in limited line discount out lets where products are displayed in functional way to reduce over heads. (Marketing made simple Geoff landter & Reyonlods p.155-156)

## 2.4 Distribution channel Functions

A distribution channel moves goods and service from producers to consumers. It over comes the major time place and possession gaps that separate goods and service from those who would use them. Members of the marketing channel perform many key functions some help to complete transactions;

**Information** : gathering and distributing marketing research and intelligence information about factors force in the marketing environment needed for planning aiding exchange.

**Promotion**: developing and spreading persuasive communications about an offer. Contact: finding and communicating with prospective buyers.

**Matchin**g: shaping and fitting the offers to the buyer's needs, including activates such as manufacturing, grading, assembling and packaging.

**Negotiation**: reaching an agreement on price and other terms of the offer so that owner ship or possession can be transferred.

**Physical distribution**: transporting and storing goods.

**Financing**: acquiring and using funds to cover the cost of the channel work.

**Risk taking**: the risks of carrying out the channel work. (Principles of marketing, kotler,& Armstrong eight edition p.335)

## 2.5 Distribution Channel Structure

There are three main determinates of channel structure:

- The requirement of final customer
- The capabilities of the originating
- The availability and willingness of appropriate intermediaries (if needed) to participate in the channel.

The trading channel is very much avoidable in the marketing mix, although it not often seen as such. It is therefore vital that marketing managements.

Channel Structure are not static or universal the can and do change and evolve over and vary from market to market distribution channel serving rural markets. For example, tend to have more intermediaries than channels serving urban markets, since the lower volume demanded in rural areas generally make direct delivery to retailer attractive. (Gower hand book of logistics' & distribution management P.93-94)

## 2.6. Distribution strategy

The channel design process although specifically developed for industrial firms the structure has applicability that is more general. The stage of their model is as follows:

Channel objective, integrating the channel decision. In to overall marketing plan and strategy.

Channel –design constraints. Recognizing that, practically, channel options may be severely limited by constricting factors such as the availability of good middlemen, traditional channel patterns, product characteristics, company fiancés, and company

Specification of channel Tasks, recognizing that channel is a sequence of activities. Alternative, eveners the numbers of steps or

Evaluation of channel alternative evaluating the number of levels to be including the channel, number and the number of intermediaries to employ, the type of intermediaries to employ and the number of distinct channels to use.

Channel selection; selection selecting alternative that is "Best" where best incorporates both short and long-run aspects. (Marketing models Phillip kotlter.)

## 2.7 Distribution process

The distribution process begins when a supplier receives an order from customer. There is now UN expectation that goods will be received at the time requested. Lead-time is the period of time that elapses between the placing of an order and receipt of the goods, and this can vary according to the type of product and market.

### 2.7.1 Order processing

Order processing is the first stage in the logistical process. It efficiency has a direct bearing and lead times. Orders are received from customers, and many establish long-term regular supply routes that are stable, as long as the supplier performs satisfactory. Taken to its logical conclusion this effectively does away with ordering and leads to what is called partnership sourcing. This is an agreement between required without the necessity of negotiating a new contract every time order processing includes order entry, in which the order is actually entered in to a company's information order handling, which involves location assembling and moving products in to distribution order silvery, the process by which products are made available to the customer.

Finally, order-processing systems should be quick and accurate, as other company departments need to know immediately that an order has been placed so the customer receives confirmation of the order receipt and the precise delivery time

### 2.7.2 Inventory

Inventory or stock management, is a critical area of product distribution management (PDM) because these have a direct effect on levels of service and customer satisfaction. Optimum stock levels are a function of the type of market in which company operates. Few companies can say they never run out of stock, but if stock- outs happen regularly, market share will be lost to competitors that are more efficient.

Stock represents opportunity costs that occur because of competition for company's limited resources. If marketing strategy requires that high stock levels be maintained, this should be justified by a profit contribution that will exceed the extra stock costs.

### 2.7.3 Warehousing

More attention is paid to warehousing in the USA the UK because of relatively longer distances and where delivery to customers can take days by the most efficient routes. However, warehousing principles remain the same, particularly when we should consider that the European union should be viewed as a large "home market" many companies function adequately with their own on site ware house from where goods are dispatched direct to customers. When a firm markets goods that are ordered regularly, but in small quantities, it becomes logical to consider locating warehouses strategically around the country. Transportation can be carried out in bulk

from the place of manufacture to respective warehouses where stock wait ready for further distribution to the customers. This is used by large retailers, although warehouses and transport are owned and operated on their behalf by logistics experts.

To summaries, factory that must be considered in the warehouse equation are:-

- Location of customers
- Size of orders
- Frequency of deliveries and
- Lead times.

### 2.7.4 Transportation

Transportation is usually the greatest distribution cost. It is easy to calculate as it is directly related to weight or numbers of units. Transportation decision concert method or mode a company should utilize when moving products through domestic and global channel. The most important model is rail, air, track and water.

For some types of good, rail transport has advantages. When lead time is ales critical element of marketing, or when lowering transport costs is a major objective, rail transport becomes viable.

Except where goods are perishable or valuable in relation to their weight, air transports are not normally an alternative form of distribution distance is relatively short. For long distance international routes it is popular, as it has the advantage of quick delivery compared to sea transport as well as lower insurance costs. (Marketing made simple, Geoff Lancaster and Paul Reynolds P.163-165)

## 2.8 Channel objectives

Channel objective should be stated in terms of the desired service level of target consumers. Usually, a company can identify several segments wanting different levels of channel service. The company should decide which segments to serve and the best channels to use in each case. In each segment the company wants to minimize the total channel cost of meeting customer service requirements.

Channel objective are also influenced by the nature of its products, company policies, marketing intermediaries, competitors and the environment product characteristics greatly affect marketing to avoid delays and too much handling.

Company characteristics also plays an important role for example, the company's size and financial situation determine which marketing function it can handle itself and which it must give to intermediaries. A company marketing strategy based on speedy customer delivery affects the

functions that the company wants its intermediaries to perform, the number of its outlets and the choice of its transportation methods. (Principles of marketing, Kotler and Arm Strong Eight edition P.365)

Marketing channel exist to create utility for customers. The major categories of channel utility are:

**Place**: the availability of a product or services in allocation that is convenient to a potential customer.

**Time**: the availability of a product or service when desired by customers.

**Form**: the availability of a product processed, prepared in proper condition and/ or ready to use.

**Information**: the availability of answers to question and general communication about useful product features and benefits. (Principle of marketing Kotter and Arm Strong P.365)

## 2.9 number of channel level

Channel level: a layer of intermediaries that performs some work in bringing the product and its ownership closer to final buyer.

The number of channel levels involved can describe distribution channels. Each layer of marketing intermediaries that performs some work in bringing the product and its ownership closer to the final buyer is a channel level. Because the producer and the final consumer both perform some work, they are part of every channel. We use the number of intermediary levels to indicate the length of a channel. It shows several consumer distribution channels of different lengths.

### 2.9.1 Direct marketing channel:

Direct marketing channels: A marketing channel that has no intermediary levels. Channel 1 called a direct marketing channel, has no intermediary level. It consists of a company selling directly to consumers.

### 2.9.2 Indirect marketing channel:

Indirect marketing channel is channel containing on or more intermediary levels. Channel 2 contains on intermediary level. That means a consumer market channel 2. In consumer market, this level is typically a retailer. For example, the marketer of television, camera, tires, furniture, major appliances and many other products sell their goods directly to large retailers such as wall-mart and sears, which then sell the goods to the final consumers. A channel 3 contains two intermediary levels, a wholesaler and a retailer. This channel is often used by small manufactures

of good, drugs, hardware and other products. Channel 4 contains three intermediary levels. In the meatpacking industry, for example, jobbers usually come between wholesalers and retailers. The jobber buys from wholesalers and sells to smaller retailers who generally are not served by larger wholesalers. Distribution channels with even more levels are sometimes found, but less often. From the producer's point of view, a greater number of levels mean less control and greater channel complexity.

Several types of flow connect all of the institutions in the channel. These include the physical flow of products, the flow of ownership, the payment flow, the information flow, and the promotion flow. These flows can make event channels with only one or a few levels very complex. (Principle of marketing kotler and Arm Strong eight edition P.355-356)

# CHAPTER 3

## METHODOLOGY OF THE STUDY

### 3.1 Research design

The researcher was employed descriptive study to determine the effectiveness of distribution channel of Eden business Share Company. This descriptive research helps to show the current event, as they exist and their relationship.

### 3.2 Population of the study

The target populations of the study were retailers (individuals customers and wholes sealers) living in Wolkite Town.

### 3.3 Sampling Technique

The researcher was used convenience sampling technique because it is used when availability and willingness of respondents are major factors in selecting respondents and save time, cost and effort. The numbers of company employees are 100. The researcher selected 80 from 200 retailer of the company.

### 3.4 Tools of data collection

In this study questionnaire, the data used by researcher is primary data to greater extent. (Meant for retailers and employees) interviews, observations were used to collect relevant and sufficient amount of data. However, the data required questionnaires are designed including close-ended questions. Additionally some selected persons are asked to get information, which the questionnaire failed to cover.

### 3.5 Data Analysis methods

To analysis, the data gathered the researcher employed descriptive statistics like percentage and to be presented via tabulation. For this data analysis the researcher used both quantitative and qualitative type of data that would be obtained through questionnaires. The qualitative data was collected through questionnaires for analysis of theoretical concepts, while quantitative data was analyzed by percentage, tabulation and frequency.

# CHAPTER FOUR

## DATA PRESENTATION, ANALYSIS AND INTERPERTATION

This part of the study deals with the presentation, analysis and interpretation of data obtained from Eden Business share company managers, employees, retailers and customers.

Retailers were asked more than 12 questions based on the response of retailers. Questionnaire are analyzed in order to know or to show the level of customer satisfaction.

## 4.1 Analysis of data gathered from retailers

**Table 4. 1 characteristics of respondents**

| No | Item | No | %age |
|---|---|---|---|
| 1 | Sex | | |
| | Male | 55 | 68.75% |
| | Female | 25 | 31.25% |
| | Total | 80 | 100% |
| 2 | Age | | |
| | 18-28 | 25 | 31.25% |
| | 29-37 | 45 | 56.25% |
| | 38-45 | 8 | 10% |
| | Above 46 | 2 | 2.5% |
| | Total | 80 | 100% |
| 3 | Level of education | | |
| | Below grade 8 | 7 | 8.75% |
| | Grade 10 complete | 13 | 16.25% |
| | Grade 12 complete | 20 | 25% |
| | Diploma | 33 | 41.25% |
| | First degree | 5 | 6.25% |
| | Other | 2 | 2.5% |
| | Total | 80 | 100% |

When we come to the company retailers, 55(68.75%) the respondents were male 25(31.25%) of them are females. Thus, the majority of the company retailers are males.

Age distribution of the respondents indicates that about 25(31.25%) of them are between 18-28 years. Whereas 45(56.25) are in to age groups 29-37 the 8910%) are in to the age groups of 38-45 years and2 (2.5%) above 45 years.

Out of the total respondents, 7(8.75%) are below grade 8, 13(16.25%) of them are grade 10 complete, 20(25%) are grade 12 complete, 33(41.25%) of company respondents are diploma and only 5(6.25%) of them have first degree and 2(2.5%) of other. There are to retailers having more than educational qualifications. This implies that they are unable to join callers and selling bread and other foods.

**Table 4. 2 Evaluation of channel and degree of satisfaction**

| No | Item | No | %age |
|---|---|---|---|
| 4 | Rating of retailers evaluation of Company | | |
| | Very good | 50 | 62.5% |
| | Good | 30 | 37.5% |
| | Neutral | - | - |
| | Poor | - | - |
| | Very poor | - | - |
| | Total | 80 | 100% |
| 5 | Customer degree of satisfaction | | |
| | Very good | 60 | 75% |
| | Good | 20 | 25% |
| | Neutral | - | - |
| | Poor | - | - |
| | Very poor | - | - |
| | Total | 80 | 100% |

The purpose of table above it to examine retailers evaluation of company channel, their degree of satisfaction with the channel specifically with the mode of transportations used on the part of the company and the reason they prefer the transportation made.

The Item 1 indicate that 50(62.5%) of the respondents said that the company distribution channel is very good, 30(37.5%) said good.Item2 show that out the total respondents, 60(75%) of the respondents believed that the degree of satisfaction they got the company channel was very good.

20(25%) of them said good. Most of the respondents said that the degree of their satisfaction from the company distribution channel is very good and, good, thus one can say that the channel the company uses to deliver its products satisfies the retailers.

**Table 4. 3 effectiveness and company offer other services**

| No | Item | Respondent in | |
|---|---|---|---|
| | | No | %age |
| 6 | The distribution channel of the company ineffective | | |
| | Yes | 78 | 97.5% |
| | No | 2 | 2.5% |
| | Total | 80 | 100% |
| 7 | Does the company offer Other services | | |
| | Free transportation | 15 | 18.75% |
| | Guarantee | 35 | 43.75% |
| | Timely delivery | 20 | 25% |
| | Others | 10 | 12.5% |
| | Total | 80 | 100% |

As shown on item 1 in the above table 78 (97.5%) of respondents said that the company used effective channel and only 2 (2.5%) perceived it of negatively.

In the same table item 2 indicates 35 (43.75%) of the respondents believed that the company offer uses was guarantee, 20 (25%) of them said timely, and 10 (12.5%) of them said others and 15 (18.75%) said that uses the company free transportation. Therefore, from the above table one can say the company uses effective distribution channel and offer other services.

**Table 4.4 effects of price, frequency of distribution and accessibility of the product on time and place.**

| No | Item | Respondents in | |
|---|---|---|---|
| | | No | %age |
| 8 | Frequency of distribution product | | |
| | Daily | 40 | 50% |
| | Weekly | 35 | 43.75% |
| | Monthly | 5 | 6.25% |
| | Others | - | - |
| | Total | 80 | 100% |
| 9 | Delivery of product on time | | |
| | Yes | 78 | 97.5% |
| | No | 2 | 2.5% |
| | Total | 80 | 100% |
| 10 | Price affects efficiency of distribution channel | | |
| | Yes | 65 | 81.25% |
| | No | 15 | 18.75% |
| | Total | 80 | 100% |
| 11 | Effectiveness of distribution channel of the company | | |
| | Excellent | 35 | 43.75% |
| | Good | 28 | 35% |
| | Satisfactory | 17 | 21.25% |
| | Poor | - | - |
| | Total | 80 | 100% |

Table 4.4 above describes the effect of price on distribution, additional service the company offices frequency in distributing product accessibility of the product at any place and delivery of product on time. With item 1 all of respondents 40 (50%) said that daily frequency of distributing product, item 2 indicates that 35 (43.75%) of the respondents said weekly, 5 (6.25%) of them said monthly and from item 3, 65 (81.25%) of the respondents said that the price charged on the product affects distribution channel and 15 (18.75%) of the respondents said that excellent, 28 (35%) of the respondent said that good, 17 (21.25%) of the respondent said that satisfactory.

**Table 4. 5 reasons for customers to buy from the company and special advantage of get from the company.**

| No | Item | Respondents in | |
|---|---|---|---|
| | | No | %age |
| 12 | Reasons for customers to buy from the company | | |
| | There is no other water company in Agena town | 50 | 62.5% |
| | I want quality water | 20 | 25% |
| | Timely distribution of products | 10 | 12.5% |
| | Total | 80 | 100% |
| 13 | Special advantage from company's distribution channel | | |
| | Satisfaction | 20 | 25% |
| | To generate profit | 60 | 75% |
| | Total | 80 | 100% |

As shown on item 1 in the above table 3.5, 50 (62.5%) of the respondent said that there is no other water company in Agena town, 20 (25%) of the respondent said that want to quality water product from the company and 10 (12.5%) of the respondent said that quickly distribute its product from me. The last item indicates, 20 (25%) of the respondent said that satisfaction, 60

(75%) the respondent said that to generate profit. Therefore, from the above table on can say interpret there reasons and special advantage get from the company.

## 4.2 Analyses of data obtained from the managers

In the words of the managers Eden business Share Company uses both direct and indirect channel of distribution in distributing its product to target market. The company uses direct channel because the customers are close to the company and also to provide quality product. This of course, is in good much, if not in perfect, with what was reported by the customers.

He believes that the company uses and should also continue using direct channel of distribution for this method helps the customers get the product at a price less than what it could be if indirect channel of distribution were used. The other reason that he believed direct channel is preferred to indirect one is to protect those agents who may offer other poor quality similar produce as if it was Eden water.

Responding to the questions of "what possible means of solving the problems the company faces with respect to its distribution should they it takes?" he raised the following points:

**Quality**: strengthening the quality product of the company is delivering to the target market and use of quality raw materials.

**Machine**: adding more number of quality machines that can enable mass production.

**Process**: use of short process for production.

As managers of the company said to become profitable and effective in distribution channel the company must use well trained employees, using different evaluation technique use and high quality raw materials.

To become better in its distribution than others the company uses different strategies. The following are some of the strategies; by communicating with customers through phone i.e. increasing relationship with customers, by solving customers' recommendations of distribution channel, by establishing distribution out left in different areas.

The company has not its own transportation since to deliver its product to the customers. But it had two Lories. These Lories were only used for when the company purchase raw material from different areas and transport these raw material.

According to the company's manager the following were the major challenges that influence the effectiveness of the company distribution channel. These are:

Shortage of raw materials; sometimes the company did not get raw materials when it needs. The working system was only two shifts because of this the quantity produced become low. Electric power shortage. Unable to survive in the market sometimes the company used market penetration strategies. But the strategy is not always effective.

The customers were not always satisfied form the company's distribution channel. Because sometimes there was lack of raw materials and because of this the quantity produced was low and the customers did not get the quantity they need.

The selling price affects the company's distribution channel. For example, if the price of raw materials increased the company purchased minimum amount of raw materials and produced minimum quantity. Because of this the price of the product produced was high and the volumes of products distributed were decreased.

In this part of the research, the team student researchers have tried to summarize the major finding which was obtained from the necessary data collected from primary and secondary source in the previous chapter, pertaining to the effectiveness of Eden share company distribution channel. Included also findings:

The company use both direct and indirect distribution channels for distribution its product to customers.

To become better in its distribution than others the company uses different strategies like communication with customers, saving customers recommendations and establishing distribution outlet in different areas of the country.

The channel distributes used by the company is profitable and channel attractiveness is high.

The company evaluates its channel by using different mechanisms such recommendation on the channel comparing its channel with other company's etc.… The company describes its channel objectives to customers and selection decision making. Seasonality of raw materials affects company production quality of product and customer satisfaction. The company distributes its product to customers on weekly and monthly basis. High Quality product, better, machineries are used and process company uses made it superior compared to other companies.

# CHAPTER FIVE

## CONCLUSION AND RECOMMENDATIONS

### 5.1. Conclusions

Any company has its own products including physical objects, services, events, persons, places, organization ideas or mix of entities to be profitable. The product of any company must have a very good quality.

Eden business Share Company gives much emphasis to the product quality. So their products fulfill most of the qualities required from it; the product of Water Company highly satisfies customers and the company produces its product by using modern technologies.

The distribution channel plays a key role and has a great implication in making the product available to the target market. The researcher's selected 80 retailers of the company the questionnaire designed have both open ended and close ended questions. The retailers were surveyed to get information.

Based on the findings, the factory evaluates its channel by using different mechanisms like decision with workers. This makes the company to use the most effective channels for profitability. Raw material affects the company. The company did not produce enough products and distributes few products. Because of low productivity and supply the customers are not satisfied.

### 5.2. Recommendations

Based on these research findings, the team student researches recommend the following:

The company should establish different out lets in different parts of the city to make its product accessible in different places. The company must use high quality raw materials in order to produce and distribute good quality product to customers. The company has to purchase modern machinery in order to change production process and to increase the productivity of the factory.

It is essential for the company to buy raw materials when they are available and it should preserve the raw materials in order to use when shortage of raw material is occurred and to have continues flow of raw materials in the production process. The company must have its own

transportation service to deliver its product to the customer. The company has to examine whether the distribution channel satisfies the customers from time to time. To become profitable and effective in its distribution channel the factory must use well trained employers, adding working time, conduction marketing research and providing quality products.

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# APPENDIX

## University of Wolkite

## College of business and economics

## Department of marketing management

## Dear to these questionnaire participants

This is a questionnaire prepared by 3rd year marketing management student on the title of distribution channel strategy for graduating paper. This questionnaire also helps to collect the necessary data and give the appropriate recommendation for the company. So after you read correctly please give your answer on the answer box.

N.B

- ✓ Don't write your name
- ✓ Use "X" or "✓" on the space provide
- ✓ Don't use more than one box
- ✓ Based on the given box give your appropriate answer for the question. We thanks you

1. Sex male ☐ Female ☐
2. Age 18 – 24 ☐ 32 – 38 ☐ Above 45 ☐
   25 -31 ☐ 39 – 45 ☐
3. Educational level 9 – 10 ☐ certificate ☐ degree ☐
   11 – 12 ☐ Diploma ☐ above 1st degree ☐
4. How do you rate retailer evaluation of the company?
   ☐ Very good
   ☐ Good
   ☐ Neutral
   ☐ Poor
   ☐ Very poor
5. The degree of customer satisfaction is?
   ☐ Very good

☐ Good

☐ Neutral

☐ Poor

☐ Very poor

6. Do you think the distribution channel of company is ineffective?

   ☐ Yes

   ☐ No

7. Does company offer other service free transportation?

   ☐ Guarantee

   ☐ Timely delivery

   ☐ Others

8. Frequency of distribution of product is?

   ☐ Daily

   ☐ Weekly

   ☐ Monthly

   ☐ Others

9. Do you think delivery of product is on time?

   ☐ Yes

   ☐ No

10. Do you believe price affect the efficiency of distribution channel?

    ☐ Yes

    ☐ No

11. What is the degree of company in effectiveness of distribution channel?

    ☐ Excellent

    ☐ Good

    ☐ Satisfactory

    ☐ Poor

12. What is the reason customers choose your company?

    ☐ There is no other factory

    ☐ Need of quality product

☐ Timely distribution

13. What is the special advantage from company distribution channel?

☐ Satisfaction

☐ To generate profit

- **Interview questions to be replied by the managers of Eden Business Share Company**

1. What is the distribution strategy of you company?
2. What are the factors that affect your company distribution channel?
3. How do you evaluate the effectiveness and efficiency of your distribution strategy?