



ST. MARY'S UNIVERSITY COLLEGE
SCHOOL OF GRADUATE STUDIES

**ASSESSING THE IMPLICATION OF INTERMEDIARIES OF
ETHO TELECOM PRODUCTS IN ADDIS ABABA ZONES.**

BY
KASSAHUN LEGESSE

JANUARY, 2017
ADDIS ABABA

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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY
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ADDIS ABABA

**ST.MARY'S UNIVERSITY COLLEGE
SCHOOL OF GRADUATE STUDI
DEPARTMENT OF GENERAL, MBA**

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DECLARATION

I the undersigned, declares that this thesis is my original work, prepared under the guidance of Asst. Professor TirunehLegesse. All sources of material used for the thesis have been duly acknowledged. I further confirms that the thesis has not been submitted either in part or in full to any other higher learning institutions for the purpose of earning any degree.

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ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate studies for examination with my approval as a university advisor.

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January, 2017

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Acronyms

ET	Ethio telecom
SAAZ	South Addis Ababa Zone
SWAAZ	South West Addis Ababa Zone
WAAZ	West Addis Ababa Zone
NAAZ	North Addis Ababa Zone
EAAZ	East Addis Ababa Zone
CAAZ	Central Addis Ababa Zone
POS	Point of Sales
DC	Direct channel
CAF	Client Acquisition/Agreement form
SIM	Subscriber Identification Module
VC	Voucher card
EPS	Ethiopian postal service Enterprise
CHD	Channel Design
RCD	Residential sales Division
A.A	Addis Ababa
GSM	Global system mobile communication

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Abstract

Despite its impressive revenue contribution, the intermediaries channel of Ethio Telecom in Addis Ababa is full of administrative problems. The intermediaries distribution channel distributes mainly two products such as physical voucher card and SIM. In this intermediaries channel distribution the company on the one hand employs local distributors which are required to sell within their respective zone/region territory only and on the other hand national distributors which are free to circulate the products anywhere in Addis Ababa Zones as well as the nation-wide. The objective of this research is therefore to evaluate the best way of the current intermediaries channel of ethio telecom and recommend an optimal channel structure alternative. Accordingly, This study was conducted using descriptive research design by the techniques mainly 5 point likert scale questionnaires were distributed to three channel stakeholders namely Ethio Telecom staffs, distributors and retailers in Addis Ababa. 53 respondents of Ethio telecom employees are selected purposively to determine the sample size. In a nutshell, performance of the intermediaries distribution channel based on the primary data is poor qualitatively. The major poor performance areas are root terms of the distribution agreement (such as door to door distribution, territory confined distribution of the products) are not implemented, and Channel stakeholders indicated that it is impossible and not feasible to control territory confined distribution of Ethio telecom's products. It is impossible to avoid territory breach. Some retailers purchase Ethio telecom's products not from distributors in their territory which is a best prove of uncontrollability of the policy of territory limited distribution. Consequently, the researcher proposed/recommended alternative and optimal distribution channel design. The recommendation is that ethio telecom needs to waive the concept of territory limited distribution and employ few mega national distributors at upstream channel level parallel to the undifferentiated nature of Addis Ababa Zones market. The national distributors would organize themselves in all regional/zonal branch offices parallel to organizational structure of ethio telecom in Addis Ababa. Candidate distributors for this proposal are Ethiopian Posta Service Enterprise and Hidassie Telecom Share Company. These two candidate and strategic business partners of ethio telecom have more than ninety eight sales outlets together throughout Addis Ababa.

Key words: *intermediaries channel, national distributors, Local distributors*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Formulating and implementing improved distribution strategies are keys to success, in terms of maximizing sales and profit for product focused companies unfortunately many of these company often fail to establish or maintain the most effective distribution strategy, which in most cases militate against their business fortune. Several companies are unsatisfied with the distribution of their products and services. Among the marketing 4P's: (products; place/distribution channels; price; promotions/communications) distribution channels are important sources of competitive advantage, since in the other Ps, for example products, the rate of technology transfer between companies all over the world and global competition make new products and attributes available for competitors to imitate. Distribution builds stable competitive advantages, since marketing channels have a long run character and to build them it is necessary to have a consistent structure; and due also to the fact that they are focused on people and relationships (Stern et al., 1996; Rosenbloom, 1999; Berman, 1996; Neves, 2000).

Though the current market phenomena are dominated by ethio telecom and hence there is room for competitive environment, the company needs to have an effective distribution channel for two main reasons. The first reason is that the company needs to adopt customer relationship marketing perspective to serve its downstream channel members including the end customers effectively so that negative company image and associations would not be built. The second reason is that channel members and the end users will not shift business relationship to potential competitors when the market will be open for competition in the future.

It cannot be said that Ethio telecom in current distribution channels have performed to the level that meets industry and stakeholders' expectations because there are many chaos in the channels, especially in the intermediaries' channel, as the researcher's experience in ethio

telecom in Addis Ababa intermediaries channel can serve as an unproven and mere clue about the channels' in efficiency .

This current paper evaluates of improves intermediaries distribution channel of Ethio telecom

1.2 Statement of the Problem

Despite its impressive revenue contribution. The intermediaries channel of Ethio telecom is full of administrative problems. The root cause of the channel design problem seems to be an inherent understanding gap with the architects of the channels (France telecom) about the Addis Ababa market situation and prior distribution experiences. The prior non-territory limited distribution experience was already deeply adopted by players of the market such as the sub-distributors which already long established their own distribution networks under them especially for physical voucher card and SIM distribution. These sub-distributors have already had the power to distort functionality of the newly launched distribution channels of Ethio telecom for the new distribution channel had not taken them into consideration as stakeholders and snatched their business which had long been delivering them lucrative profit without being seen by tax authority of the land. There are inter-conflicts in the intermediaries channel (price cut and territory violations targeting increased sales volumes because the higher the sales volume the higher the commission is).

Ethio telecom on one hand employs local distributors which are required to sell within their respective zone/region territory only and on the other hand national distributors which are free to circulate the products anywhere in the country. The local distributors have low bargaining power because local retailers can turn to the national distributors or to other local distributors in other territories for minor benefits. In the first place, it is very difficult for distributors to trace and control where the products may be taken to once issued to retailers. What the distributors can do is selling to retailers under their territory. The retailers might transfer the products to other territories where their territory specific distributor is not assigned to without its knowledge. However, it is only the distributor, not the retailer, which would be penalized if the products are discovered in the territory of other distributors through secret shopping. In addition, the local distributors face difficulty in retaining retailers because retailers have no threat of control and they always bargain for discount and

look for distributors intending to discount for catching up the predetermined monthly sales targets. This results in frustration of other distributors' losing their own retailers because it means they can't meet sales targets upon which their commission is based. There is too much territory breach and price violation (price cut to attract more retailers). When the distributors forecast that their sales figures are short of monthly time lapses, they start to cut price not to lose their whole commission. Such price cut at one corner of the city is sensed throughout. As a result all distributors and Ethio telecom staffs assigned in the channel are currently unhappy of the fruitless challenge. There is a lot of frustration from both sides. The partnership is a kind of perfect transactional rather than strategic.

Customer service in the contemporary challenging business climate demands meeting needs of both internal and external customers far more than by merely offering product and service package. Improved customer service cannot be expected without having an effective distribution channel in place where all channel members and stakeholder staffs are satisfied.

The research problem is that they are not used improved distribution strategy has led to poor satisfaction with both internal and external customers. The external customers (channel members) are experiencing stiff channel conflicts. The internal customers (staffs working on the channels) are facing management problems emanating from the nature of the channel design itself and they will dissatisfied in their job. The purpose of this study to evaluate the best way of the current intermediaries channel of ethio telecom and recommended on optimal channel structure alternatives. The previous distribution experience was not limited territory where as the new channel design has been limited .Source Telecom internal.dc

1.3 Research Questions

Based on the above problem and gabs identified the studies try to answer these questions.

- 1 .What are the business relationship between ethio telecom and the six zonal/regional strategic or transactional partnership
2. To what extent do staffs of Ethio telecom assigned in the intermediaries distribution channel satisfied in their job and effectiveness, cost efficient?
- 3.What are causes ofCAF/ customers' affiliation form/ collection problem?
4. Is there territory breach in distribution of Ethio telecom products and control? If not why?

5. How many channel members and levels are better for Ethio telecom ?

1.4 Objective of the study

The main objective of this study is to assessing the implication of intermediaries of Ethio telecom products in Addis Ababa zones.

The specific objectives are:

- 1 .To determines channel members' level of commitment in the intermediaries' distribution channel.
- 2 .To assess the streams line of Ethio telecom distribution system.
3. To evaluate why root terms of the intermediaries agreement were not implemented and control territory confined distribution of Ethio telecom products.
4. To evaluate if Ethio telecom adopted the right intermediaries channel structure (length, breadth and Depth)
5. To evaluate level of service provided by distributors (Channel members).

1.5 Significance of the study

The research would be as a bench mark for beneficial for both business practitioners and scholar. First, significance of this study is for the company consideration i.e. Ethio telecom ToEthio telecom .

Though this research is an academic thesis, the researcher's interest is to contribute attempt to solve channel design and administration problems. From this research in the first place to get rid of the horizontal as well as vertical channel conflicts, to meet the company's ambitious goals, to satisfy its customers and to build the company's brand image and protect the image form negative associations.

To scholars interested to further inquire on the subject to educational institutions. Other academicians can also make use of this distribution channel research endeavour for other related inquires. The study can also help as a stepping stone for those who would like to carry out further exploration in the area of marketing channels for other companies and also for the company under study as internal polices and business environments change.

1.6 Scope of the study

The study assesses performance of intermediary distribution channel of Ethio telecom. Headquarter and Addis Ababa zones. (WAAZ,CAAZ,SAAZ,NAAZ,EAAZ and SWAAZ)

The study does not incorporate Enterprise Division sales outlets because it is more of a retail business mainly focusing on providing retail sales and after sales services to key enterprise customers than mass distribution business like residential sales division.

Table 2.1: Summary of Ethio telecom Addis Ababa regional/zonal offices and respective distributors' assignment:

Zone	Number of Distributors	Distributors (Company)
Corporate	2	Ethiopian Postal Service
		Hidassie Telecom Comp.
WAAZ	2	Get-As-International
		Dire Industries PLC
CAAZ	1	Hikma PLC
SAAZ	1	Admastel S/C
NAAZ	4	Glorious PLC
		Nebula Engineering
		Haron Computer
		Danko
EAAZ	3	Hantad PLC
		Asbek Engineering and Commerce PLC
		Commercial plc.
SWAAZ	2	Metro PLC
		Genet Edeyu
Total	15	

Sources: Ethio telecom internal Documents

1.7 Limitation of the study

The study sample size on Ethio telecom intermediaries staffs and distributors is the prime limitation of this study.

The study topic is vast and would have been good if sufficient time had been available to exhaustively harbour from many different dimensions. Delays in collecting all

questionnaires distributed to sample population added to a problem coming from time constraint and this was among the reason for not increasing sample size of the study. Financial limitation is also a reason to reduce sample size of the study.

The last but not the least, some relevant documents such as audit reports were made inaccessible by respective Ethio telecom executives for privacy and other reasons.

1.8. Organization of the Research

The research paper is organized in five chapters. The first chapter deals with introduction of the research project. The second chapter covers literature reviews related to **distribution channel design, management, and performance evaluation**. Research methodology is covered in chapter three. In the fourth chapter the secondary data and the primary data gathered by questionnaire are organized, analysed and interpreted. The fifth chapter is dedicated to conclusions of the study and recommendation of better distribution channel based on distribution channel design literatures presented in chapter two and in line with corporate objectives, channel objectives, channel harmony, business and regulatory environment, market background, customer tastes and manageability.

1.9 Definitions of operational terms:

Distributors – are mega distribution intermediaries hired by ethio telecom at level one which deal directly with ethio telecom.

Sub-distributors – are distribution intermediaries who engage in wholesales by taking ethio telecom products from the distributors to retailers.

Retailers - are distribution intermediaries who engage in retail sales to end users by taking ethio telecom products from the distributors or sub-distributors.

Intermediaries distribution channel-A chain of Middlemen distribution through which a product moves in order to be made available for purchase by a consumer.

CHAPTER TWO

LITERATURE REVIEW

Introduction

The number, type and reach of possible channels through which a customer can interact with an organization have increased rapidly over the last decade to include the internet, smart phones and a host of social media options. Distribution Channels have become the most important component of marketing today and are receiving increased attention. Channels not only add value to products and services, but also create customer and shareholder value, brand equity and market presence for a company. For most service organizations, consumer marketing and industrial marketing firms, the distribution channel, or inter organizational network of institutions, comprising of agents, wholesalers, distributors, and retailers (Gorchels et al. 2004, Pelton et al. 2002, Lambart et al. 1998) play a significant role in the flow of goods from producers to consumers. According to Cespedes (2006), demand generation, inventory storage, distribution of goods, providing credit to buyers, after sales service, product modification and maintenance are some of the functions that a channel performs. When competition increases few leading companies remain, who then become very competitive and offer high quality products.

This section of the research touches three bodies of knowledge relevant to the study namely distribution channel design, channel management and channel performance evaluation in brief in two main sections namely theoretical and empirical literatures.

2.1 Theoretical literature reviews

Intermediaries are chain of middlemen channels through which a product moves in order to be made available for purchase by a consumer. An intermediaries channel of distribution typically involves a product passing through additional steps as it moves from the manufacturing business via distributors to wholesalers and then retail stores.

Normally goods and services pass through several hands before they come to the hands of the consumer for use. But in some cases producers sell goods and services directly to the consumers without involving any middlemen in between them, which can be called as direct channel. So there are two types of channels, one direct channel and the other, intermediaries' channel.

The mix of direct vs. intermediaries' channels used by many companies has changed significantly over the past 10 years. Direct channels are critical routes into the marketplace, but diminishing economic returns often require a company to add intermediaries' channels to their go-to-market strategy at some point. The experience of many organizations over the past several years demonstrates that intermediaries' channels can be critical to expanding market coverage. This has been particularly true in the electronics, communications and high tech sectors. This change in the channel mix—to include both direct and intermediaries' channels—has enabled companies to better target customers and expand into new markets. (Global Technology Distribution Council, September, 2008)

However, while more companies have incorporated intermediaries' channels into their sales approaches, the success of these programs can vary significantly. To build Channel an intermediary's channel that boosts revenue and ultimately enables high performance, a company must select the right channels partners, bring them on board in the right way, and manage their performance closely.

2.1.1 Distribution Channel design literatures

Marketing channels decision need to evaluate every aspect connected with the design of marketing channel. Thus an enterprise, in planning its marketing complex, must pay considerable attention to the decisions of product distribution (Rasa Gudonaviciene& Sonata Alijosiene, 2008).

Strategic decisions in the field of distribution policy are of two kinds:

Design of distribution systems

This part of the channel strategic decision involves design Vertical distribution channel structure (direct vs. intermediaries' distribution) and Horizontal distribution channel structure (Number and kind of intermediaries per level).

Engagement of intermediaries

The engagement part of distribution channel strategic decision involves two main activities namely: Selection and Steering/motivation.

2.1.1.1. Channel Structure

One can account for the variations in channel structure in terms of the number of levels and extent of specialization of functions or flows in the following determinants:

Channels as a network of systems: A channel can be viewed as a system because of the interdependency; it is a system of interrelated and interdependent components engaged in producing an output.

Service outputs as determinants of channel structure: Other things being equal (especially price), end-users will prefer to deal with a marketing channel that provides a higher level of service outputs.

Marketing cost as determinant of channel structure: Each marketing flow may have to be thought to have a differently shaped cost curve, which may include increasing, decreasing, or constant returns.

Other determinants are technological, cultural, physical, social, and political factors: **Geography**, size of market area, location of production centres, and concentration of population, among other physical factors, also play important roles in determining the structure of channels.

According to wikipedia, on the other hand, important factors affecting the choice of channels of distribution by the manufacturer are **considerations related to product, market, manufacturer/company, government** and **other factors** such as cost, availability and possibilities of sales.

As stated above channel structure can be seen in two ways namely vertical and horizontal structures (Stern et al (2001)).

Vertical structure - vertical structure refers to number of sales levels i.e. length of channel. Vertical structure of a channel can be zero level (direct sales), two level, three level, and so on.

Horizontal Structure – horizontal structure refers to breadth and depth of a distribution channel. Channel Breadth (intensity): This refers to number of intermediaries per level. A distribution channel can have a form of universal distribution, selective distribution, exclusive distribution or sole distribution at a level. Channel Depth: This refers to types of

intermediaries per level. Specialty shop, Discounter, and etc at a level are examples of intermediary types (channel depth).

Universal distribution/ Intensive distribution - It is a multi-channel approach which is about using two or more different channels to distribute goods and services, to distribute from as many outlets as possible to provide location convenience and to serve wider reach. Selective distribution: It involves appointing several but not all retailers which is characterized in better control and better reach. Whereas Exclusive distribution: It is about limiting the distribution to only one intermediary in the territory

Channel Design Decisions and models

Channel design refers to the decisions that are taken by the organization to form a new distribution channel or secondly the decisions taken to change an existing distribution channel.

Review of existing literature reveals five main models (sequence of steps) of planning distribution channels namely

Model of Stern et al., 1996;

Model of Resenbloom, 1999;

Model of Berman, 1996; Kotler, 2000 and

Model of Marcos Fava Neves, 2001).

Model of Stern et al., 1996;

The consumer in the central focus, starting from the consumer, the model progresses in setting the company's distribution system always trying to put it as near as possible to the consumers' desires.

In brief the steps of this model can be summarized as:

- Review existing materials and research on channels.
- Understand current distribution system.
- Conduct existing channel workshops/interviews.
- Conduct competitor channel analysis.
- Assess near term opportunities in existing channels
- Develop a near term plan of attack.

Model of Rosenbloom, 1999;

Rosenbloom (1999) has his model cantered on inserting the distribution channel in the general strategy of the company, presenting, formally, a preceding step about the role of distribution in the objectives and strategies, being the most dedicated model to integrate strategic planning of the company and its distribution channels.

- The steps of this model can be presented in brief as:
- The role of distribution in overall objectives and strategies
- Role of distribution in marketing mix
- Designing marketing channels
- Selecting marketing channels
- Managing the channel
- Evaluating channel member performance

Model of Berman, 1996;

The model of Berman (1996), despite having fewer steps than the others, is very detailed within the proposals, giving lists of factors to be used in the analysis of each item, models of questionnaires to be applied.

In other words, it facilitates work of companies by giving ready-made models to be adapted by them.

The steps of this model can be presented in nutshell as:

- Determining channel objectives
- Assessing channel width and depth and types of intermediaries requirements.
- Evaluating market, product, company, and intermediary factors that affect channel length.
- Allocating channel tasks among channel members
- Selection of specific channel re-sellers
- Revising channel arrangements.

Model of Kotler, 2000

The model of Kotler (2000) like that of Stern et al focuses on the consumer as the starting point but it is simpler in terms of steps.

In nutshell the steps of this model can be presented as:

- Analysis of production and services demanded by clients
- Establish objectives and restrictions from the channels
- Identify the main channel options
- Evaluate the main channel options

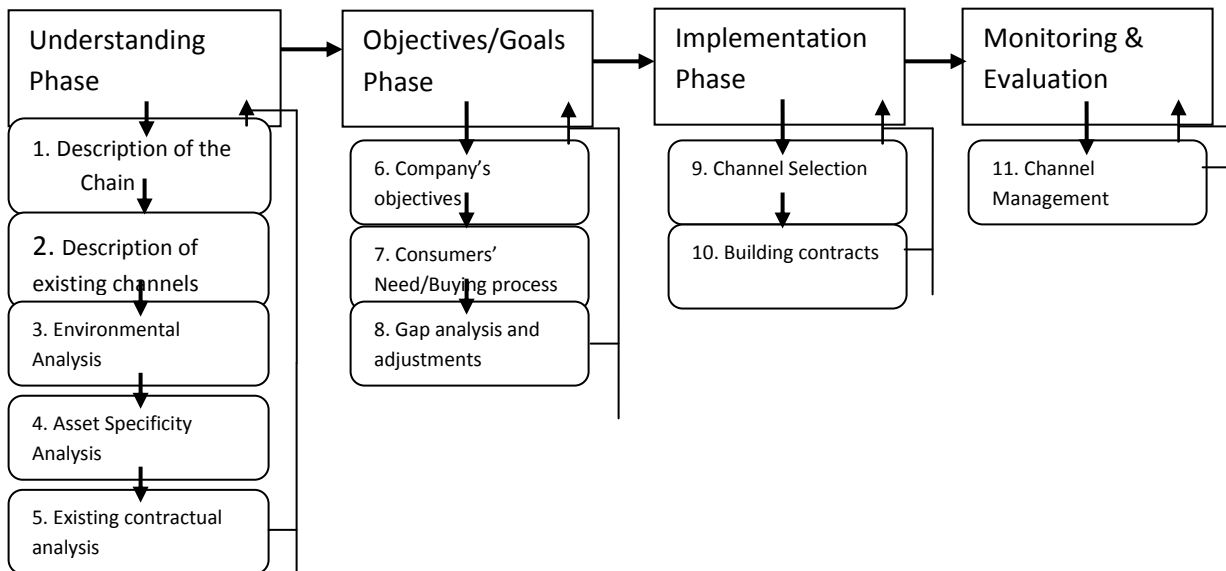
Model of Marcos Fava Neves, Peter Zuurbier & Marcos Cortez Campomar, 2001

The concepts linked to transaction cost economies (TCE) are not formally treated on the above four models. In this model a sequence of steps is outlined in which some tools from the transaction cost economies are added to the distribution channels planning model.

The sequence of steps is more complete than other models in the literature because it was elaborated after careful study of the four other models, combining more parts and adding extra steps. The model adds a step of power analysis, to help in the steps of building contracts, asset specificity analysis and others.

The sequence of steps of this model starts with an understanding phase. The steps of the model are presented diagrammatically as follows:

Figure 2.1 Distribution channel



Source (Marcos Fava Neves, Peter Zuurbier, Marcos Cortez Campomar, (2001))

2.2.2 . Distribution Channel management

Channel Behavior – Wikipedia (referenced at the end) states that a channel is characterized by **Channel Captain** which is a dominant and controlling member of a marketing channel & **Channel Conflict** it is a state of opposition, or discord, among the organizations comprising a marketing channel.

When Conflict Is Desirable?

Conflict is usually thought to be dysfunctional, to hurt a relationship's coordination and performance. Although this is generally true, opposition actually makes a relationship better on certain occasions. Indeed, a certain amount of conflict is even a desirable state. This is functional (useful) conflict.

Achieving Channel Cooperation

Success Strategies in Channel Management involves managing conflict to increase channel coordination Channel Cooperation, achieved via effective cooperation among channel members, is the desired antidote to channel conflict, it is best achieved when all channel members regard themselves as components of the same organization.

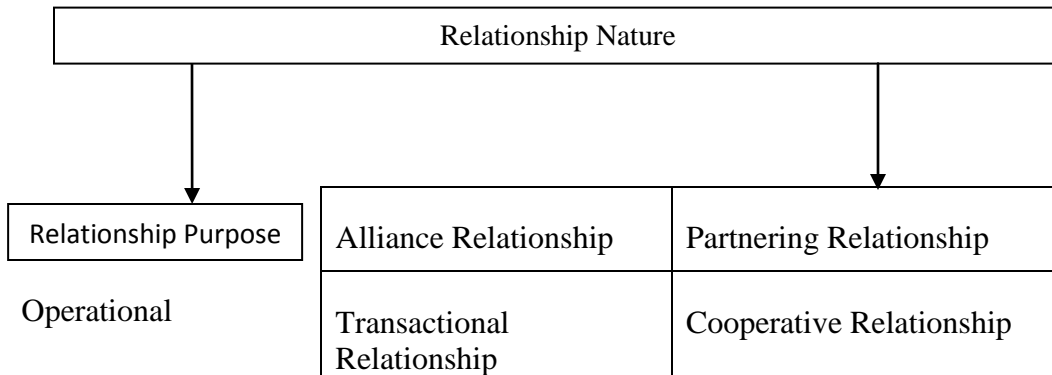
2.2.2.1 Channel Relationships: from Transactions to Partnerships and Strategic Alliances

Stern et al (2001) stated that in every marketing channel, the members that do business together have some kind of working relationships. The relationship can be harmonious, acrimonious, misunderstood, or mismanaged.

Harmonious channel relationships require similar goals for channel members regarding the various aspects of the relationship as well as process convergence, that is, how to achieve effectiveness and efficiency in the process of delivering service outputs required by end-users. On the extreme ends on the continuum of these relationships, there are ad hoc operationally oriented transactional relationships on one side and ongoing strategic partnering relationships on the other.

Transactional relationships occur when the customer and supplier focus on the timely exchange of basic products for highly competitive prices. Partnerships occur through extensive social, economic service and technical ties over time. The intent in a strategic partnership is to lower total costs and /or increase value for the channel, thereby achieving mutual benefit.

Figure:2 channel relationship



Source: Stern et al (2001)

According to Stern et al (2001) strategic alliances and partnerships require:

Recognition of the interdependence of channel members,

Close cooperation between channel members,

Careful specification of the roles and functions, that is, joint rights and responsibilities each play in the marketing channel,

Coordinated effort focused on a common goal (s), and

Trust and communication between channel members.

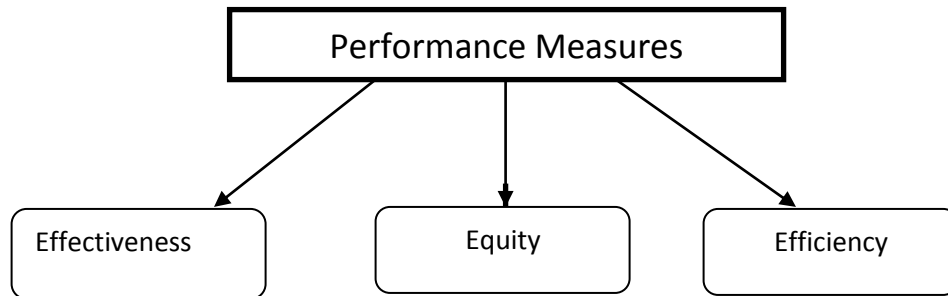
Channel relations look into developing long term positive interactions between the company and the channel members. It offers numerous chances to improve revenue and profitability. This focuses on the need for effective channel management. Channel management includes key decisions such as 1) Designing marketing channels, 2) Selecting channel members 3) Motivating and communicating with channel members, 4) Evaluating channel performance (Mehta, 2000, Kotler, 1999).

2.2.3 Evaluation of distribution channel performance

Performance may be defined as ‘the sum of all processes that will lead managers to taking appropriate actions in the present that will create a *performing* organisation in the future. The channel management process is not complete without assessment of the performance of the institutions and the channel structures in which they have been housed (Louis W. Stern and Adel I. El-Ansary, 1982).

According to Stern et al (2001) channel performance is a multidimensional concept and performance of marketing channels and institutions thereof can be assessed by considering a number of dimensions including **effectiveness, equity, efficiency (productivity and profitability)**.

Figure:3 channel performance



Source: Stern et al (2001)

While channel efficiency emphasizes **controlling costs** incurred by intermediaries while performing channel functions. Channel effectiveness deals with the intermediary's **proficiency in satisfying** customer needs and channel equity measures the **distribution of accessibility** of the channel among customers.

2.2.3.1 Approaches of measuring channel performance

There are two approaches to measuring channel performance: Macro or societal perspective and Micro or managerial perspective

While performance at a macro-level is evaluated through **societal contributions** of intermediaries, a micro- level evaluation involves assessing the **performance of individual**

intermediaries in terms of achieving the manufacturer's **objectives** of goal attainment, integration, adaptation and pattern maintenance. The performance of intermediaries is measured on **three scales**, namely **facet, global and composite scales**.

Macro or societal perspective

This perspective tries to answer the following questions: Does distribution cost too much? And Are there people who are disadvantaged by the current distribution system? (Inner city & rural areas).

Effectiveness – A goal oriented measure of how well did the commercial channel sector or any of its members meet the demand for service outputs placed on it by the consumption sector.

Equity: It is the extent to which marketing channel serves problem ridden markets and market segments, such as disadvantaged, immobile consumers or geographically isolated consumers.

Efficiency:

Productivity: it is a measure of efficiency in using inputs, e.g., labour & capital, to generate outputs, e.g., sales volume, gross margins & value added.

Profitability: Is the a general measure of the financial efficiency of channel members, i.e. return on investment, liquidity, leverage, growth patterns in sales and profits, and growth potential in sales and profits.

B) Micro or managerial perspective

C) Question here focus on profitability & cost relative to figure out

Which channel members are solid to run?

Which channel seems to produce highest returns?

Which suppliers/intermediaries will help the firm generate the greatest end user satisfaction?

Which of the marketing flows is best performed by specific channel member?

2.3 Empirical literature reviews

Overview of Ethio telecom distribution channels

Parallel to its ambitious goals, Ethio telecom has designed its distribution channels in three forms namely direct, intermediaries and alternative channels.

Roles of the three channels:

Intermediaries channel to cover the mass market (through retail outlets).

Organized channel to operate through own channel, catering mainly to high end market (Gas stations, banks) across the country.

Alternative channel to reach specific segments, mainly in the regional or rural area (MFI, Cooperatives...).

Though the channels were conceptually designed in these forms with the roles & objectives, the operational existence seems divergent from what was planned, many unresolved administrative problems and channel conflicts (horizontal and vertical) embedded within and among them.

Intermediaries Channel

The most important channel in terms of revenue contribution is the Intermediaries Distribution Channel which generates around 67% of the company's total revenue out of these 26.4% of the revenue covered from A.A distributors and more than 80% of its domestic sales volume.

The intermediaries distribution channel comprises of 38 local mega distributors out of these 15 in Addis Ababa. (as of July 1st, 2015) assigned under the 6 zone offices in Addis Ababa and 8 regional offices in region which means totally 14 zones of the company throughout the country and two national distributors which sell directly to retailers (shoppers).

Specifically speaking the design general look and distribution guidelines of the intermediaries channel are as follows as per internal documents of Ethio telecom:

Brief channel design look of intermediary.

The country will be structured into zones/regions, Addis Ababa divided in to six zones. Every zone will have 2-9 distributors supplying retailers with SIM and recharge cards

.Recharge POS will sell Ethio Telecom vouchers and e-recharge , Certified retailers will sell SIM cards and may over time sell a bigger part of Ethio Telecoms portfolio (fixed line, internet)

Major distribution guidelines:

Distributors have to sell Ethio telecom products/services to sub distributors under its assigned respective territory of Addis Ababa zones. The distributor is responsible for a territory, not exclusive .Fixed price across the city/country. It shall strictly stick to the distribution prices agreed upon in the agreement.

Distributors shall ensure that its staffs are correctly using Ethio telecom software's & Templates/Forms, and required data are entered into the CAF & subscriber signed on it. And provide training to staffs of its retailers outlets/agents. Distributor's staffs & retailers staffs display honest, transparent & friendly attitude towards existing and all potential customers. Having sufficient stock of all Ethio telecom products in the whole distribution in Addis Ababa zones chain throughout a two weeks business making orders at the beginning and mid of each month for the next 15 days. (Order = (Target + 25% of Target)/2).Providing all reports required in the agreement (daily, weekly & Monthly).

Distribution -Objectives

- Ensure availability across the country, in most efficient way
- Achieve sales and revenue objectives complying with legal requirements
- Brand visibility and product availability across the territory
- Customer education
- Being close to the end user

2.3.2 Missions and deliverables of Intermediaries channels Department

Mission: Ensure budgeted sales and revenue from Mobile SIM Cards and voucher cards by planning, developing and implementing distribution channels.

Activities

- Define Ethio Telecoms sales objectives and strategies.

- Develop a yearly sales budget and deliver the budgeted results (customers, revenue) total and per region.
- Ensure customer information and corporate KPIs supporting planning and performance assessment.
- Develop and manage intermediary's distribution channels and ensure the required training of employees in distribution channels.
- Implement sales activities ensuring the committed sales targets.
- Ensure the customer satisfaction objectives related to sales elements.

Sales Strategies

Mass Distribution - ensuring Ethio telecom presence everywhere in the country

Implement a new intermediary's channel distributor concept.

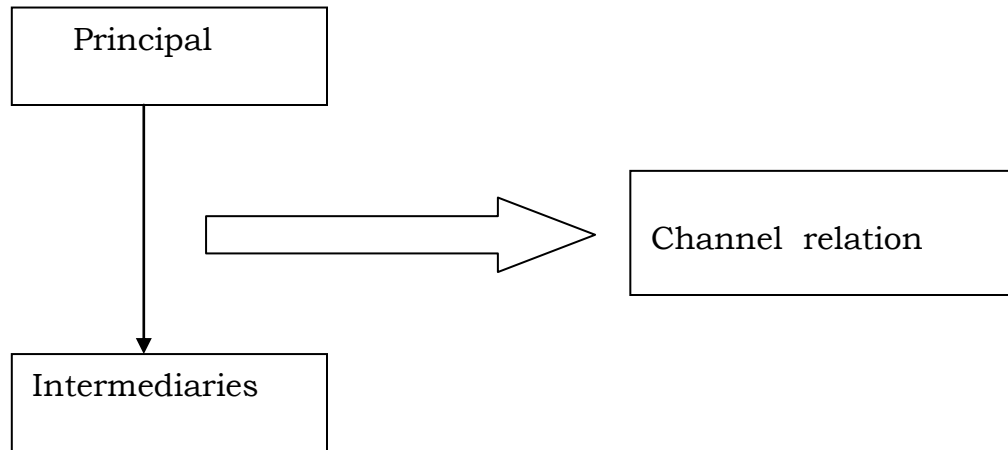
Increase intermediaries channels to 3,000 certified retailers selling GSM SIMs

Increase recharge POS to 75,000 And Implement e-recharge/e-top up

2.4 The Conceptual Frame work of the study

This basic objective of this study is to investigate the effective of channel design of ethio telecom based on Quality in consumer satisfaction. The research model for this research is given in figure 1 below this model developed by (France telecom at 2010) Based on the review of the literature the following conceptual model about intermediaries channel is design developed from this review of the literature and establishes the interrelationship among the stockholders (factors deemed to be integral the dynamics of answering the research question. Successful design implementation requires exhaustive understanding of the channel management and employee of the company about intermediaries channel design.)

Figure: 4 Conceptual Framework of Ethio telecom Intermediaries Distribution Channel



Source: own 2016

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. Type of Research Design

Research design is the overall plan for connecting the conceptual research problems to the pertinent empirical research. The ultimate goal of any research is problem solving. This decision is also in recognition of the belief that government's investment on teaching should target national and domestic companies' problems so that the nation and society would benefit from it.

From the perspective of specific objectives, the study used a descriptive research design. It aims to describe, contrast and analyze the problem identified. The research tries to look at channel objectives, expectations, agreements, channel structures & performances, in order to describe, compare, contrast, analyze and interpret based on existing body of knowledge and experiences acquired by the researcher.

3.2 Population, Sample Size and Sampling Techniques

3.2.1 Target Population

The total target population for the study is five hundred sixty eight, of which fifteen are mega distributors, four hundred are sub-distributors & retailers, the rest are staffs of ethio telecom working in the intermediaries distribution channel. The study covered fifteen mega distributors, the two national distributors, ten sub-distributors, ninety one retailers, ten intermediaries managers and forty three Coordinators working on the intermediaries in Addis Ababa.

Table 3.1 population and sampling

	Population	Sample
1	Mega distributors(60)	42
2	Ethio telecom coordinators (108)	53
3	Sub distributors(400)	101

3.2.2 Sampling Designs and Sampling procedures

Since the population groups from which samples were selected are heterogeneous and different channel members, only(non-probability) purposive sampling technique was employed and generally applied in order to obtain representative data. Moreover, Stratification method was adopted to address all strata stakeholders to make the inferences representative of the actual situation that is all channel members from downstream (retailers) to upstream (mega distributors) and ethio telecom residential sales teams in Addis Ababa.

3.3. Types of Data and methods of collection

Both primary and secondary data are used for the study. In the same way, quantitative and qualitative data were also used. Primary data were mainly collected through questionnaires.

3.3.1 Primary data

The study used primary data collection methodologies, particularly survey method. The survey was conducted by using a questionnaire having a set of closed ended questions. This form was mainly designed to be filled by ethio-telecom members, distributors and retailers.

3.3.2 Secondary data

The secondary data, related to telecom distribution channel and general literature, such as earlier researches, books, articles, and website of ethio telecom are used for this research project. In addition that, guidelines, policies, plans, and other relevant materials such as

sales performance reports are referred to and exploited to deliver a fruitful and genuine study.

3.3.3 Reliability

In this research cronbache’s alpha of reliability test was used to preliminary data were collected from a sample of fifteen respondents for the three respondent groups i.e. ethio telecom staffs, distributors and retailers in Consistency of the data gathered by the questionnaires was tested by submitting cronbache’s alpha.

Reliability values for the three sample respondent groups on the preliminary questionnaire were 0.784, 0.698 and 0.725 ethio telecom staffs, distributors and retailers respectively which are good. The questionnaires were distributed to seventy, sixty four and one hundred fifty respondent groups of ethio telecom staffs, distributors and retailers respectively. From these target respondents fifty three, forty two and one hundred one responses were collected from ethio telecom staffs, distributors and retailers respectively. So, the response rate is 76%, 66% and 68% for ethio telecom staffs, distributors and retailers respectively. Cronbache alpha values of the main questionnaires were also tested and the tools are found to be very good. Cronbache alpha value for these three respondent groups from the main questionnaire data is summarized below.

Respondent Groups	Cronbach's Alpha values	Number of items	Comment of reliability
Staffs	.976	23	Very good/reliable
Distributors	.977	20	Very good/reliable
Retailers	.975	22	Very good/reliable

On the other hand the questionnaire for retailers was developed in English and converted to Amharic.

To check similarity between the Amharic and English versions, the Amharic version was translated back to English.

3.4 Method of Data analysis

The researcher purpose different methods of analysis while carrying out studies depending on the nature of the data / information .regarding this research descriptive statistics was applied. In this case using frequency & percentage in tabular form. The data gathering through questionnaires were analyzed and presented in same manner using SPSS version 20 software .

3.5 Ethical Considerations

The information /data obtained from any source was for the exclusively use of this study. It cannot be disclosed to any party & rather kept confidential .The right of respondents or other data provides are respected.

CHAPTER FOUR

RESULT AND DISCUSSION

This chapter focus on the presentation analysis and implementation of the data collected from Ethio telecoms intermediaries' channel (staff, distributors and retailers). It is to find appropriate answer to the basic questions raised at the beginning of the study to this effective the necessary data for the study were collected by using instruments like questioners. The respondent involve in this study were different groups. The researcher believe that the respondents are direct and intermediaries stakeholders and as the result they were considered to be relevant as main source of information or the study. Two methods were used in collection the data for the study primary and secondary the basic rational of using this different data gathering methods is mainly to obtain clear information so as to improve the validity of the information for interpretation.

4.1. Data analysis Related to the Study

4.1.1. Demographics Of Respondent Groups Included In The Survey.

Table 4.1: Positions of Ethio telecom staffs included in the survey

Percent		
Intermediaries Manager & specialists	12	22.6
Coordinator	40	75.5
Clerical staff	1	1.9
Total sample size	53	100.0

Source: own survey 2016

The data collected from ethio telecom staffs using questionnaire is very representative as all staff stakeholders in the intermediaries channel are included proportionately. POS Coordinators are the largest staffs in the channel.

Table 4.2: Distributors’ territory of assignment

	Frequency	Percent
Local intermediaries	28	66.7
National intermediaries	14	33.3
Total	42	100.0

Source: Own survey 2016

Numbers of zonal, and national distributors included in the target respondents are thirteen and two respectively. The data was collected from the two national distributors, zonal distributors

Table 4.3: Retailers’ address

	Frequency	Percent
Sub intermediaries	101	100
Total	101	100.0

Source: Own survey 2016

The above table 4.3 shows representativeness of target retailer respondents that 101% .

4.1.2. Staffs' Commitment In Nature of Their Job

Table 4.4: Staffs' commitment in nature of their job

Statement	highly dissatisfied		Dissatisfied		Medium		Satisfied		highly satisfied	
	frq	%	frq	%	frq	%	frq	%	frq	%
Staffs' commitment in nature of their job	1	1.9	6	11.3	19	35.8	24	45.3	3	5.7

Source: Own survey 2016

Greater than half (51%) of Ethio telecom staffs assigned in the intermediaries distribution channel are either satisfied or very satisfied in their job nature. Staffs who are dissatisfied and very dissatisfied together account for 13.2% only. This tends to the strategic is not perfectly implemented by staffs

4.1.3 Supplying of products to retailers by distributors in a territory

Table 4.5: supplying of product to retailers by distributors in a territory

Statement	purchasing from other territories		purchasing from same territories		purchasing from national distributor		Non-respondent	
	frq	%	frq	%	frq	%		
supplying of product to retailers by distributors in a territory	16	15.8	44	43.6	20	19.8	21	20.8

Source: own survey 2016

These data are systematically collected by asking two different questions separately. From the above table 4.5 it is visible that some retailers (15.8%) purchase Ethio telecom products not from distributors in their territory which is another best prove of uncontrollability of the policy of territory limited distribution. It shows that there is territory breach.

4.1.4. Reasons Why Retailers Change Distributor for Buying Ethio Telecom Products

Table 4.6: Reasons why retailers change distributor for buying ethio telecom product

Statement	To get discount		To avoid TIN & VAT issue		For location conv.		All		Non-respondent	
	frq	%	frq	%	frq	%				
Reasons why retailers change distributor for buying ethio telecom product	36	35.6	7	6.9	10	9.9	16	15.8	32	31.7

Source: Own survey 2016

The top reason why retailers change/shift distributors is to get discount followed by location convenience. The above data, however, shows that distributors had not been respecting terms of the agreement. Therefore, this is another proof for the malfunctioning of the current distribution.

4.1.5 Evaluation of Ethio Telecom Intermediaries.

4.1.5.1. Evaluation of service level provided by distributors

Table 4.7: Staffs' & Retailers' evaluation of service level provided by distributors

Statement	Strongly disagree		Disagree		Moderate		Agree		Strongly Agree		
		frq	%	frq	%	frq	%	frq	%	frq	%
Staffs' & Retailers' evaluation of service level provided by distributors	Staff	3	5.7	18	34.0	22	41.5	9	17.0	1	1.9
	Ret.	7	6.9	28	27.7	49	48.5	11	10.9	6	5.9

Source: Ownsurvey 2016

Though the highest figure is moderate service level, distribution of the responses is a little bit skewed towards unsatisfactory service provision which can be taken as a sign of warning for improving service level provided by distributors. Whereas Similarly, responses from retailers tend/skewed towards unsatisfactory service provision by local distributors as can be seen from the above table though the majority indicated moderate service provision.

4.1.5.2. Nature of business relationship between retailers and distributors

Table 4.8: Nature of business relationship between retailers and distributors

	Frequency	Percent	
Perfect strategic	39	38.6	
non-strategic	32	31.7	
Neither strategic nor transactional	30	29.7	
Total	101	100.0	

Source: Ownsurvey 2016

Nature of business relationship between retailers and distributors is not very clear but it tends to be more of strategic. The usual practice of intermediaries ethio telecom's as opposed to operational requirement which means the channel has failed to operate according to its design requirement.

4.1.5.3. Evaluation of business relationship between ethio telecom and distributors

Table 4.9: Staffs' & Distributors judgment of business relationship between ethio telecom and distributors

Statement	Perfect strategic			Transactional		Neither strategic nor transactional	
		frq	%	frq	%	frq	%
Staffs' & Distributors judgment of business relationship between ethio telecom and distributors	Staff	6	11.3	14	26.4	33	62.3
	Ret.	10	23.8	13	31.0	19	45.2

Source: Own survey 2016

According to table 4.10, the business relationship between distributors and ethio telecom tends to be transactional than strategic though the majority indicated as indifferent. Whereas business relationship between distributors and ethio telecom tends to be transactional than strategic though the majority indicated as indifferent.

4.1.5.4. Evaluation of effectiveness of intermediaries distribution channel

Table 4.10: Staffs, distributors’ and retailers effectiveness of intermediaries distribution channel

Statement	Strongly disagree		Disagree		Moderate		Agree		Strongly Agree		
		frq	%	frq	%	frq	%	frq	%	frq	%
Staffs, distributors’ and retailers effectiveness of intermediaries distribution channel	Staff	4	7.5	12	22.6	18	34.0	14	26.4	4	7.5
	Dist.	1	2.4	11	26.2	9	21.4	18	42.9	3	7.1
	Ret.	7	6.9	18	17.8	28	27.7	23	22.8	50	19.8
	Non.R	5	5.0								

Source: Own survey 2016

The Three respondent’s intermediaries channel’s effectiveness tends to be agreement than disagreement though the majorities are indifferent. Percentage of respondents who agree & strongly agree that Ethio telecom’s intermediaries distribution channel in Addis Ababa is effective in meeting the company’s root objective from Ethio telecom staffs, distributors and retailers are 34.6%, 50% and 44.8% where as those who disagree & strongly disagree are 30.8%,28.6% & 26.1% respectively.

Therefore, it can be inferred from these figures that Ethio telecom’s intermediaries channel has been more of effective in relative terms than the counter argument.

4.1.5.5. Evaluation of efficiency of intermediaries distribution channel

Table 4.11 Staffs', distributors' & Retailers' evaluation of efficiency of intermediaries distribution channel

Statement	Strongly disagree		Disagree		Moderate		Agree		Strongly Agree		
		frq	%	frq	%	frq	%	frq	%	frq	%
Staffs', distributors' & Retailers' evaluation of efficiency of intermediaries distribution channel	Staff	5	9.4	20	37.7	5	9.4	18	34.0	5	9.4
	Dist.	1	2.4	15	35.7	11	26.2	10	23.8	5	11.9
	Ret.	17	16.8	25	24.8	37	36.6	16	15.8	6	5.9

Source: Own Survey 2016

Staffs, distributors' & retailers' judgment of the intermediaries distribution channel's efficiency tends to be disagreement than agreement in small margin. Whereas retailers' disagreement than agreement in clear difference. While 47.2%, 38.1% & 41.6% from Ethio telecom staffs distributors and retailers either disagree or strongly disagree to efficiency of Ethio telecom's intermediaries distribution channel 43.4%, 35.7% and 21.7% agree to it respectively. That means those who believe Ethio telecom's intermediaries distribution channel is inefficient outweigh slightly those who agree to it. So, we can make a statement that Ethio telecom intermediaries distribution channel has been inefficient in terms of cost though it has been effective.

4.1.5.6. Evaluation of why root terms of the distribution agreement

(such as door to door distribution, respecting territory policy and so on) were not implemented

Table 4.12: Staffs Distributors’ & Retailers’ judgment of why root terms of the distribution agreement were not implemented

Statement	CHD lacks practicality & doesn't reflect test of the mrkt		ET's inability to implement		Both		
	freq	%	freq	%	freq	%	
Staffs Distributors’ & Retailers’ judgment of why pillar terms of the distribution agreement were not implemented	Staff	28	52.8	13	24.5	12	22.6
	Dist.	27	64.3	6	14.3	8	19.0
	Ret.	37	36.6	10	9.9	93	92.1
	Non R.	8	7.9				

Source: Own Survey 2016

Both , the majority of staffs& distributors in attributed the reason why pillar terms distribution agreement were not implemented to the fact that channel design lacks practicality and doesn’t reflect test of the market. Whereas retailors suggest that inability to the implement the channel as designed in a slight margin over the other alternative.

4.1.5.7. Evaluation of possibility and feasibility of controlling territory confined distribution of ethio telecom products

Table 4.13: Staffs’ distributors &Retailers’ judgment of possibility and feasibility of controlling territory confined distribution of products

Statement	Strongly disagree		Disagree		Moderate		Agree		Strongly Agree		
		frq	%	frq	%	frq	%	frq	%	frq	%
Staffs’ distributors & Retailers’ judgment of possibility and feasibility of controlling territory confined distribution of products	Staff	10	18.9	16	30.2	13	24.5	11	20.8	3	5.7
	Dist.	5	11.9	17	40.5	10	23.8	8	19.0	2	4.8
	Ret.	19	18.8	36	35.6	16	15.8	19	18.8	10	9.9
	Non.R	1	1.0								

Source: Own Survey 2016

Majority of respondents groups they disagree to possibility and feasibility of controlling territory confined distribution of products. All the three respondent groups clearly indicated that it is impossible and not feasible to control territory confined distribution of ethio telecom products. The majority of the three respondent groups indicated that they either disagree or strongly disagree to the possibility and feasibility of controlling territory confined distribution of Ethio telecom’s products.

4.1.5.8. Evaluation of why territory confined distribution of ethio telecom products is not possible and feasible

Table 4.14: staffs, Distributors' & retailers' judgment of why territory confined distribution of products is not possible and feasible.

Statement	products are freely fast moving		All		Non-respondent		products are minute in nature		market's prior experience is different		
	frq	%	frq	%	frq	%	frq	%	frq	%	
Staffs, Distributors' & retailers' judgment of why territory confined distribution of products is not possible and feasible.	Staff	5	9.4	23	43.4	25	47.2				
	Dist.	4	9.5	13	31.0	18	42.9	1	2.4	6	14.3
	Ret.	7	6.9	13	12.9	41	40.6	8	7.9	32	31.7

Source:Own Survey 2016

All the three respondent groups indicated in significant voice that all the three explanations (products are minute in nature, products are freely fast moving, and market's prior experience is different) are reasons for the impossibility and non-feasibility of territory confined distribution of products.

4.1.5.9. Judgment of reasons for CAF collection problem

Table 4.15: staffs', distributors&' retailers' judgment of reasons for CAF collection problem

Statement	Ineffective CHD		Poor channel management skill		Both		Non-respondent		
	frq	%	frq	%	frq	%	frq	%	
staffs', distributors&' retailers' judgment of reasons for CAF collection problem	Staff	6	11.3	12	22.6	23	43.4	23	43.4
	Dist.	6	14.3	7	16.7	19	45.2	10	23.8
	Ret.	16	15.8	14	13.9	38	37.6	33	32.7

Source:Own Survey 2016

Majority of the three respondents attributed the reason for CAF collection problem to both poor channel management skill and ineffective channel design. But the voice of poor channel management skill is greater than that of ineffective channel design. All the three respondent groups clearly attributed that reasons/causes of CAF collection problem are both

ineffective channel design and poor channel management skill

4.1.5.10. Evaluation of whether Ethio telecom employed the right channel length/levels

Table 4.16: Staffs’ & Distributors’ judgment of employed the right channel length/levels

Statement	Strongly disagree		Disagree		Moderate		Agree		Strongly Agree		
		frq	%	frq	%	frq	%	frq	%	frq	%
Staffs’ & Distributors’ judgment of employed the right channel length/levels	Staff	6	11.3	19	35.8	10	18.9	14	26.4	4	7.5
	Dist.	3	7.1	7	16.7	4	9.5	22	52.4	3	7.1

Source: Own Survey 2016

Staffs’ judgment of whether ethio telecom employed the right channel length is skewed towards disagreement. Whereas distributors’ judgment channel length is skewed towards agreement. Findings of this issue from ethio telecom staffs and distributors are contrasting to each other.

4.1.5.11. Evaluation of whether Ethio telecom’s employed the right channel breadth/intensity

Table 4.17 staffs’ and distributors’ judgment of employed the right channel breadth/intensity

Statement	Strongly disagree		Disagree		Moderate		Agree		Strongly Agree		
		frq	%	frq	%	frq	%	frq	%	frq	%
staffs’ and distributors’ judgment of employed the right channel breadth/intensity	Staff	5	9.4	13	24.5	18	34.0	14	26.4	2	3.8
	Dist.	1	2.4	9	21.4	14	33.3	14	33.3	2	4.8

Source: Own Survey 2016

Staffs’ judgment of whether employed the right channel length breadth is skewed towards agreement in small margin. Whereas distributors’ judgment of employed the right channel breadth is skewed towards agreement. This finding is not very clear on both respondent groups. But, on distributors the responses are a little bit skewed towards agreement that ethio telecom adopted the right channel breadth/intensity.

4.1.5.12. Evaluation of whether Ethio telecom employed the right channel depth (mix of channel intermediary)

Table 4.18: Staffs’ & distributors’ judgment of employed the right channel depth (mix of channel intermediaries)

Statement	Strongly disagree		Disagree		Moderate		Agree		Strongly Agree		
		frq	%	frq	%	frq	%	frq	%	frq	%
Staffs’ & distributors’ judgment of employed the right channel depth (mix of channel intermediaries)	Staff	3	5.7	14	26.4	14	26.4	21	39.6	1	1.9
	Dist.	1	2.4	6	14.3	11	26.2	17	40.5	2	4.8

Source: Own Survey 2016

Staffs’ and distributors’ judgment of whether employed the right channel depth is skewed towards agreement. Though not in a very clear figure, it can be inferred from the above two tables that ethio telecom employed the right channel depth (mix of channel intermediaries). Responses of the two respondent groups are more or less skewed towards agreement.

4.1.5.13. Evaluation of whether the current intermediaries channel of Ethio telecom is best of all other alternatives

Table 4.19 Staffs’ distributors’ & retailers’ judgment of whether the current intermediaries channel of is best of all other alternatives.

Statement	Strongly disagree		Disagree		Moderate		Agree		Strongly Agree		
		frq	%	frq	%	frq	%	frq	%	frq	%
Staffs’ distributors’ & retailers’ judgment of whether the current intermediaries channel of is best of all other alternatives	Staff	5	9.4	19	35.8	14	26.4	12	22.6	3	5.7
	Dist.	4	9.5	14	33.3	14	33.3	5	11.9	3	7.1
	Ret	17	16.8	19	18.8	33	32.7	15	14.9	13	12.9

Source: Own Survey 2016

All the three respondent group tend to disagree that the current intermediaries channel of is best of all other alternatives. As can be seen from the above three tables it is visible that all the three respondents believe that the current intermediaries distribution channel of ethio telecom is not best of all other alternatives. Those who disagree and strongly disagree account to 45.3%, 45% and 37.1% where as those who agree and strongly agree account to 28.3%, 20% and 28.9% from ethio telecom staffs, distributors and retailers respectively.

4.1.6. Suggestions of Intermediaries Channel Design/ Structure

4.1.6.1. Suggestion of how much channel levels are better for ethio telecom in Addis Ababa zones.

Table 4.20: Staffs', distributors' & retailers' judgment of how much channel levels are better

Statement	1 level channel		2 level channel		3 level channel		4 level channel		
	freq	%	freq	%	freq	%	freq	%	
Staffs', distributors' & retailers' judgment of how much channel levels are better	Staff	1	1.9	24	45.3	18	34.0	10	18.9
	Dist.	1	2.4	8	19.0	27	64.3	4	9.5
	Ret	23	22.8	32	31.7	20	19.8	24	23.8

Source: Own Survey 2016

Staffs preferred two channel levels, distributors intermediaries channel. preferred adoption of three channel levels in intermediaries channel where as retailers preferred adoption of few channel levels (two or one) in intermediaries channel .On commutative basis it appears that two channel levels are preferred for ethio telecom when seen from the perspective of Ethio telecom's benefit.

4.1.6.2. Suggestion of how much channel members are better for Ethio telecom's to recruit at upstream level

Table 4.21: Staffs' and retailers' judgment of how much channel members are better for recruit at upstream level

Statement	2-3 level Cha.		4-6 level Cha.		7-10 level Cha.		11-20 level Cha.		21-41 level Cha.		
	freq	%	freq	%	freq	%	freq	%			
Staffs', distributors' & retailers' judgment of how much channel levels are better	Staff	16	30.2	9	17.0	7	13.2	6	11.3	13	24.5
	Dist.	40	39.6	21	20.8	13	12.9	9	8.9	16	15.8

Source: Own Survey 2016

Staffs and retailers believe that it is better for to recruit two to three channel members at upstream channel level. Both ethio telecom staffs and retailers clearly indicated they believe that it is better for ethio telecom to recruit two to three channel members at upper channel level.

4.2. Quantitative Performance Analysis of Ethio Telecom Distribution Channels Based On Secondary Data

The following tables summarizes SIM and airtime (recharge) sales performance of the direct channel, two national distributors separately and local distributors cumulatively.

Table 4.22: SIM sales performance of Ethio telecom channels in Addis Ababa.

Months	SIM Performance of:				
	Direct Channel	EPS (National Distributor)	Hidassie Telecom S.C. (National Distributor)	13 Local Distributors	Total
Jan-15	15.87%	0%	9.58%	74.54%	100.00%
Feb-15	13.71%	7%	6.01%	72.98%	100.00%
Mar-15	13.38%	7%	5.82%	74.13%	100.00%
Apr-15	12.86%	10%	3.10%	74.33%	100.00%
May-15	11.25%	0%	4.83%	83.92%	100.00%
Jun-15	13.01%	5%	6.75%	75.13%	100.00%
Jul-15	19.70%	6%	12.22%	61.61%	100.00%
Aug-15	22.98%	0%	17.70%	59.32%	100.00%
Sep-15	23.66%	9%	8.80%	58.11%	100.00%
Oct-15	37.05%	5%	9.52%	48.23%	100.00%
Nov-15	28.27%	0%	12.79%	58.94%	100.00%
Dec-15	22.12%	7%	11.66%	59.69%	100.00%
Average	19.49%	4.70%	9.07%	66.74%	

Per head=1.76%

Jan-16	18.00%	4%	9.84%	68.63%	100.00%
Feb-16	24.25%	8%	23.31%	44.80%	100.00%
Mar-16	18.24%	7%	18.66%	55.64%	100.00%
Apr-16	12.90%	17%	18.31%	51.74%	100.00%
Average	18.35%	8.92%	17.53%	55.20%	

Source: ET RSD sales reports

Per head = 1.45%

Table 4.23: Airtime (Voucher card) sales performance of Ethio telecom channels

Months	Voucher Sales Performance of:				
	Direct Channel	EPS (National Distributor)	Hidassie Telecom S.C. (National Distributor)	13 Local Distributors	Total
Jan-15	0.34%	0.00%	14.74%	84.91%	100.00%
Feb-15	0.36%	0.00%	22.35%	77.29%	100.00%
Mar-15	0.37%	17.80%	13.12%	68.70%	100.00%
Apr-15	0.26%	11.65%	15.64%	72.44%	100.00%
May-15	0.46%	0.00%	19.39%	80.15%	100.00%
Jun-15	0.30%	11.27%	35.66%	52.77%	100.00%
Jul-15	0.24%	8.92%	30.53%	60.31%	100.00%
Aug-15	0.36%	0.00%	25.69%	73.95%	100.00%
Sep-15	0.29%	10.51%	22.59%	66.61%	100.00%
Oct-15	0.29%	9.32%	35.87%	54.52%	100.00%
Nov-15	0.27%	0.00%	35.03%	64.70%	100.00%
Dec-15	0.24%	11.90%	33.74%	54.12%	100.00%
Average	0.32%	6.78%	25.36%	67.54%	

Source: ET RSD sales reports

**Per head =
1.78%**

Jan-16	0.25%	8.23%	33.23%	58.29%	100.00%
Feb-16	0.22%	19.65%	30.41%	49.72%	100.00%
Mar-16	0.37%	20.09%	30.43%	49.11%	100.00%
Apr-16	0.32%	18.40%	30.80%	50.48%	100.00%
Average	0.29%	16.59%	31.22%	51.90%	

Source: Ethio telecom RSD sales reports

Per head = 1.37%

The two national distributors such as Hidassie ethio telecom and Ethiopian postal service enterprise account for 13.77% and 26.45% together in SIM sales performance in 2015 and for the first four months of 2016 respectively. Contribution of the thirteen local distributors per head was 1.76% (66.74%/13) in 2015 and 1.45% (55.2%/13) for the first four months of 2016.

Contribution of the national distributors is much greater and significant in airtime (recharge cards) sales than in SIM sales. The two national distributors' together account for 32.14% in 2015 and nearly half of the market share (47.81%) in the first four months of 2016 where as

contribution of the 13 local distributors per head was only 1.78% (67.545/13) in 2015 and 1.37% (51.9%/38) in the first four months of 2016.

This shows that there is a huge improvement of contribution from the two national distributors which shows their strategic importance and their potential to cover the market alone. If the distribution is given to the two national distributors share of the 13 local distributors will be shared between them and will go nowhere. That means there will not be a decrease in sales performance. The only thing Ethio telecom needs to do is to organize the two national distributors throughout in zones as many as possible. This will help Ethio telecom.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The major purpose of this study was to Assessing and describes the intermediary's distribution channel of ethio telecom in Addis Ababa zone .so as to be able to collect and analyze the research descriptive. It employed by using mixed research approach which compromises both quantitative and qualitative methods of data gathering through questionnaires'' by using non probability purposive sampling technique The data collecting targeting responds through more of close ended questions was complied and summarized by using SPSS software Finally information obtain were analyze and interpreted.

This chapter deal with the major summarized drawn and recommendation needed in light of the relevant literature developed by scholars on the subject under the study.

5.1. Summary of findings

The following points are summary findings of the data analysis under chapter four:

Greater than half (51%) of ethio telecom staffs assigned in the intermediary distribution channel are either committed or highly committed in nature of their job.

Though nature of business relationship between distributors and ethio telecom is indicated by majority of both parties as neither good strategy nor faultless transactional, it tends to be more of transactional than strategic. Nature of business relationship between retailers and distributors is not very clear but it tends to be more of strategic. Level of service provided by distributors tends towards unsatisfactory than satisfactory.

The analysis shows that there is territory breach. The top reason why retailers shift distributors is for getting price discount followed by location convenience. Ethio telecom distribution channel has been more of effective in relative terms than the counterargument.

Ethio telecom's intermediaries distribution channel has been inefficient in terms of cost.

All the three respondents believe that the current intermediaries distribution channel of ethio telecom in A.A is not best of all other alternatives.

The analysis indicates that territory breach has been the usual practice of the intermediaries

distribution channel of ethio telecom as opposed to operational requirement which means the channel has failed to operate according to its design requirement.

The reason why terms of the distribution agreement was not implemented is the existing channel lacks practicality and does not reflect test of the market.

All the three respondent groups clearly indicated that it is impossible and not feasible to control territory confined distribution of ethio telecom products. The reasons why it is impossible and non-feasible to control territory limited distribution are the products are minute in nature, products are freely fast moving, and market's prior experience is different. So, it can be argued that Ethio telecom's distribution channel has some design error and hence needs rectification.

It is clearly attributed that causes of CAF collection problem are both ineffective channel design and poor channel management skill.

Findings on channel length and breadth are not very clear. Whereas ethio telecom staffs disagree, distributors agree that ethio telecom adopted the right channel length. On channel breadth, the finding tends to be right in a very insignificant margin.

Ethio telecom employed the right channel depth (mix of channel intermediary).

Ethio telecom staffs and retailers preferred adoption of few channel levels (two or one) in intermediary channel of ethio telecom. Distributors, however, preferred adoption of three channel levels in intermediary channel of ethio telecom. On commutative basis it appears that two channel levels are preferred for ethio telecom when seen from the perspective of Ethio telecom's benefit.

Both ethio telecom staffs and retailers clearly indicated they believe that it is better for ethio telecom to recruit two to three channel members at upper channel level.

5.2. Conclusions

The following points inference based on major findings according to the data analysis under chapter four:

- It is impossible to control territory breach among intermediaries .
- Ethio telecom's intermediaries channel has design errors. It is characterized by territory breach. There is too much channel conflict. Terms of the distribution

agreement are not implemented.

- Business relationship between ethio telecom and distributors tends to be transactional.
- Level of service provided by distributors is not satisfactory.
- Ethio telecom's intermediary channel is inefficient in terms of costs.

The only positive evaluation finding seen is that the channel has been effective in meeting the company's core objective.

There is too much chaos in the distribution channel as analysis under chapter four somehow indicates. Retailers always switch distributors. Distributors are too much frustrated by requirement of target achievement on one hand and threat of territory breach and price violation on the other hand which has negative impact on image of ethio telecom.

The root term of the agreement is that local distributors are required to sell the products in their respective territory of assignment only and hence discovery of the products in other territories would result in penalty. However, it is very difficult for distributors to control the products from moving to other zones/regions once ownership of the products is transferred to retailers. The products are highly liquid and easily movable from place to place and hence it is not feasible to control intrusion to other zones/regions.

The concept of territory was not functional yet as opposed to the designed concept and even resulted in huge undesirable channel conflict which is detrimental to customer service and the company's image. Existing literature shows that market segmentation is conducted based on market characteristics/demographics such as geographic differences. However, there is no identifiable difference of market characteristics between the six zonal boundaries of Addis Ababa.

Parallel to this fact the questionnaire with target respondents show that they do not believe the possibility and feasibility of controlling ethio telecom products from territory breach.

Contrary to the territory requirement on local distributors, the two national distributors do not have such worry and hence they are free to move the products anywhere in Addis Ababa zones as well as nation wide.

It means ethio telecom's intermediaries distribution channel policy is inter-conflicting. The other way speaking design of the intermediaries distribution channel is inter-conflicting. Ethio telecom adopts territory limited distributors on one hand and national distributors on the same market.

In addition, although terms of the current agreement also require distributors to travel door to door for distributing the products none have implemented it yet. This is evidenced by the primary data collected by the questionnaire and comparing it to terms of the distribution agreement. As per the experience of staffs of ethio telecom supervising the intermediary channel, the distributors tend to cluster and compete for the potential urban markets and almost none of them opened sales outlets in rural areas as required. Distributors are not responsive to retailers' and end users' service requirement as presented in chapter four. They are also reasons for the poor CAF collection performance.

Prior distribution practices and taste of the market (retailers) is different. Distribution experience of the operator during the regime of 'Ethiopian Telecommunications Corporation' had not been territory confinement rather retailers, many in number, access the principal's numerous outlets (around one thousand), currently transferred to Hidassie telecom S.Co, for purchasing the products to further distribute to remote corners of the country. There was no concept of target setting. It was because there has not been competitor taking business share of the industry.

As products of ethio telecom are more or less standardized and almost like commodities, distributors perform few functions. The distributors add place utility alone. There is no form utility to be added. The only asset specific to distributors is location as ethio telecom has narrowed down its presence from around one thousand (1024) outlets to 216 shops all over the country. Out of these in Addis Ababa there are 47 shops/ outlets. So, ethio telecom has no option except using intermediaries channel of distribution to address its products and services to the awaiting Ethiopian market as well as in Addis. However, the policy of territory confined distribution does not seem sound for ethio telecom and needs to be revised.

Based on the above conclusions excepted from prior analyses, the researcher suggests that ethio telecom should waive the concept of territory confined distribution of its products and employ few mega national distributors at upstream channel level parallel to the undifferentiated nature of Addis Ababa zones market.

Hidassie Telecom Share Company and Ethiopian post office Enterprise These two candidate and strategic business partners of ethio telecom have more than one thousand five hundred sales outlets together throughout the country & where as in Addis Ababa 98 outlets

Hidassie telecom has around one thousand outlets throughout the country transferred from the previous Ethiopian Telecommunications Corporation., out of these 78 outlets are in A.A. Ethiopian Postal Service Enterprise has two hundred eighty nine outlets are currently selling both voucher and SIM cards ,out of these 51 outlets in A.A. On top of the 289 EPS outlets currently functioning in distribution of ethio telecom products in nationwide, another 41 outlets will soon turn operational and 51 EPS outlets currently functioning in distribution of ethio telecom products in Addis Ababa , another 21 outlets will soon turn operational and in there is still a potential of increasing sales outlets to 521 and 72 in Ethiopia and Addis Ababa respectively from EPS alone.

5.3. Recommendations

In light of the major findings of the study and the conclusions drawn, attempts were made to forward possible recommendations for the attainment of better end result of ethio telecom intermediaries channel design problem.

As the last of analysis part under chapter four shows there is a huge improvement of contribution from the two national distributors which highlights their strategic importance and their potential to cover the market alone. If the distribution is given to the two national distributors share of the 13 local distributors will be shared between them and will go nowhere. That means there will not be decrease in sales performance.

Parallel to Addis Ababa zonal office structures of ethio telecom, the two national distributors would establish respective 6 offices for proper sales management. Each zone and will have two distributors (Ethiopian Postal Service Enterprise and Hidassie Telecom Share Company)

which are of the same characteristics. The already existing multiple retailers of ethio telecom will be organized under the national distributors to the nearby outlets scattered nationwide. The only thing Ethio telecom needs to do is to organize of the two national distributors throughout Addis Ababa zones as many as possible. If ethio telecom properly uses these two business partners, the market will be covered properly while minimizing the channel management problems. This will help Ethio telecom have a managed distribution channel.

It would avoid price and territory breach as business will go to the same companies and branches would be managed and given directions centrally. The possibility of differing sales practices will be very minimal. Therefore, there would not be much worry of business snatching as much as the existing phenomenon. The only possible channel conflict that would be encountered will be conflict between the two national distributors which is minimal and manageable.

This will highly stabilize the market enhancing customer service because managed channel will be there in. It would help Ethio telecom have a managed distribution channel. Image of the company will also be protected from below standard representation.

Based on need assessment after adopting the national distributors alone in the first place, ethio telecom can add few national distributors provided that the two national distributors fail to cover all market territories of Addis Ababa zones. Therefore, Based on the above findings the researcher recommend that the channel structure to have two level i.e The principal(Ethio telecom) will supply to the two national distributors and then the two national distributor will distribute the cards to retailers directly.

Contract terms stipulating the business partnership on commission structures, selling price, branding, customer service, documentation requirement, relationship to zonal offices, relationship to Ethio telecom head office, delegation of zonal offices, rights of both parties, obligations of both parties, measures for breach of contract terms and others would be developed in a way to facilitate decentralized operational management of the intermediaries distribution channel.

Channel management will be more of decentralization towards zonal offices. However, there would also be centralized audit team which will work on company wide issues (among zones/regions) of the channel and management of terminated distributors.

5.4. Further area of study

As sample size of the study on ethio telecom staffs and distributors in A.A is relatively small mainly because of time constraint, the same study can be replicated on more respondent groups.

5.5 Limitation of the study

The study sample size on Ethio telecom intermediaries staffs and distributors is the prime limitation of this study.

The study topic is vast and would have been good if sufficient time had been available to exhaustively harbour from many different dimensions. Delays in collecting all questionnaires distributed to sample population added to a problem coming from time constraint and this was among the reason for not increasing sample size of the study. Financial limitation is also a reason to reduce sample size of the study.

The last but not the least, some relevant documents such as audit reports were made inaccessible by respective Ethio telecom executives for privacy and other reasons.

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Annex-I

**QUESTIONNAIRE TO BE FILLED BY ETHIO TELECOM STAFFS IN
THE DISTRIBUTION CHANNELS**

DEAR RESPONDENT,

THE PURPOSE OF THIS QUESTIONNAIRE IS TO COLLECT PRIMARY DATA FOR A RESEARCH ON 'DISTRIBUTION CHANNEL' FOR ACADEMIC PURPOSE IN THE FIRST PLACE AND BENEFIT OF ETHIO TELECOM IN THE SECOND PLACE. I WOULD BE VERY THANKFUL FOR TAKING FEW MINUTES TO ANSWER THE QUESTIONS PROVIDED. THANK YOU IN ADVANCE FOR YOUR GENUINE ANSWERS AS YOU WOULD CONTRIBUTE YOUR OWN INVALUABLE STAKE TOWARDS THE REALIZATION OF THE PROJECT'S END IN DOING SO!

Part I. Current job position

Managerial staff

Non-Managerial staff

**PART- II: EVALUATION OF IMPROVED ETHIO TELECOM'S
INTERMEDIARY CHANNEL**

General Direction: Please indicate your rate of agreement to the following positive statements. (1,Strongly disagree 2,Disagree = 3,Moderate 4) agree 5).Strongly agree

Positive statement					
1. You are highly satisfied in nature of your current job.	1	2	3	4	5
2. Distribution channel of ethio telecom is effective (in terms of meeting its pillar objective of telecom service penetration) from the company's perspective.	1	2	3	4	5
3. Distribution channel of ethio telecom is efficient (in terms of costs) from the company's perspective.	1	2	3	4	5
4. Controlling territory confined distribution of ethio telecom's products is possible and feasible.	1	2	3	4	5

5. How do you evaluate level of service provided by distributors?
- a) Very unsatisfactory
 - b) unsatisfactory
 - c) moderate
 - d) Satisfactory
 - e) Very satisfactory
6. How do you evaluate nature of business relationship between ethio telecom and distributors?
- a) Perfect strategic partnership
 - b) Perfect transactional or non strategic
 - c) Moderate (neither strategic nor transactional) relationship

D) Any other (please specify) _____

7. The distribution agreement entered into between ethio telecom and distributors stipulates that distributors would develop weekly beat plan and distribute products travelling **door to door**. However, this and many other pillar terms of the agreement are not implemented practically. Why it was not implemented?

- a) Channel design lacks practicality & doesn't reflect taste of the market.
- b) Because of ethio telecom's inability to implement
- c) Both 'a' & 'b'

D) Any other (please specify) _____

8. If your answer to Q#5 above is either '1' or '2', why do you think is it not possible and feasible to control territory confined distribution of ethio telecom's products?

- a) The products are minute in nature and hence not feasible to control from territory breach.
- b) The products are freely fast moving and hence not feasible to control from territory breach.

c) The market's prior experience/taste of distributing the products is not territory confined and hence the market participants strongly oppose the current practice.

d) All

9. What do you think is the cause of Customers Affiliation Form collection problem?

a) Ineffective channel design

b) Poor channel management skill

c) Both 'a' & 'b'

d) Any other (please specify)

PART III: CHANNEL DESIGN JUDGEMENTS

General Direction: Please indicate your rate of agreement to the following positive statements on channel design. (1, Strongly disagree 2, Disagree 3, Moderate 4) Agree 5). Strongly agree

Channel Design positive statements					
10. Ethio telecom employed the right channel length (level). (Take the case of new channel restructuring under implementation – i.eEthio→Distributors →Sub-distributors →Retailers →End users).	1	2	3	4	5
11. Ethio telecom employed the right channel breadth (intensity).	1	2	3	4	5
12. Ethio telecom employed the right channel depth (mix of channel intermediary types).	1	2	3	4	5
13. Design of the current distribution channel of ethio telecom is the best of all other alternatives	1	2	3	4	5

14. Ethio telecom currently employed **three** channel **levels**. This is ethio telecom → ***Mega Distributors*** → ***sub-distributor*** → ***Retailer*** → End user. Therefore, how much channel levels are better for ethio telecom do you believe?

- a) 1 b) 2 c) 3 d) 4 e) 5

15. How much channel members are better for ethio telecom to recruit at **upstream level**?

- a) 2 - 3 b) 4 - 5 c) 6-7 d) 8 - 9 e) 10 - 11

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Annex-II

QUESTIONNAIRE TO BE FILLED BY DISTRIBUTORS

DEAR RESPONDENT,

THE PURPOSE OF THIS QUESTIONNAIRE IS TO COLLECT PRIMARY DATA FOR A RESEARCH ON 'DISTRIBUTION CHANNEL' FOR ACADEMIC PURPOSE IN THE FIRST PLACE AND BENEFIT OF ETHIO TELECOM IN THE SECOND PLACE. I WOULD BE VERY THANKFUL FOR TAKING FEW MINUTES TO ANSWER THE QUESTIONS PROVIDED. THANK YOU IN ADVANCE FOR YOUR GENUINE ANSWERS AS YOU WOULD CONTRIBUTE YOUR OWN INVALUABLE STAKE TOWARDS THE REALIZATION OF THE PROJECT'S END IN DOING SO!

1. Please indicate your company's territory (zone) of distribution assignment.

PART- I: EVALUATION OF IMPROVED OF ETHIO TELECOM'S INTERMEDIARY CHANNEL

General Direction: Please indicate your rate agreement to the following positive statements. (1, Strongly disagree 2, Disagree 3, Moderate 4, Agree 5) Strongly agree

Positive statement					
Evaluation of Ethio telecom's Intermediaries					
Channel's appropriateness					
2. Distribution channel of ethio telecom is effective (in terms of meeting its pillar objective of telecom service penetration) from the company's perspective.	1	2	3	4	5
3. Distribution channel of ethio telecom is efficient (in terms of costs) from the company's perspective.	1	2	3	4	5
4. Controlling territory confined distribution of ethio telecom's products is possible and feasible.	1	2	3	4	5

5. How do you evaluate nature of business relationship between your company and ethio telecom?

a) Perfect strategic partnership b) Perfect transactional or non strategic

c) Moderate (neither strategic nor transactional) relationship

d) Any other (please specify)_____

6. The distribution agreement entered into between ethio telecom and distributors stipulates that distributors would develop weekly beat plan and distribute products travelling door to door. However, this and many other pillar terms of the agreement are not implemented. Why were such terms not implemented?

a) Channel design lacks practicality & doesn't reflect taste of the market.

b) Because of ethio telecom's inability to implement

c) Both 'a' & 'b'

D) Any other (please specify)_____

7) If your answer to Q#4 above is either '1' or '2', why do you think is it not possible and feasible to control territory confined distribution of ethio telecom's products?

a) The products are minute in nature and hence not feasible to control from territory breach.

b) The products are freely fast moving and hence not feasible to control from territory breach.

c) The market's prior experience/taste of distributing the products is not territory confined and hence the market participants strongly oppose the current practice.

d) All

8) What do you think is the cause of CAF/Customers affiliation Form

collection problem?

- a) Ineffective channel design
- b) Poor channel management skill
- c) Both 'a' & 'b'

d) Any other (please specify) _____

PART II: CHANNEL DESIGN JUDGEMENTS

General Direction: Please indicate your rate agreement to the following positive statements. (1, Strongly disagree 2, Disagree 3, Moderate 4, Agree 5) Strongly agree

Positive statement					
9) Ethio telecom employed the right channel length (level). (Take the case of new channel restructuring under implementation – i.eEthio→Distributors →Sub-distributors →Retailers →End users).	1	2	3	4	5
10) Ethio telecom employed the right channel breadth (intensity). Note that ethio employs/adopts intensive distribution (around 15 distributors).	1	2	3	4	5
11) Ethio telecom employed the right channel depth (mix of channel intermediary types).	1	2	3	4	5
12) Design of the current distribution channel of ethio telecom is the best of all other alternatives	1	2	3	4	5

13) Ethio telecom currently employed **three** channel **levels**. This is ethio telecom → ***Mega Distributors*** → ***Sub-distributors*** → ***Retailer*** → End user. Therefore, how much channel levels are better for ethio telecom do you believe?

- a) 1
- b) 2
- c) 3
- d) 4

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Annex-III

**QUESTIONNAIRE TO BE FILLED BY SUB-DISTRIBUTORS &/OR
RETAILERS**

DEAR RESPONDENT,

THE PURPOSE OF THIS QUESTIONNAIRE IS TO COLLECT PRIMARY DATA FOR A RESEARCH ON 'DISTRIBUTION CHANNEL' FOR ACADEMIC PURPOSE IN THE FIRST PLACE AND BENEFIT OF ETHIO TELECOM IN THE SECOND PLACE. I WOULD BE VERY THANKFUL FOR TAKING FEW MINUTES TO ANSWER THE QUESTIONS PROVIDED. THANK YOU IN ADVANCE FOR YOUR GENUINE ANSWERS AS YOU WOULD CONTRIBUTE YOUR OWN INVALUABLE STAKE TOWARDS THE REALIZATION OF THE PROJECT'S END IN DOING SO!

1. Please indicate your company's address.

Zone: -

Woreda/sub-city: -

Kebele: -

Specific site: -

2. Please indicate name of the distributor(s) assigned around your business specific site.

3. Please indicate name of the distributor which supplies your company with ethio telecom products.

4. Why do you change/shift supplier distributor to buy ethio telecom products while there is an assigned distributor in your local/zone

a) To get discount b) to avoid TIN & VAT issues c) For location convenience
d) All

General Direction: Please indicate your rate of agreement to the following positive statements. (1, Strongly disagree 2, Disagree 3, Moderate 4, Agree 5) Strongly agree

Positive statement					
Evaluation of Ethio telecom's Intermediary Channel's appropriateness					
5. Distribution channel of ethio telecom is effective (in terms of meeting its pillar objective of telecom service penetration) from the company's perspective.	1	2	3	4	5
6. Distribution channel of ethio telecom is efficient (in terms of costs) from the company's perspective.	1	2	3	4	5
7. Controlling territory confined distribution of ethio telecom's products is possible and feasible.	1	2	3	4	5

8. How do you evaluate level of service provided by distributors?
 a) Very unsatisfactory b) unsatisfactory c) moderate
 d) Satisfactory e) Very satisfactory

9. How do you evaluate nature of business relationship between your company and local distributors assigned around your business area?
 a) Perfect strategic partnership b) Perfect transactional or non-strategic
 c) Moderate (neither strategic nor transactional) relationship
 D) Any other (please

specify)_____

10. The distribution agreement entered into between ethio telecom and distributors stipulates that distributors would develop weekly beat plan and distribute products travelling door to door. However, this and many other pillar terms of the agreement are not implemented practically. Why was it not implemented?

a) Channel design lacks practicality & doesn't reflect taste of the market.
 b) Because of ethio telecom's inability to implement
 c) Both a & b
 D) Any other (please

specify)_____

11) If your answer to Q#7 above is either '1' or '2', why do you think is it not possible and feasible to control territory confined distribution of ethio telecom's products?

- The products are minute in nature and hence not feasible to control from territory breach.
- The products are freely fast moving and hence not feasible to control from territory breach.
- The market's prior experience/taste of distributing the products is not territory confined and hence the market participants strongly oppose the current practice.
- All

12) What do you think is the cause of CAF collection problem?

a) Ineffective channel design

b) Poor channel management skill

c) Both 'a' & 'b'

d) Any other(please specify)_____

13) Ethio telecom currently employed two channel levels. This is ethio telecom → **Mega Distributors** → **Retailer** → End user. Therefore, how much channel levels are better for ethio telecom do you believe?

a) 1

b) 2

c) 3

d) 4

14) How much channel members are better for ethio telecom to recruit at upstream level?

a) 2 - 3

b) 4 - 5

c) 6-7

d) 8 - 9

e) 10 - 11