ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF GENERAL MBA

FACTORS AFFECTING DISTRIBUTION PERFORMANCE OF FAST MOVING GOODS: THE CASE OF EAST AFRICA BOTTLING SHARE COMPANY ON SELECTED CITIES IN ADDIS ABABA.

BY*:-*

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SGS/0545/2009A

DECEMBER, 2018

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A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA)

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ADDIS ABABA

ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
FACULTY OF BUSINESS

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APPROVED BY BOARD OF EXAMINERS

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Getie Andualem (PhD) All sources of materials used for the proposal have been duly acknowledged. I further confirm that the proposal has not been submitted either in part or in full to any other higher learning institution for the purpose of Grade or earning any degree.

_____   _____

Name   Signature

St. Mary's University, Addis Ababa   **December, 2018**

ENDORSEMENT

This research proposal 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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Advisor   Signature

St. Mary's University, Addis Ababa   **December, 2018**

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LIST OF ACRONYMS

AA: Addis Ababa

FMGS: Fast Moving Goods

EABSC: East Africa Bottling Share Company

SCM: Supply Chain Management

CE: Competence and Experience Capability

FF: Financial and Facility Capacity

AD: Availability and Delivery

SC: Selling Capacity

DP: Distribution Performance

SPSS: Statistical Package for Social Sciences

VIF: Variance Inflation Factor

ANOVA: Analyses Of Variance

PP: Probability Plot

SPSS: Statistical Package for Social science

BA: Bachelor of Art

MBA: Masters of Art in Business

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ABSTRACT

Even though this day direct marketing system grows, most producers still do not sell their products directly to final users. Between them and consumers lie marketing intermediaries which bridges the gap between user and producer, in connecting customers and products. The growth and the increasing importance of distribution channel in recent years and having efficiently performing distribution channels can be considered a competitive advantage for manufacturers. Therefore evaluating performance and efficiency of distribution channels and problems that are or might exist with this regard is very essential. Only limited numbers of studies in Ethiopia are concerned with investigating the performance of distribution channels of FMGs.

This study investigates the factors affecting distribution performance of fast moving goods a case of east Africa bottling Share Company. Four determinants: competence and experience, financial and facility capacity, availability and delivery of product and selling capacity have been kept in mind while doing this research. The study used quantitative Methods and descriptive research design techniques in which 144 respondents from Addis Ababa were included. In this study structured questionnaire for key account customers, Sales representative, Area sale manager and Distributors identified through descriptive and explanatory research approach was used. The researcher used Pearson's correlation and regression analysis to analyze the data. The result of the study shows that all four variables; competence and experience, financial and facility capacity, availability and delivery of product and selling capacity has a significant influence on distribution performance of the firm with different degree.

The study suggests that focusing on these distribution performance variables could further reduce the probability of default while distribution performance of fast moving goods or coca cola products.

Keywords: *Fast Moving Goods, East Africa Bottling Share Company, Distribution Performance, Distribution Channel, Competence and Experience, Financial and Facility Capacity, Availability and Delivery of Product and Selling Capacity.*

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

Production is the creation of goods and services and these goods and services can be produced in factories or industries and stored in warehouses. However, production cannot to be said to be complete until the products/services get to end user or consumer. This can be obtained through the distribution process and that completes the production cycle. One of the components of marketing mix is the task of transferring product from production place to purchase place for the customer, thus the main task of distribution management is placing goods in the hands of potential customers at the right time and place (Roosta et al. 2009). Distribution channels can be described by the number of channels involves. A layer of intermediaries that perform some work in bringing the product and its ownership closer to buyer is channel level (Kotler, 2004).

Any organization to be effective there should be effective distribution management process to convey finished products from the manufacturer to the final consumers. This is because without having standardized distributor the best product will not be delivered and the marketing mix will break down and fail (Ferguson 2000).

FMGs are products that are sold quickly at relatively low cost. The FMGs industry can be categorized into three major segments: food, beverage, and household. It is part of the business to business category, and customers are typically retailers through whom goods are sold to consumers. The industry is characterized by few customers compared to producers, leading to fierce price competition. Producers are therefore forced to focus on cost reduction and furthermore many FMGs companies emphasize the short term gains of getting stock costs down. (Alaa Aljunaidi and Samuel Ankrah, 2014)

Soft drinks are generally categorized as a FMGs and have a relatively short shelf life. The beverage industry refers companies that produces drinks, in particular ready to drink beverages. Therefore, the beverage industry is part of the FMGs industry. There has been little apparent long-term change in the nature of its core products, such as beer and carbonated soft drinks. Barriers to entry are considered low, making the industry very competitive (Peter Nolan, Jin Zhang, and Chuchang Liu, 2007)

As the Fast Moving Goods are low priced and many brands and companies are involved in the manufacturing and production of same categories of products, it becomes really difficult to project a special place in the minds of consumers.

Therefore, marketers have to think of special plans and ways in which they can attract consumers towards their products even at the time of normal economic circumstances or at the time of boom in the economy. Therefore, at the time of recession, the difficulties increase even more. As we all have seen or heard about the most recent recession that has affected the world economy really badly, it became difficult for many industries to survive. Similar is the case with FMGs as well. As it is a low priced and high volume area to work upon, it became really difficult for sellers to make or increase the profit margin regarding the same. The main reason for this is that due to recession and a need to save money people prefer buying cheaper brands as compared to highly expensive ones. Due to the profit margin being lower than other industries, it becomes really difficult for these FMGs companies to sustain and survive. (Shilpy Malhotra, 2014)

In the theory of marketing mix, place (distribution) determines where the product will be sold and how it will get there (Kotler, 2000). Griffith and Ryan (1996) hold that distribution channels evolved through the utilization of national resources contained within an area of trade. The need to move the resources to other areas where they were in demand brought about the need for distribution channels. A channel of distribution comprises a set of institutions which perform all of the activities utilized to move a product and its title from production to consumption.

Consumers today are more environmentally conscious than ever. However, it has been found that there is a gap between the consumer's intention and actual purchase when it comes to products that there is a social pressure to buy for environmental reasons. The potential for the socially desirable segment is estimated to have potential, but growth seems to be slow.

1.2.   Statement of the Problem

The activities of fast moving goods in a company with great diversity of customers spread over vast geographical areas thus must integrate the systems components of distribution to achieve an acceptable customer service level and avoid reduction of market share (Bowersox, 2008).This therefore explains the problem of getting the right quantity of the right product to the right place at the right time and at the least cost possible. This challenge has confronted companies with issues such as meeting delivery due dates and operating an efficient distribution network. Geographically imposed gaps between firms and their potential consumers is bridged by distribution, as physical distribution uses its transportation function to provide time and space utility between these two parties (Bowersox & Closs, 2010). Based on the survey conducted by various departments within the firm conducted during 2017–2018 half fiscal year market survey result; it was seen some indicators that Insufficient supply of product to the channel members during pick season by the company, unavailability of product as per end-user request, inconsistent selling capacity of channel members, inconsistent assessment of channel members by the company distributor representatives, and inadequate finical capacity of distributors for re- stocking items or products was a straggle (CCBA Knowledge and intimacy, route to market survey June, 2018). In the same report distribution is becoming a more imperative issue in company accounts as the cost of transportation, warehousing and stockholding are growing relative to the costs of other industrial inputs. Marketing efforts, such as the extension of product lines and penetration of new marketing channels into new markets, were imposing increasing strain on distribution systems, making them more complex to manage and more expensive to operate (McKinnon, 2009). In the emergence of these marginal problems, there is the fact that there are so many brands of consumer goods in the market from which the consumer has to choose from with little or no attention to difference among them in terms of quality and other characteristics.

As Yang (2013) pointed out a good design of a distribution network could achieve a number of logistics and supply chain goals, ranging from low operational cost to high customer service level. Thus, to plan, design and select and use the most efficient and effective channel of distribution in which to place a product into the hands of the customer is very important for such market leading manufacturers like as Coca-Cola producer, East Africa Bottling Share Company.

Keeping in view the above discussion, the researcher focus to conduct a research study in which the most important factors that can affect distribution performance of fast moving goods will be identified and analyzed. As per the data fetched from 2017–2018 half fiscal year distribution of FMGs to end user become decreasing as per the previous years, that's is the main gap the researcher would like to address why distribution network declining? Moreover, the gap identified during the literature review by the study is that limited researches have been done to evaluate factors that affecting distribution performance of fast moving goods. Therefore, the researcher is motivated to undertake this research and fill the gap.

1.3.   Research Questions

❖ What magnitude of competence and experience channel members have in the area of distribution system distributing/selling coca cola products to their customers/end user and their influence on the company sales performance in product distribution?

❖ What degree of financial and facility capacity channel members align with company target to fulfill end-user needs in terms of Coca-Cola products?

❖ What extent channel members selling capacity performances affect company's sales performance of the company?

❖ What magnitude of channel members availability and delivery of product affect customer satisfaction of getting product and as per the target of company product distribution system?

1.4. Objectives of the Study

1.4.1 General Objective

The main objective of this study is to critically examine factors affecting distribution performance of fast moving goods taking the case of East Africa bottling Share Company on selected cities in Addis Ababa.

1.4.2 Specific objective

The specific objectives of the study include the following:

➢ To examine channel members competence and experience in the area of distribution system distributing/selling coca cola products to their customers/end user and their impact on the company sales performance in product distribution

➢ To evaluate how financial and facility capacity of channel members align with company target to fulfill end-user needs in terms of Coca-Cola products

➢ To examine channel members selling capacity performances affecting company's sales performance of the company

➢ To assess channel members availability and delivery of product as per customers getting of the product and the company product distribution system

1.5. Research Hypothesis

Based on the research question and the background of the study earlier mentioned, the study developed the following hypothesis for later testing:

❖ H1: Competence and Experience of channel members has an influence in the area of distribution system distributing/selling coca cola products to their customers and on the company sales performance in product distribution

❖ H2: Financial and Facility capacity of channel members has an influence on customers' needs in terms of coca cola products

❖ H3: Channel members selling capacity performances has an influence on company's sales performance of the company

❖ H4: Channel members availability and delivery of product has an influence on level of customer satisfaction and as per the company product distribution system

1.6.   Significance of the Study

The study assumes significance in terms of its contribution to investigate the most crucial factors Affecting distribution performance of fat moving goods. The study also helps to identify the effectiveness and efficiency of the distribution network system and to know the hindering factors and to improve the product distribution processes.

The finding of this research work are significant in several aspects. First, the results of this study have some practical value on distribution performance of fast moving goods in companies like as Coca-Cola producer Company. The findings of this study will benefit the company in terms of understanding performance of its products distribution channels, in understanding how far the demand of customers fulfilled by the distributors, in comprehending existing gaps and factors that are affecting the performance of distributors and distribution system and how to improve the existing problems. The researcher has a hope that the findings of this study benefit the company in understanding the current performance of its distribution channels, in comprehending whether customers that the distributors serving are satisfied in the distribution process and to improve gaps that might identified in this study.

Secondly this study will benefit researchers by highlighting current trends on distribution performance of fast moving goods practices. Thirdly, the study will help by providing background material for future research in similar or in other sectors or industries, and anyone can or will use the findings for reference purposes in future related studies.

1.7. Scope and Limitations of the Study

1.7.1 Scope of the Study

The study has focused on factors affecting distribution performance of fast moving goods or Coca-Cola products at the firm beverage Africa, which has 3 plants located in Dire Dewa, Bahir Dar and Addis Ababa, the researcher has focused only in the Addis Ababa branch plant official Coca-Cola distributors, sales representative and there sales managers which are currently working on the company product distribution system which include making the product available, delivering customer service, giving advice and technical support, Even though stated distribution performance is determined by different factors, this study is confirmed on the factors affecting distribution performance of coca cola products.

1.7.2 Limitation of the study

The scarcity of sufficient books and literature in the area of study was the major short coming that the researcher encountered during the execution of the study. The research was conducted also in all channel members found in Addis Ababa region and from distributors, customers, company sales representatives only. However, in distribution channels', including but not limited to this only. This also be reckoned as a limitation as it could be complete if the resepectivies of others would also be incorporated. It is very important to note that these limitations have been significant interference with the outcome of the study.

1.8. Definition of Key terms

1.8.1. Distribution

Distribution is the process of making a product or service available for use or consumption by a consumer or business user, using direct means, or using indirect means with intermediaries. Or are the movement of goods and services from the source through a distribution channel, right up to the final customer, consumer or user, and the movement of payment in the opposite direction, right up to the original producer or supplier. An order or pattern formed by the tendency of a sufficiently large number of observations to group themselves around a central value (Wren, 2007). The familiar bell-shaped curve is an example of nominal distribution in which the largest numbers of observations are distributed in the center, with progressively fewer observations falling evenly on the either side of the center (average) line. See also frequency distribution, nominal distribution, and standard distribution (Wren, 2007).

1.8.2. Channel

The channel function concept has already been extensively discussed by academics (Rangan et al., 1992). McCammon and Little (1975) argued that functions are considered to be the basic determinants of channel structure. That is, a system designed to carry out necessary tasks. Some researchers have discussed channel structure in terms of the function performed by channel members (Mallen, 1973). The basic idea was that channel functions could be allocated in different combination among various channel actors depending on the characteristics of the channel (Wren, 2007). Channel functions are categories of activities and services that add value to physical goods as they move from manufacturers to customers (Atwong and Rosenbloom. 1995).

1.8.3. Distribution Channel

Coughlan et al., (2006) defined a distribution channel as a set of independent organizations involved in the process of making a product or service available for use or consumption. The ultimate goal of a distribution channel is to bridge the gap between producers and consumers by adding value to products or services (Kim and Frazier, 1996). Typically, manufacturers, intermediaries (wholesaler, retailer, specialized) and end users are perceived as the key actors of distribution channel (Coughlan et al., 2006). Based on these definitions, it is not easy to determine where the distribution channel actually starts, since there might be multiple producers involved in manufacturing the final products at different levels. Some of these producers are close to the end at which raw material is supplied, while others are closer to the end that deals with final buyers or users.

1.8.4. Indirect Distribution Channel

The indirect channel is used by companies who do not sell their goods directly to consumers. Suppliers and manufacturers typically use indirect channels because they exist early in the supply chain (Aaker, 2001). Depending on the industry and product, direct distribution channels have become more prevalent because of the Internet. Distributors, wholesalers and retailers are the primary indirect channels a company may use when selling its products in the marketplace. Companies choose the indirect channel best suited for their product to obtain the best market share; it also allows them to focus on producing their goods (Aaker, 2001).

1.8.5. Direct Distribution Channel

A direct distribution channel is where a company sells its products direct to consumers. In this structure of distribution a producer does not have to share its profit with intermediaries and so it is a low cost channel. The producer controls the whole marketing process and as a result can protect and maintain its brand image (Dent, 2011).

1.8.6. Competence Capability

Competence is the ability for performance within a role with the usage of 'competencies' as defined knowledge, skills, abilities, communication, technical skills, critical thinking, emotion, values, reflection and judgment, and causing an effective and superior performance outcome. (Cross, 2010). According to Kotonen et al. (2012, 22) and Baker et al. (1997, 266) competences describe the characteristics of an employee required to perform her tasks well. Competences can be divided into individual and collective competences. Individual level of competences consists of knowledge, skills, attitudes and behavior, whereas collective level consists of collective team, process and organizational capabilities. Langdon & Whiteside (2004, 12) say that competencies include all the same characteristics as competences; skills, knowledge and attributes, but in addition to them also the ability of performing job tasks.

The definition of Shellabear (2002, 16) is very similar, stating that competencies are the specified skills, attitudes, behavior and knowledge necessary to fulfill a task. Often the ultimate purpose on competencies is to provide extra value for external customers.

According to Sanghi (2007, 10) idefines competency as a measurable, individual capability that distinguishes superior, effective accomplishment of a designated function according to a performance definition by an organization for its people; an interactive and complex combination of integrated attitudes, skills, knowledge and ability; behaviors and strategies; traits, motives, thought patterns, self-concepts, values and social roles.

1.8.7. Experience Capability

Key driver of improved performance is increasing cumulative experience. Organizations, teams, and individuals each develop routines for solving problems. Learning then consists of the process of exploring, selecting and replicating new routines for performance improvement (Nelson and Winter 1982; Zollo and Winter 2002). Thus, with increasing experience one may get better at executing existing routines and developing new ones.

The value of experience is also called into question by the idea of competency traps or core rigidities (Levitt and March 1988; Leonard-Barton 1992). These suggest that groups may become fixed in their way of doing things and that as conditions change, the group will not respond. This implies that experience may have a decreasing, or even negative, return when change enters a

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model. Staw (1980) also highlights the potential negative impact of experience as he suggests that skill increases with tenure, but effort and drive decrease over time, generating an inverted U-shaped relationship to performance.

In a review of the work experience literature Quinones, and Speer (1991) found that most studies used time on the job, or tenure, to measure work experience (e.g., McDaniel, Schmidt, &Hunter, 1988). However, other studies have measured experience by (countmgmenum1 Alley, 1989). Another approach has focused on the actual content of the experiences as a critical determinant of job performance (Mumford & Stokes, 1992). Finally, some have argued that individuals can differ in "lessons" they draw from similar experiences (McCall, Lombardo, & Morrison, 1988).

1.8.8. Financial Capacity

The ability to make financial decisions is an essential life skill, impacting the ability to effectively handle one's property and financial affairs, and potentially increasing vulnerability to financial exploitation (Acierno et al., 2010; Laumann, Leitsch, & Waite, 2008; Lichtenberg, Stickney, & Paulson, 2013; Stiegel, 2012). Marson and others then expanded financial capacity to include a broader set of skills and activities needed for independent functioning in the community. These include performance and judgment, and vary from basic skills such as identifying and counting coins/currency, higher-level skills such as managing a checkbook, and more sions (Flint, Sudore, & Widera, 2012; Marson & Hebert, 2008; Marson, Triebel, & Knight 2012). Financial capacity in this conceptualization therefore involves not only skills around financial performance, but also sound judgment that optimizes one's own interests and ability to follow values that generally guide one's financial choices (American Bar Association Commission on Law and Aging & American Psychological Association, 2008.)

1.8.9. Facility Capacity

A facility capacity is an accumulation of everything needed for production of goods or delivery of services. A facility is an entity that facilitates the performance of any job. It may be a machine tool, a work center, a manufacturing cell, a machine shop, a department, a warehouse, etc. (Heragu, 1997). According to Tompkins (Tompkins et al, 1984): "Facility capacity determines how an activity's tangible fixed assets best support achieving the activity's objectives." He believes that the following are elements that should be considered when designing a future facility: custom designed to meet customer needs, designed to facilitate time compression, flexible to allow adjustments to meet rapid market changes, ability to accommodate fast to market new products, focused for a small range of products, designed for a flat organization, planned at the lowest possible level, linking suppliers, manufacturing and customers, managed by a few "managers" facilitating decision making, training to adapt to change.

1.9. Organization of the Paper

This work is organized into five chapters: Chapter one deals with the introduction. This takes a look at the background to the study, statement of the problem, research question, objective of the study, research hypotheses, significance of the study, scope and limitations of the study as well as the organization of the study, Chapter Two deals with reviewing existing literature that primarily deals with discussions and review of literature related to the concepts of the research. The third chapter describes the methodology adopted for the study. This includes the research design, area of study, population, sample and sampling techniques, research instrument, administration of the questionnaire, and data analysis procedure. Chapter Four comprises compilation, analysis, and discussion of data collected from the fieldwork. Chapter Five also looks at the summary of the findings, conclusions, and recommendations.

CHAPTER TWO: REVIEW OF LITERATURE

This part of the research reviews existing body of works or study literatures that are relevant to the thesis topic. This section is divided into theoretical, empirical and conceptual frameworks.

2.1. Theoretical Review

This part the of the review focus on reviewing studies that concerned on definition of key terms, characteristics of distribution channels, functions of distribution channels, distribution channels management, evaluation of performance of distribution channels, problems and factors affecting the performances of distribution channels and its impacts on the company's products distribution system, customers service and satisfaction level.

2.2. Characteristics of Distribution Channel in Focus

It has been evidenced for years that distribution channel is important for its ability to reduce the expenditure of economic transaction (Williamson, 1981). Its capability of effectively supporting the competitiveness of firms, namely manufacturers, distributors, retailers, and customers, due to the distance that separates them apart, making distribution channel a significant function to enhance export performance (Leonidou, 1996; Zou, & Stan, 1998). Other studies that found similar result of its essential role of distribution channel to be a determinant factor for export improvement can be found in (Shouming, 1998) and (Carlos et al, 2008), besides product, price, and promotion strategy.

Many scholars have shown great interest in studying further about distribution channel due to its crucial role in improving firm performance. (Leonidou, 1989), (Moore, 1991), (Heide, 1994), and (Morgan, and Hunt, 1984) indicated that the growth of export oriented firm was significantly associated with the effectiveness of the relationship and cooperation between producers and the overseas importer. A study by Anderson et al., (1997) also found that the effectiveness of channel members' coordination and communication among manufacturers, agents, distributors, and retailers improved channel member performance. According to the finding by (Rose, and Shoham, 2004), it was demonstrated that practical conflict that happened among channel members would not strengthen the affiliation, but on the contrary, it would reduce the effectiveness of strategy used, which, would in turn, alleviate their performance.

Distribution channels are mainly designed in a way the products delivered through the best configuration of channel to fill customer's demand with minimum total cost (Ambrosino & Scutell, 2005 & Amiri, 2006, as cited in Wihdat, et.al, and 2013). Therefore, designing and determining the right number of facilities and locations in the selection of a distribution channel configuration is essential policy for mostly every company and supply chain (Amiri, 2006, as cited in Wihdat, et.al, 2013). In the modern business, the biggest change and challenge would not be in new methods of production or consumption, but in the selection of distribution channel design and structure. That means the distribution channel design and structures that a company or manufacturer selected and used has impact on the performance of distribution channels. Authors like as (Hamid, Kamran & Gholamreza, 2011) stated that the design and structure of selected intermediaries or distribution channels determine how best to go to market, distribute manufactured products to the intended end users. As these authors remarked distribution channel design and structure decisions are among the most critical decisions facing managements of manufacturer. The distribution channel structure and level that has chosen intimately affects all the marketing decisions and performance of distribution channel.

The main aim of any manufacturing firm is to manufacture goods/stuffs that are needed by users/ consumers and generates billions in sales. In order to do this, the firm must be assured that its products are distributed to the intended markets or areas and reach the end users. However, most producing and manufacturing firms are not in a favorable position to perform all the tasks that would be necessary to distribute their products directly to their final user markets.

Manufacturers' success cannot be reached by their own effort alone; having a good partner in distribution is very important. In many instances, it is the capability and availability of distribution channels that make it possible for a producer/manufacturer to even participate in a particular market (Kiumars, Nazanin & Roshanak, 2013).

The growth and the increasing importance of distribution of manufactured products in recent years and having efficient distribution channels can be considered a competitive advantage for manufacturers. As (Guan, 2010) also noted, many companies or manufacturers do not sell their products directly to end users; they instead rely on distributors, sales agents, brokers, retailers or some combination of these intermediaries to distribute their products. That means, as (Yang, 2013) has described, manufactured products distributed or transferred in a sequence of activities directly

from supply points (could be manufacturing facilities) to demand points (could be customers or retail stores and consumers) or via transshipment points such as distribution centers and warehouses. Hence, the main characteristic of distribution channels is to connect the producers, produced goods and customers or consumers to each other. They, (distribution Channels) provide downstream value by bringing finished products to end users. This flow, as (Michael, 2012) stated, may involve the physical movement of the product or simply the transfer of title to it. The ultimate goal of a distribution channel is to bridge the gap between producers and consumers by adding value to products or services. Typically, manufacturers, intermediaries (specialized wholesalers, retailers) and end users are perceived as the key actors of a distribution channel (Koshy, 2014).

2.2.1. Functions of Distribution Channels

The realization process of a marketing strategy of a company lies not only in achieving specific production goals and a proper communication with recipients during realization of the promotion phase. Its constant and very important factor is to provide finished products to customers. A basic condition for achieving goals set out in the trade is that the finished product meets the needs of the consumer, in particular it has a suitable form and it is delivered at the right time and place. To be compliant with this requirement means to take action and implement the elements included in the marketing-mix, which is the distribution of goods — one of the processes of market support, containing within itself all the decisions and actions related to the manufacturer's communication with end customers. Intermediaries create marketing distribution channel (Punkt zwrotny nowoczesnej firmy, PWE, Warszawa 2000).

There are some studies which done in assessing solely about tasks of distribution channels. However, most studies which have been done assessing different aspects of distribution channels, have discussed about the main tasks of distribution channel.

Marketing channels or distribution channels perform a number of functions that make possible the flow of goods from the producer to the customers or consumers, overcoming the time, place, and possession gaps that separate goods and services from those who need or want them (Dent, 2011, Michael, 2012).

They make products available whenever, wherever and in the sizes and quantities that customers want. Rosenbloom (1987) (cited in Hamid, Kamran & Gholamreza, 2011) identifies six main distribution tasks that modern and well-managed distribution channels performs for customers:

- ❖ Making the product available
- ❖ Delivering customer service
- ❖ Providing credit and financial assistance
- ❖ Assortment convenience
- ❖ Breaking bulk
- ❖ Giving advice and technical support

Michael, (2012) also has discussed that distribution channels provide a number of logistics or physical distribution functions that increase efficiency of the flow of goods from producer to customer. Michael, (Ibid) describe further that distribution channels create efficiencies by reducing the number of transactions necessary for goods to flow from many different manufacturers to large numbers of customers. This occurs in two ways. The first is called Breaking Bulk. Wholesalers and retailers purchase large quantities of goods from manufacturers but sell only one or a few at a time to many different customers. Second, channel intermediaries reduce the number of transactions by creating assortments providing a variety of products in one location so that customers can conveniently buy many different items from one seller at one time. The transportation and storage of goods is another type of physical distribution function.

2.2.2. Distribution Management

Marketing channel decisions are among the most important decisions that management faces today. Indeed, if one looks at the major strategy of the marketing mix (product, price, promotion and distribution), the greatest potential for achieving a competitive advantage now lies in distribution (Obaji, 2011).

Distribution management encompasses a system of all activities that are related to the transfer of economic goods between manufacturers and consumers. In other word, one of the main tasks of distribution management is to transfer product from the production place to the purchase place, that is, to the customer or placing the goods in hand of potential customers at the right time and place (Roosta, et.al. ,2009, as cited in Hamid & Seydeh2014).

For any organization to be effective there should be effective distribution management process to convey finished products from the manufacturer to the final consumers. This is because without distribution the best product will not be delivered and the marketing mix will break down and fail. As a result of this, firms are increasingly adopting supply chain management to reduce cost, increase market share and sales, and build solid customer relations (Ferguson 2000).

Besides, it includes such a coordinated preparation of manufactured goods according to their type and volume, space and time, so that supply deadlines can be met (order fulfilment) or estimated demand can be efficiently satisfied (when producing for an anonymous market) (Domschke & Schield, 1994, as cited in (Koshy, 2014))

As Koshy (2014) described competitive distribution management plays a key role in market penetration and concentration to sustainable profitability through internal and external customer satisfaction. Kazi et.al. (2012) also discussed that distribution management system is the process which simplifies and manages each phase of distribution chain from customers, ordering, delivery, payment, inventory, and right through to services management. According to Pravin (2010) effective distribution management oversees the movement of goods from supplier or manufacturer to point of sale. It is an overarching term that refers to numerous activities and processes such as packaging, inventory, warehousing, supply chain and logistics.

Koshy (2014) describe that distribution systems are usually divided into two:

- ❖ Acquisition distribution system
- ❖ Logistic, i.e. physical distribution system.

He also pointed out that this division is not completely accurate, since both of these subsystems exhibit certain common starting points. According to this author, Acquisition distribution system management includes the management of distribution routes, i.e. distribution channels. Logistics distribution system is focused on bridging the space and time by transportation and storage, well as order processing and shipment, supply logistics, i.e. the movement of materials.

2.2.3. Evaluation of Distribution Channel Performance and Effectiveness

The modernization of business activities, increasing level of competition and globalization in the world economy has a great impact on distribution channels management and performance and on the success of any business. Manufacturers' success cannot be reached from their own effort alone; their success or failure is determined and increasingly reliant upon their marketing channel members or distributors' (e.g., agents, wholesalers and retailers etc.) performance and how effectively and efficiently their products are reaching to the intended consumers or sold (Singh & Imran, 2014).That means performance of distribution channel and effectiveness determines competitiveness and successes of the company. The level of performance attained by distribution channel members is pivotal for a firm's achieving a competitive advantage. Hence in order to survive and thrive in a highly competitive manufacturer companies have to have a distribution channels which have good performance and have no problem at any point of the distribution channel (Hanaa, 2013).

In the distribution channel or distribution network context the main task of distribution channels is placing the goods in hand of potential customers at the right time and place. Therefore, in products distribution delivery time has major significance. Delivering products in shortest feasible time is one of the criteria for measuring performance of distributors (Kiumars Sharifi. Nazanin Zandi, and Roshanak Rezvani (2013). Maintenance of adequate inventory, selling capabilities, attitudes of channel intermediaries toward the product, competition from other intermediaries and from other product line carried by the manufacturers own channel members are also other possible performance criteria that should be taken into consideration (Rallabandi, 2014). Besides these, in product distribution activities, issues such as delivery or distribution scheme, storing and depot facilities, transportation and orders management are of top priorities (Koshy, 2014). Whenever, such services are offered by distribution channels properly and in harmony with quality products for the consumers or users, positive performance and effects on profitability of the company are expected, otherwise profit crises are expected (Bakhtaei & Golchinfar, 2002, as cited in Kiumars, Nazanin & Roshanak, 2013).

In the FMGs segment, particularly, the role and an excellent performance of distribution channel becomes even more crucial because the delivery of FMGs Product is confined day to day basic (Madhu and Dinesh, 2011, Singh & Imran, 2014).

Thus, looking for ways of improving performance of supply chains and distribution channels is very essential for manufacturers. As Loomba (1996) (cited in Guan, W. 2010) suggests, the companies who want its distribution channel partners should perform at the highest standards possible and compete effectively need to constantly evaluate their performances on sales, targets, coverage, productivity, inventory, holdings, attending to servicing requests and make adjustments when necessary.

By evaluating and measuring distribution performance manufacturers and businesses can see what they achieve, quantify ad qualify their effectiveness, identify opportunities for improvement and compare their performance against competitors (Ibid). Therefore, intermediaries/distribution channels that want to be successful and survive in competitive marketing environment should have to strive to properly perform the large number of distribution activities to achieve the set goal of the marketing and should evaluate and measure their distribution performance regularly (Salih and Emel, 2013).

The manufacturer who also sells all of its output through intermediaries/distribution channels is likely to evaluate its channel members' performance more comprehensively, because the firm's success is so directly dependent upon the channel members' performance.

To evaluate and identify the performance of distribution channels in delivering quality services in the process of distribution of products, we need to measure different indicators and analyze them (Hanaa,2013). Traditionally, distribution channels performance is measured by financial aspects or minimum logistic costs. But with the increase of competitiveness in the global market performance of distribution networks along with SCM start to be measured by non-financial aspects as well, such as customer service level and satisfaction or how to improve customer value and to decrease expenditures at the same time (Wihdat, Yousef & Sang-Heon, 2013).

Most of the current distribution network studies (Koshy, 2014, Huda, Karim, & Khan, 2012, Kiumars, Nazanin, &Roshanak 2013, Wihdat, Yousef and Sang- Heon, 2013, Salih and Emel, 2013 etc.) have emphasized on the importance to use some non-financial parameters (such as customer service level and satisfaction, service coverage area, inventory level, delivery or lead time and costs) as well for evaluation of effectiveness of performance of distribution channels that companies used for distributing their products to the end users.

2.2.4. Problems and Factors Affecting the Performances of Distribution Channels

Marketing channels develop and operate in complex environment that is continually changing. The changes have major effects on the marketing channels. According to Rolnicki (1998) every channel is influenced by macro environmental forces or variables such as consumer buying behavior, economic, political and legal factors, technological changes, international macro influences and channel member preferences. Due to the dynamics nature of these factors, companies must frequently evaluate and monitor the performance of their distribution channels. The evaluation and monitoring has to be done regularly for better results.

The fundamental challenge confronting channel managers in the face of these economic developments is to help channel managers weather difficult economic conditions. The competitive environment must include not only domestic but also global competition as well. The socio cultural environment has a significant impact on marketing channels because the structure of marketing channels reflects the socio cultural environment within which they exist. The technological environment must be monitored carefully to evaluate the effects of technological changes on marketing channels. Such developments as the internet, computerized inventory management, computer shopping etc. have had, and will continue to have, profound effects on marketing channel strategy. Also channel managers cannot ignore the political-legal environment, with its complex laws and continually changing precedents. Distribution strategy and its performance can also be shaped by how decisions are made in other marketing areas such as the product, price and promotion elements. The idea behind the channel in the distribution area is that a channel concept highlights the efficiency and effectiveness aspects of distributing goods and services (Wilders, 2006). Each of the elements in these channels has their own specific needs, which the manufacturer must take into consideration, along with those of the end customer (Stem et al., 2006).

Traditionally, distribution network performance is measured by financial aspects or minimum logistic costs, yet with the increase of competitiveness in the global market; distribution networks along with SCM performance are measured by nonfinancial aspects as well, such as customer service level (A. Gunasekaran and B. Kobu, 2004) or how to improve customer value and to decrease expenditures at the same time (M. Kärkkäinen, T. A. Risku, and J. Holmström, 2003). Most of the current distribution network studies use parameters based on the customer service level, which is service coverage area such as the number of distribution centers and the inventory

level with minimum total costs (A. Amiri, 2006), (S. Benjaafar, 2008), (F. Altiparmak, M. Gen, L. Lin, and T. Paksoy, 2006), and (H. Selim and I. Ozkarahan, 2008). However, only a limited number of researchers consider delivery time with minimum total costs or consider all parameters such as inventory level, lead time, service coverage areas, and costs simultaneously (F. Altiparmak, M. Gen, L. Lin, and T. Paksoy, 2006).

The need to evaluate performance level of distribution channels is just as important as the evaluation of other marketing functions. Clearly, the marketing mix is quite interdependent and the failure of one component can cause failure of the whole (Michael, 2012). Therefore in evaluating the performance and efficiency of distribution of products; it is very essential to identify what factors affect or challenge the performance and effectiveness of the distributors.

Performances of distribution channels can be affected by different factors. In order to make right decision regarding factors affecting distribution performance the company requires a complete knowledge of the problems faced in the distribution channel and what should be done in order to overcome all the existing problems. Hence, in assessing performances of distribution channels it is essential to investigate and identify problems and factors that are affecting the performance of distribution channels and their competitiveness.

While reviewing literatures and study articles focused on the distribution channels, (that of Wihdat, et.al (2013), Saremi & Zadeh (2014), Kiumars et.al (2013),Kazi, et.al. (2012), Koshy, (2014) and Hamid, & Seydeh, (2014) etc.), the following main factors (which have been discussed below) have been identified by the researcher of this study as prominent in affecting the performance of distribution channels and to employ them as indicator identifying and measuring performance of distribution channels of the Coca Cola products of east Africa Bottling share company on selected cities in Addis Ababa.

2.2.4.1. Distributors Experience and Competency in Distribution Management

Literatures have showed experiences have a significant affect to get succeeded. Experienced businessmen most probably get more experience than new comers. (Kristiansen et al., 2003) found that the length of time in operation was significantly associated with the success of business. In their new small firms study, (Duchesneau & Gartner, 1990) found what lead entrepreneurs in successful firms tended to be raised by entrepreneurial parents. Under such conditions of low asset

specificity, with greater experience in foreign market activities, there was a positive incentive for exporters to integrate (Klein, & Roth, 1990).

Distributors experience and competency in distribution management is one of the criteria that is taken into consideration and mostly used by the manufacturers during selection of proper distribution channels (Saremi & Zadeh, 2014). Experience, skill, competence, in general excellence of the selected distribution channels is one of the most important factors that challenge the performance and successfulness of manufactured products distribution (Kazi, Rezaul & Rehnuma, 2012). Deficits in distributors' skill and competence are identified as affecting distribution performance. Through their contacts, experiences, specialization and scale of operation distributers/ intermediaries usually offer the firm/company more than it can achieve on its own. Deficits in distributors' skills and competences can be identified through evaluation of their performance and necessary improvement measure can be taken (Koshy, 2014).

Distribution channels usually perform better if someone who is experienced and capable in distribution management and selling is in charge and providing efficient and effective leadership. Many manufacturers believe it to be worthwhile to evaluate distribution channel members' sales capabilities more directly by appraising their salespeople (Hamid, & Seydeh, 2014). This is particularly true of distribution channel members at the wholesale level. If the information is available, the manufacturer should pay particular attention to such factors as (1) the number of salespeople the channel member assigns to sales or distribution of the manufacturer's product line, (2) the technical knowledge and competence of the channel member's salespeople, and (3) salesperson interest in the manufacturer's products (Ibid).

2.2.4.2. Financial Status and Storage Facility of Distribution Channels

Traditionally business performances have been measured through the financial performance. A survey of the recent literature reveals that there is no unique criterion regarding the performance of distribution networks. Muriel & Cintya, (2012) stated that the empirical dedicated studies over the period 2007-2012 can be classified in three main categories: one category dealing with the financial performances, the other one with the non-financial performances, and a third category of empirical works combining financial and non-financial performance criteria.

Nevertheless, financial status or capacity and storage facility of the distributor (which normally considered carefully in the selection of distribution channels), as Salih & Emel, (2013) described, is among the basic factors that could affect the performance of distributors. In investigating the retailer performance in Taiwan, for instance, Wu et al. (2006), cited in (Salih & Emel (2013) revels that financial status of the distributors affect performance of the distribution system.

2.2.4.3. Availability and Variability in Supply and Demand

The distribution system determines a product's marketing presence and the buyers' accessibility to the product. That means, in the distribution system availability and variability in supply and demand is one of the factors that can affect the performance of distributors. The uncertainty along the chains is the main problem that causes misalignment between supply and demand (Hanaa, 2013). Availability affects sales, since if the product is not available, it cannot be sold. Most customers will not wait until it can be reached. Products must be available to consumers who want to purchase them conveniently, quickly, and with a minimum of effort.

Availability is the probability of having a product in stock when a customer order arrives and this can affects the performance of distributor, i.e.; whether the distributors are able to provide products/brands to retailers as they need or demand (Taylor & Fearne, 2009). Customer demand might be difficult to predict; if so, the distribution channel must support a high degree of product availability as it satisfies demand of the customers. (Guan, W. 2010).

Distributer intermediaries normally achieve superior efficiency by making goods widely available and accessible to target marketers or customers (Hong Lu, 2011). Therefore, availing products as much as needed in the market and satisfying demand of the customers is important to achieve success in product distribution.

2.2.4.4. Selling Capability and Market Coverage

Distribution channel strategies affect many other aspects of marketing strategies. According to Kotler and Keller (2008), (cited in Guan, W. 2010) among the marketing strategies, distribution channels' selling competence and market coverage is the most important and commonly used frontline criterion for evaluating channel members distribution performance. The quality of service offered by distribution channels to their customers has reflected ultimately in their sales

performance, that is sales of the products and coverage. Competency and efficiency in sales should be evaluated in terms of:-

- ❖ Comparisons of the channel member's current sales to historical sales
- ❖ Cross comparisons of a member's sales with those of other channel members
- ❖ Comparisons of the channel member's sales with predetermined quotas (if quotas were assigned).

2.2.4.5. Delivery Time

The important variable in the study of performance of distributors is delivery time, whether the distributors are able to provide the goods ordered on time. The length of time that elapses between an order being placed by the customer and receiving the product or service (i.e. the lead time) can be a crucial element of customer service, especially in FMGs markets. Customers need to receive their goods ordered on time. Therefore, decreasing order and delivering lead times is a source of competitive advantage.

2.2.4.6. Customers Service Level and Satisfaction

The purpose of any business is to satisfy the needs of its customers. A business that fails to do this in a competitive economy will not survive, because customers will go elsewhere. Businesses that are good at satisfying customer needs have the best opportunities to grow and prosper. In marketing and distribution channel satisfaction of customers is, in fact, the front line issue. Satisfying customers' needs is becoming increasingly important because only when customers' needs are met, can the company's revenues be maximized (Dineshkumar, &Vikkraman, 2012). Quickly responding to the customer's needs and ensuring customer satisfaction in delivering the right product and service at right time and place is the major concern for the success and future growth of the organization (Guan, 2010). Businesses that are good at satisfying customer needs have the best opportunities to grow and prosper (Doyle, 1998, cited in Yang, 2013). A business that fails to do this in a competitive economy will not survive, because customers will go elsewhere. From a distribution perspective, customer satisfaction involves maximizing lead time, place utility and product availability which are also identified as the main parameters in competitive market (Nabhani and Shokri, 2009, Russel and Taylor, 2005, as cited in Wihdat, Yousef and Sang-Heon, 2013).

The quality of service offered by the distributors to the customer service, i.e.; whether the distributors are providing a good service to their retailers determine performance of the distribution channels. In products distribution activities and performance, providing better and quality services and accomplishing various attributes of distribution channels unquestionably improves customers' needs and satisfaction (Kiumars, Nazanin, & Roshanak, 2013).

In assessing satisfaction of customers various attributes such as mode of delivery, coverage pattern, mode of payment, costs, number of assortments, lead time, display of products, understanding of customers' requirements, communication, issues handled, actions taken against customers' request, responsiveness during implementation, time taken for query resolution, actions taken against complaints were taken into consideration and found quite significant (Yung, 2013). Chopra, (2003) as cited in Yang (2013) also points out that there are many factors influencing customer satisfaction, e.g., response time, product variety, product availability, customer experience, order visibility and return ability. Increasingly, customers not only expect low price, but also demand a high quality service, which is generally measured in terms of speed, flexibility and reliability (Pravin, 2010)

2.3. Empirical Literature

2.3.1. Overview of FMGs Distribution System

The fast-moving goods sector is one of the largest industries worldwide. The FMGs industry primarily deals with the production, distribution and marketing of packaged goods which are generally cheap products that have a quick turnover, have a short shelf life, and relatively low cost and are purchased by consumers frequently and on a regular basis (Koshy, 2014).

Distribution is the most important variable in the marketing plans of most FMGs manufacturers, because managing such a massive sales and distribution network is in itself a huge task (Singh &Imran, 2014).

Some common FMGs product categories include food and dairy products, glassware, paper products, pharmaceuticals, consumer electronics, packaged food products, plastic goods, printing and stationery, household products, photography, drinks etc. and some of the examples of FMGs products are coffee, tea, dry cells, greeting cards, gifts, detergents, tobacco and cigarettes, watches, soaps etc. (Ibid).

2.3.2. FMGs Marketing

Marketing of FMGs plays a pivotal role in the growth and development of a country irrespective of the size, population and the concepts which are so interlinked that, in the absence of one, the other virtually cannot survive. It is a fact that the development of FMG marketing has always kept pace with the economic growth of the country. Both have experienced evolutionary changes rather than revolutionary changes (Madhu & Dinesh, 2011).

Such a huge industry is easily recognized by its customers, and its supply chains are seen as a role model for other industries. Some FMGs industry supply chains generate innovative ideas and act as benchmarked frameworks for other industries, because of their high volumes of product flows, close interaction with their customers, less complex manufacturing processes and the dominance of retailers. Some of their ideas such as point-of-sale solutions, transport milk runs and subcontracted manufacturing have been adopted by other industries (Madhu and Dinesh, 2011).

2.3.3. Conceptual Framework

As it have been discussed in the theoretical literature review section that distribution system, performance level, effectiveness of the distributors could be challenged or affected by different factors. Among others distributors experience and competency, financial and facility capacity, selling capability, sufficiency and availability of product can be mentioned as fundamental. The researcher has developed conceptual framework for factors on distribution channel performance by adapting some basic concepts from reviewed literatures mainly from Koshy (2013), Hong Lu (2011), Yildiz & Emel (2013),Hanaa (2013), Dineshkumar & Vikkraman (2012), Guan (2010), (Madhu and Dinesh, 2011) and Wihdat, Yousef & Sang-Heon (2013).

Four basic and relevant elements were used to develop the conceptual framework that will be employed to identify, evaluate and analyze attributes of distribution channels and factors that could affect performance level of the distributors.

Figure 1 Distribution Channel Performance Indicators Frame Work
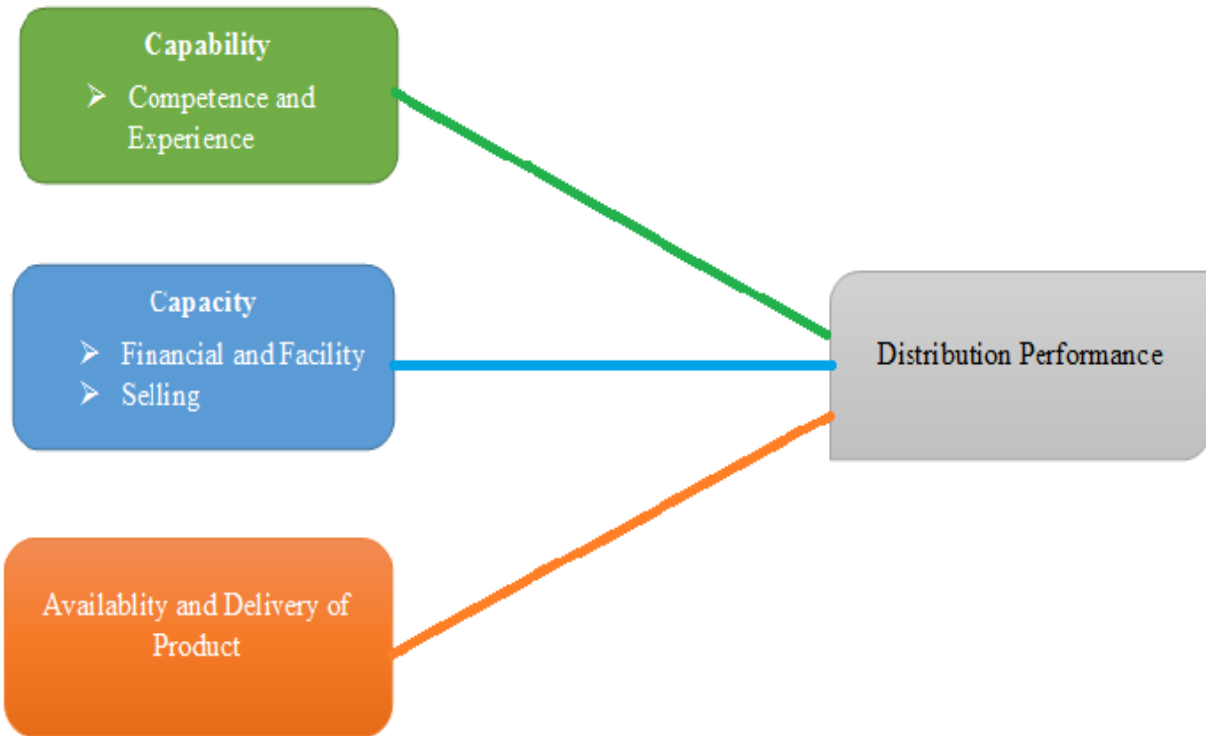
Source: Concepts adopted from different studies; Hong Lu (2011),Salih & Emel (2013),Hanaa (2013), Dineshkumar & Vikkraman (2012), Guan (2010) and Wihdat, Yousef & Sang-Heon (2013).

CHAPTER THREE: METHODOLOGY

3.1. Introduction

Designing appropriate research methodology is a prior condition in order to conduct a good research work. Accordingly, this chapter discusses about the methodology by which the researcher used to conduct the study. Thus, research approach, research design, sampling design, source of data, data collection methodology, data collection instrument, data analysis methods.

3.2. Research Approach

A quantitative and qualitative approach were used to come across the main objectives of the study and to go through all research questions and hypothesis. (Creswell, 2014)) Define quantitative research as an approach for testing objective theories by examining the relationship among variables. These variables, in turn, can be measured, typically on instruments, so that numbered data can be analyzed using statistical procedures. The final written report has a set structure consisting of introduction, literature and theory, methods, results, and discussion. Those who engage in this form of inquiry have assumptions about testing theories deductively, building in protections against bias, controlling for alternative explanations, and being able to generalize and replicate the findings. Qualitative research is an approach for exploring and understanding the meaning individuals or groups ascribe to a social or human problem. The process of research involves emerging questions and procedures, data typically collected in the participant's setting, data analysis inductively building from particulars to general themes, and the researcher making interpretations of the meaning of the data. The final written report has a flexible structure. Those who engage in this form of inquiry support a way of looking at research that honour an inductive style, a focus on individual meaning, and the importance of rendering the complexity of a situation (Creswell,2014).

According to Choy (2014), quantitative survey approach can be administered and evaluated quickly; in addition numerical data obtained through this approach facilitate comparisons between organization and groups as well as allowing determination of the extent of agreement or disagreement between respondents. Therefore in this study the researcher used quantitative method.

3.3. Research Design

A research design is simply the framework or plan for a study that is used as a guide in collecting and analyzing the data. It is a blueprint that is followed in completing a study. Research design is the blue print for collection measurement and analysis of data. Actually it is a map that is usually developed to guide the research (Pandey & Pandey, 2015).

In this study, the researcher adopted a descriptive and explanatory research approach. According to (Sekaran, 2013) descriptive referred as an attempts to describe systematically a situation, undertaken in order to ascertain problem, phenomenon, service or program, or provides information about, or describes attitudes towards an issue and be able to describe the characteristics of the variables of interest in a situation.

Studies that engage in hypotheses testing usually explain the nature of certain relationships, or establish the differences among groups or the independence of two or more factors in a situation (Sekaran, 2013).

In an explanatory study the main emphasis is to clarify why and how there is a relationship between two aspects of a situation or phenomenon (Kumar, 2011).This research is explanatory in nature in that the researcher collects data from target groups and analyzes it in order to explain the relationship between the dependent variable and the independent variables.

3.4. Sampling Design

3.4.1 Study Population

Population is set of individuals, cases or objects for which researchers turn to study with observation of some characteristics (Saunders *et al.,* 2009).   The study target source of population of this research covers all formally registered as channel members in Addis Ababa to distribute coca cola products, company staffed working in the work of distribution, supervision, monitoring and customers consists of 144.

The researcher chooses to study the entire population because the size of the population in which the researcher is interested are typically very small, if the population is small, a census may be preferable. This is because in order to produce estimates with small sampling error it may be necessary to sample a large fraction of the population. Without incurring additional cost, data can be available for the entire population instead of just a portion of it. (Nick Budko and Carole Jean-Marie., 2003). In doing so the study has consider and taken all the population which increased the

generalizability of the finding to the company, therefore the subjects of the research were all the 144 participants working under the Addis Ababa region.

3.4.2 Sampling Technique and Size

For the analysis of the primary data, descriptive and inferential statistical analysis techniques are employed. With regards to the descriptive analysis percentages, frequencies, means and standard deviation are calculated. This analysis revealed the demographic profile of channel members, key account customers, sales representative, and area sales manager in Addis Ababa city as well as the mean score and standard deviation of the thirty two attribute.

With regards to inferential statistics, correlation as well as a regression analysis is used to investigate the most important questions and objectives of this study and to arrive at the core findings of the study with regards to the hypotheses forwarded. The correlation analysis reports on the magnitude and direction of relationships between variables in the study. These variables are the four independent variables (Selling Capability, Competence and Experience, Availability and Delivery of Product, Financial and Facility capacity) and the dependent variable (distribution performance).

A multiple regression analysis is employed in order to investigate the influence of the hypothesized factors on DP. This has enabled hypotheses testing revealing which of the hypothesized independent variables have a statistically significant influences on DP. The basic idea of sampling is that by selecting some of the elements in a population, conclusions can be drawn about the entire population (Zikmund, 2003). And hence, the study was focused on distribution performance of the firm within Addis Ababa. Distributors, key account customers, sales representatives and area sales manager commercial were identified purposively for this study. Where by 51 customers (hotels which is key account customers selected because they are well educated, effectively capable with respect to outlet relationship to distributors, service repetition), 9 area sales managers, 27 channel members and 57 sales representatives.

3.5. Source of Data

Both primary and secondary data were used for the study. The secondary data has included information that is obtained mainly from company's product distribution channel design and selection, product distribution strategies and implementation, monitoring and evaluation plans has gathered from company's different documents, annual, biannual and quarterly reports as well as from its website and analyzed in a way it provide insight into the performance of the product distribution channels and can support to interpret the primary data. The primary sources of data was collect from the respondent based on a structurally designed questionnaire to Customers, distributors and company sales representatives. It was close ended questions.

3.6. Data Collection Methods

The researcher uses a Self-developed and Structured closed-end Scaled questions questionnaire to the company sales representatives, customers and channel members were used to collect data. The questionnaire has had three sections. The first section were formulated to collect data about demographic characteristics of the respondents. This section had consisted questions which indicated the background of the respondents. The second section of the questionnaire were formulated to collect data about factors affecting distribution performance. The questions were prepared based on the variables namely competence and experience, financial and facility capacity, availability and delivery of product, and selling capability. The third section of the questionnaire were formulated to collect data about distribution performance.

The five point Likert scale was used for the statement of the each section of the questionnaire Ranging from 1 for "strongly disagree", 2 for "disagree", 3 for "no opinion", 4 for "agree", and 5 for "strongly agree". Reliability and validity test was conducted to measure the internal consistency of the data items and to measure whether an instrument actually measures what it is supposed to measure respectively.

3.7. Ethical Consideration

This research work strictly adheres to the ethical principles with respect to the data used in the work. First, the researcher did not present the work of others as if its own or do not fail to give appropriate credit for the work of others through citations. Considering ethical accepts of research enough time has been given to the study so that they can dissipate there true view of the research. Accordingly, respondents have assured the information they provide is confidential and only be used for exclusively for an academic purpose which helps the researcher to collect bias-free response and allow respondents a room for express their idea with full of freedom and much effort that had been made to keep the response confidential. Generally, the whole process of the research was controlled to be within acceptable professional ethics.

3.8. Data Presentation and Analysis Techniques

Sekaram (2003) in Kiage (2013) emphasizes the three objectives in data analysis; getting a feel for the data, testing the goodness of the data, and answering the research question. He notes that establishing the goodness of data provides credibility to all subsequent analysis and findings because it measures the reliability and the validity of the measures used in the study.

The data were analyzed using quantitative techniques, whereby the findings are presented in the form of frequency distribution tables and different types of charts. Qualitative techniques are incorporated in the study to facilitate description and explanation of the study findings. By doing so, the researcher has tried to create a good understanding of the study findings. The data collected were entered into a computer, coded and analyzed using Statistical Package for Social Sciences (SPSS) Version 20. In addition different descriptive statistical tools like correlation, mean and median were used to further indicate the relationship. To test the reliability and validity of the distributed data Cronbach's alpha has tested. The directions of the strength of this relationship are measured, and various outputs of Pearson product moment correlation are summarized, interpreted and discussion and concluding remarks and recommendations are forwarded.

3.9. Reliability and Validity

3.9.1. Validity

Validity is the degree to which an instrument measures what is intended to measure or how truthful the research results are (Lewis, 1999). Within this general definition of validity, there are several types of validity. For relevancy purposes, the researcher was interested in two of these types; content validity and external validity. Content validity relates to the extent to which the design of a research instrument covers the extent and depth of the topics it is intended to cover and it is good enough to test of the hypothesis or is appropriate for the research questions (Lewis, 1999). To maintain the content validity of research's questionnaires, questionnaires' questions were formulated based on information gathered during the literature review. External validity relates to the extent to which study findings can be generalized (Twycross, 2004). To maintain the external validity all the questionnaires were distributed to the responders by the researcher personally. All respondent's questionnaires were completed in the presence of the researcher to prevent the chance of giving questionnaires to other people to complete them on their behalf.

3.9.2. Reliability

Reliability refers to the degree of consistency with which an instrument measures the attribute it is designed to measure; thus, repeated measurements or measurements were taken under identical circumstances, have to yield the same results; internal consistency is one of the common approaches to test the reliability of Likert scale questionnaires; statistically speaking, questionnaire items should correlate significantly with related dependent variables (i.e. questionnaire average paragraphs) to indicate the internal consistency. Moreover, Cronbach's alpha coefficient is an appropriate method to analyze the reliability of questionnaires that use Likert scales (Lewis, 1999).

As a result, correlation tests and Cronbach's alpha coefficient was calculated using the Statistical Package for Social Sciences (SPSS) software for each element in the three questionnaires. From a statistical point of view, in order to get an acceptable level of internal consistency, correlation coefficient should be significant at 95% confidence level and Cronbach's alpha coefficient should not fall below 0.7.

For reliability Testing: Cronbach's Alpha is designed as a measure of internal consistency of items in the questionnaire. It varies between zero and one. The closer alpha is to one, the greater the internal consistency of the items in the questionnaire.

A total number of questions or items in the questionnaire is 32 including 27 testing variables or LIKERT scale variables and 5 items related to demographic variables. Hence "N" 144 of items in the below Cronbach's Alpha test is.

Table 1 Cronbach's alpha:

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.905	.905	5

Source survey result, 2017-2018

A reliability analysis was carried out on the distribution performance scale comprising 5 items. to meet the need of finding an objective way of measuring the internal consistency reliability of an instrument used in a research work Cronbach's alpha used to show the questionnaire to reach acceptable reliability, $\alpha = 0.905$. All items appeared to be well-intentioned in retention as resulting in a decrease in the alpha if deleted

3.10. Model Specification

Linear regression analysis models were applied to test the hypothesis illustrated in the conceptual frame-work. The study used multiple regression analysis models for testing the hypotheses drawn from the conceptual framework. The research adopted model for testing the direct relationship between the independent variables and dependent variable

Model (1) Y= $\beta 0 + \beta 1 X1 + \beta 2 X2 + \beta 3 X3 + \beta 4 X4 + \beta 5 X5 + \ldots + \beta k Xk + £$……………….first order liner model.

Model (2) Y= $\beta 0 + \beta 1 X1 + \beta 2 X2 + \beta 12 X12 + \beta 11 X^2 + \beta 22 X^2_2 + £$……………….. Second order loner model.

The multiple regression has two models, however because of its simplicity and appropriateness with the empirical data that is collected, the researcher choose the first Multiple Regression analysis model. **Y= β0+ β1X1+ β2X2 + β3X3 + β4X4 + e**

Y= the dependent Variable **β0** = constant term.

X1 = Competence and Experience Capability, **X2** = Financial and Facility Capacity, **X3** = Availability and Delivery of Product, **X4** = Selling Capacity, **X4**. £= error term.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter presents the results of the study based on the empirical study of the data collected From the research respondents and interpretation of results with respect to prior research results And literature. In this chapter, both descriptive and inferences on the data analysis and procedures Are presented.

4.2. General Information's of the respondent's

Questionnaires for sales personnel had a section that required respondents to disclose their biographic information on gender, age, position, education status and experience

Table 2 Respondent background

Item	Range	Frequency	Percentage
Gender of respondent	Male	84	58.3%
	Female	60	41.7%
Total		144	100%
Age of respondent	Under 25	48	33.3%
	26-35	54	37.5%
	36-45	30	20.8%
	46-55	12	8.3%
	above 55	0	0%
Total		144	100%
	Manager	0	0%
	Director	51	35.4%
	Area sale manager	9	6.3%

Respondent's position	Distributor	26	18.15%
	Sales Representative	58	40.3%
Total		144	100%
Educational Status	Certificate	0	0%
	Diploma	7	4.9%
	Advanced Diploma	53	36.8%
	First Degree	71	49.3%
	2nd Degree and above	13	9.0%
Total		144	100
Relevant work experience	Below 5yrs	119	82.6%
	5-10 yrs	25	17.4%
	11-15 yrs	0	0%
	16-20 yrs	0	0%
	> 20 yrs	0	0%
Total		144	100%

Source survey result, 2017-2018

The male respondents constitute the largest share of the gender composition representing 58.3 % of the respondents while 41.7 % were female employees. In terms of educational level, 9 % were second degree holder, 49.3 % of the respondents were first degree holders, 36.8 % were advanced diploma and the remaining 4.9 % is Diploma holder.

The respondents are of different ages, and are categorized into four main groups. The sample population is largely dominated by the age group of 26-35 (37.5%) followed by the group comprising the age group of under 25 (33.3%).This indicates that most of the sample populations are between 26 and 35. The rest of the respondents consist of the age group between 36-45 (20.8%) and 46-55 which is 8.3% of the sample population. In terms of respondent position, 40.3% were sales representative, 35.4% were director, 18.15% were distributor, and the remaining 6.3% were area sale manager.

Finally, among the respondents who involved in this study, 82.6 % were below five years relevant work experience and the remaining 17.4 % were between 5-10 years' experience respectively.

4.3. Descriptive Statistics

In the descriptive statistics, vital clarifications related to the dependent and independent variables have been made. The dependent variable is distribution performance and the independent variables are competence and experience, financial and facility capacity, availability and delivery of product and selling capacity. The mean value for those variable are 3.6319, 3.9444, 3.8333, 4.0764 and 4.1389. This can show that most respondents were in the middle and highest of the decision on, availability of product and competence whereas selling capacity, and financial and facility capacity scored in highly-to- moderate value of the respondents' perception.

From table 2 One can inference, most of the respondents agreed that their selling capacity affect by (mean= 4.1) to a high extent in distribution performance. The respondents also agreed that their availability and delivery of product to a high extent affect distribution performance (mean= 4.1). It's also found that the respondents also agreed that their competence and experience to a high extent affect distribution performance (mean= 3.9). The respondents agreed to a high extent (mean= 3.9) that their firm implement financial and facility capacity to increase distribution performance and the researcher also viewed that competence and experience enhance their performance a high extent (mean= 3.8).

Table 3 Descriptive statistics

	N	Mean	Std. Deviation
Distribution Performance	144	3.6319	.90644
Competence and Experience	144	3.9444	.74588
Financial and Facility Capacity	144	3.8333	.88119
Availability and Delivery of Product	144	4.0764	.77586
Selling Capacity	144	4.1389	.84134
Valid N (list wise)	144		

Source, Survey result

4.4. Correlation Analysis

As per the previous tests, the samples are reliable and valid. Six correlation coefficients were tested via Pearson's product-moment correlation and the Significance level for all correlation coefficients was set at the 0.05 level (2-tailed). The strong of the relationship can be determined via the Pearson correlation (r). If the r value is 0, then it indicates no relationship between two variables the correlation coefficient is scaled so that it is always between -1 and +1. When r is close to 0 implies that there is little relationship between the variables. Whereas -1 and +1 shows strong negative and a strong positive relationship between dependent and independent variables.

According to suggestion Cohen (1998), Pearson moment correlation guide line suggested the following on strong of the relationship of variables. strong of correlations can be interpreted as:- r = - + .10 to - + .29 means small effect (weak), r = - + .30 to - + .49 medium effect (moderate) and r = - + .50 to - + 1.0 means the independent and dependent variables have large effect (strong) the following correlation testes are made to assure whether there exist a relationship between independent and dependent variable. Table 3 shows the correlation between the dependent variable sales performance and the independent variables competence and experience, financial and facility capacity, availability and delivery of product and selling capacity.

Table 4 Correlation

		DP	CE	FF	AD	SC
Distribution Performance	Pearson Correlation	1				
	Sig. (2-tailed)	0.000				
	N	144				
Competence and Experience	Pearson Correlation	.515**	1			
	Sig. (2-tailed)	0.000				
	N	144	144			
Financial and Facility Capacity	Pearson Correlation	0.514	.429**	1		
	Sig. (2-tailed)	0.000	0.000			
	N	144	144	144		
Availability and Delivery of Product	Pearson Correlation	.590**	.616**	.678**	1	
	Sig. (2-tailed)	0.000	0.000	0.000		
	N	144	144	144	144	
Selling Capacity	Pearson Correlation	.847**	.724**	.936**	.709**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	
	N	144	144	144	144	144

** Correlation is significant at the 0.01 level (2-tailed)

Source, survey result, 2017-2018

As shown in correlation result table 4.5.1. Five correlation coefficients were tested via Pearson's product-moment correlation and the Significance level for all correlation coefficients was set at the 0.01 level (2-tailed).

All five independent variables and their respective correlation coefficients for the dependent variable sales performance were tested.

There is a positive strong relationship between selling capacity and distribution performance with a positive correlation (r=0.847, p<0.01).

There is a positive strong relationship between availability and delivery of product and distribution performance a positive correlation with (r=0.590, at a significance level p<0.01).

There is a positive strong relationship between competence and experience and with distribution performance a positive correlation (r=0.515, p<0.01).

There is a positive strong relationship between the financial and facility capacity and distribution performance a positive correlation (r=0.514, p<0.01).

All variables are positively correlated to the dependent variable Sales performance; selling capacity and availability and delivery of product have scored highest coefficient correlation. On the contrary, the relationship between independent variables competence and experience and financial and facility capacity with that of distribution performance was moderate than the other predicators.

4.5. Regression Analysis

The regression model is a statistical procedure that allows a researcher to estimate the linear, or straight line, relationship that relates two or more variables. Multiple Regression Analysis refers to a set of techniques for studying the straight-line relationships among two or more variables. Multiple regression estimates the β's in the equation. (Marczyk et al, 2005) like correlation, regression statically examine the association or relationship between two variables, and hence the primary purpose of regression is to prediction. However before running the regression model, the assumption of multi- collinearity of variable, autocorrelation, normality and linearity of variable should be analysed.

Normality

Normal distribution were noticed based on Skewness and Kurtosis statistics, Skewness is a measures on the asymmetry of a distribution, while, Kurtosis measures the extent to which he observation cluster round a central point, the accepted level for normality for both statistical is between-1.0 and 1.0. All the variable are within the suggested and acceptable rage of normality.

Table 5 Test for Normality

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Competence and Experience	144	-.217	.202	-.432	.401
Financial and Facility Capacity	144	-.273	.202	-.668	.401
Availability and Delivery of Product	144	-.672	.202	.336	.401
Selling Capability	144	-.626	.202	-.423	.401
Distribution Performance	144	-.001	.202	-.571	.401
Valid N (list wise)	144				

Source, survey data, 2017-2018

Multi-collinearity

Various assumptions are made about variables during statistical tests. This is to ensure that the findings are worth using in decision-making. For this study the researcher has checked this assumption with tolerance and VIF statistics. Andy (2006) suggests that a tolerance value less than 0.1 almost certainly indicates a serious collinearity problem. (Liu, 2010) also suggests that a VIF value greater than 10 is cause for concern and in these research data the values are below10 for all predictors. It seems from these values that there is no an issue of collinearity between the predictor variables. Which means that the derived model is likely to be unchanged by small changes in the measured variables. In another word, these values give us some idea as to how accurate our regression model is. Thus no concern with biasing effect of collinearity.

Table 6 Collinearity Statistics

Model		Collinearity Statistics	
		Tolerance	VIF
1	Competence and Experience	.409	2.446
	Financial and Facility Capacity	.336	2.979
	Availability and Delivery of Product	.359	2.783
	Selling Capability	.368	2.717

a. Dependent Variable: Sales performance

Source, survey data, 2017-2018

Linearity

This assumption can be tested by looking at whether the interaction term between the predictor and its log transformation is significant (Hosmer & Lemeshow, 1989). Thus for this study the researcher has been checked the interaction term between the predictor and its log transformation is significant at 0.01To fulfil the assumption of linearity the residuals should have a straight line relationship with predicted dependent variable scores. This assumption can be checked by inspecting the normal probability plot (PP) of the regression standardized residuals. In the plot if the points lie in a reasonably straight diagonal line from bottom left to top right the assumption of linearity is not violated.
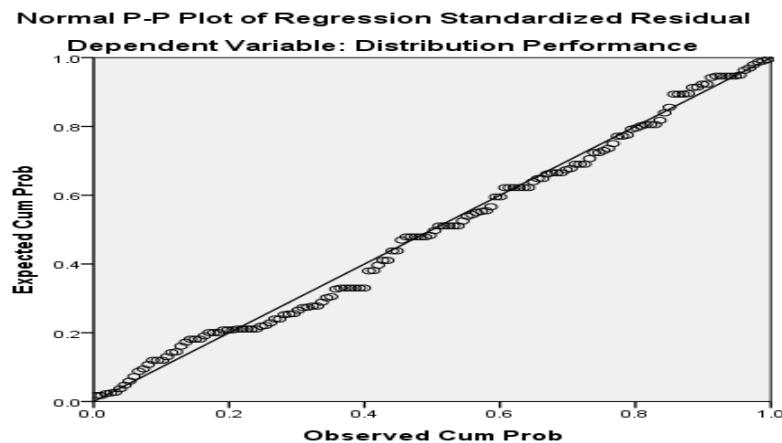

Figure 2 Normal P-P Plot

Autocorrelation

The study opted for the Durbin-Watson which the Test Serial correlation is problematic to linear panel data models because its presence renders the standard errors biased as well as making the estimated regression coefficients consistent but inefficient (Drukker, 2003;). Therefore, to detect the presence of autocorrelation, A Durbin-Watson statistic ranges in value from 0 to 4. A value near 2 indicates non-autocorrelation; a value toward 0 indicates positive autocorrelation; a value toward 4 indicates negative autocorrelation and The Durbin-Watson test was carried out to detect the presence of autocorrelation. The hypothesis in Durbin-Watson test is that there is no serial correlation.

Table 7 Autocorrelation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.451[a]	.204	.181	.82037	1.290

 a. Predictors: (Constant), Competence and Experience, Availability and
 Delivery of Product, Selling Capability, Financial and Facility Capacity
 b. Dependent Variable: Distribution Performance
Source, survey data, 2017-2018

Histogram

The Histogram of the Residual can be used to check whether the variance is normally distributed. A symmetric bell-shaped histogram which is evenly distributed around zero indicates that the normality assumption is likely to be true. If the histogram indicates that random error is not normally distributed, it suggests that the model's underlying assumptions may have been violated, here Histogram of the Residuals showing that the deviation is normally distributed.

Figure 3 Histogram
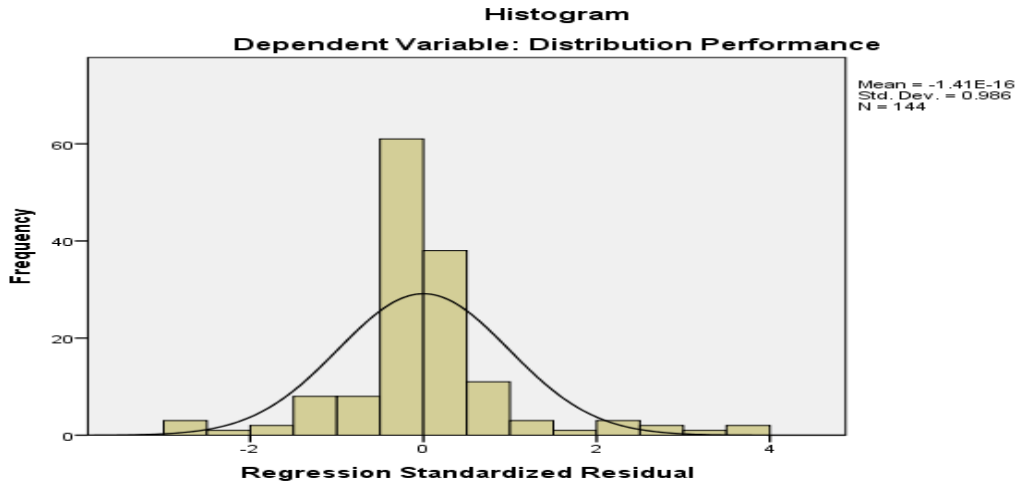
Source, survey data, 2017-2018

The form shown in the figure is the histograms has appears symmetric and bell-shaped and for obvious reasons the curve is often described as being 'bell-shaped'. The height of the curve indicates that most values in the population fall near the central value, with fewer values further from the center.

4.6. Test for Model Fit

In this topic the study is going to describe the relationship between the dependent variable (Distribution performance) and the independent variable; competence and experience, financial and facility Capacity, availability and selling capability. To do this, let start with the overall significance of the regression model test.

Table 8 Anova Tabel

ANOVAª

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.945	4	5.986	8.895	.000[b]
	Residual	93.548	139	.673		
	Total	117.493	143			

a. Dependent variable: Distribution Performance

b. Predictors: (Constant), Selling Capacity, Competence and Experience, Availability and Delivery of Product, Financial and Facility Capacity

Source, survey data, 2017-2018

In order to determine the relationship of the variables, Pearson correlation analysis was used for all variables in the research regression modelthe relationship between distribution performance and its components have been correlated as per the understated SPSS software correlation matrix. From the above ANOVA table F value is significant (significant value is less than 0.05) it means dependent variable sales performance of is more reliable.

4.6.2 Model Summary

Table 9 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.451[a]	.204	.181	.82037

a. Predictors: (Constant), Selling Capability, Competence and Experience, Availability and Delivery of Product, Financial and Facility capacity

b. Dependent Variable: distribution performance

Source, survey data, 2017-2018

The regression analyses were conducted using distribution performance indicators. It was measured by various variables which were Selling Capability, Competence and Experience, Availability and Delivery of Product, Financial and Facility capacity.

The above regression table has summarizes the model performance with relevant analysis. **R** represents the multiple correlation coefficients with a range lies between -1 and +1. Since the R value is 0.451, it means distribution performance is influenced by Selling Capability, Competence and Experience, Availability and Delivery of Product, Financial and Facility capacity of the firm and has a close relationship. **R square** represents the coefficient of determination and ranges

between 0 and 1. Since the R square value is 0.204, which indicate 20.4 % of the variation in the variables influences distribution performance of firm is explained by Selling Capability, Competence and Experience, Availability and Delivery of Product, Financial and Facility capacity.

4.7. Hypotheses Testing

Table 10 Coefficients of the selected variable

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.387	.445		3.115	.000
	Competence and experience	.269	.134	.250	2.001	.000
	Financial and Facility capacity	.227	.147	.237	1.877	.000
	Availability and Delivery of Product	.435	.144	.358	3.021	.000
	Selling Capacity	.446	.134	.434	3.321	.000

 a. Dependent Variable: Distribution Performance

Source: survey result, 2017-2018

The result of the linear regression for CE, FF, AD and SC were 0.250, 0.237, 0.358 & 0.434 respectively they all had a positive coefficient. Resulted from the above coefficient matrix, the independent variables in the standardized coefficients column or the beta value, selling capacity has the highest contribution in explaining the dependent variable distribution performance and the variables that made less contribution were financial and facility capacity, the contribution of all independent variables on the dependent variable distribution performance has been seen.

The regression coefficient, table 10 summarize the unstandardized beta coefficient direct that how intensely four independent variable competence and experience, financial and facility Capacity, availability and selling capability) component predict the dependent variable (distribution performance). This can be interpreted as from total variance occurs in distribution performance a 26.9 % were reflation of competence and experience, 22.7 % because of financial and facility capacity,43.5 % because of availability and delivery of product, 44.6 % because of selling with significance level of 0.000 which are below 0.05. From this result, one can infer that, selling capacity is the major predictor of overall distribution performance, followed by availability and delivery of product, competence and experience and financial and facility capacity respectively. For all the five hypnotized factors, model were

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

$$SP = 1.387 + 0.250*CE + 0.237*FF + 0.358*AD + 0.434*SC$$

Participant predict distribution performance is equal to $1.387 + 0.250*$Competence and Experience $+ 0.237*$Financial Facility $+ 0.358*$Availability and Delivery $+ 0.434*$Selling Capacity.

Recalling that in Chapter one, hypotheses were formulated on the distribution performance and it has a corresponding independent paragraph in one of the questionnaires. This section presents the statistical procedures followed to test the research hypotheses and then to analyse the statistics related to these hypotheses in an ordered manner as adopted in Chapter Three.

The study tested hypotheses which sought to establish the influence of the study variables; Selling Capability, Competence and Experience, Availability and Delivery of Product, Financial and Facility capacity. The study tested all hypotheses using multiple regression analysis, and the results interpreted according to the values of t, R^2 and F values at the 95% level of significance. By referring to the respondent analysis the equation for the distribution performance were

Test of Hypothesis One, there is a positive and significant influence between competence & experience and distribution performance

Research hypothesis one sought to establish the influence of competence & experience on distribution performance of fast moving goods. In reference to the coefficients table, the study established a strong positive relationship (β= 0.250; $p>0.05$). Hypothesis was accepted and concluding that there is a statistical positive significant relationship between competence & experience and distribution performance of fast moving goods.

Test of Hypothesis Two, financial facility has positive influence on distribution performance.

Research hypothesis two sought to establish the influence of financial facility on distribution performance of fast moving goods. In reference to the coefficients table, the study established a strong positive relationship (β= 0.237; $p>0.05$). Hypothesis was accepted and concluding that there is a statistical positive significant relationship between financial facility and distribution performance of fast moving goods.

Test of Hypothesis Three, availability and delivery of product has positive influence on distribution performance.

Research hypothesis three sought to establish the effect of availability and delivery of product on distribution performance of fast moving good. In reference to the coefficients table, the study established a strong positive relationship (β= 0.358; $p>0.05$). Hypothesis was accepted and concluding that there is a statistical positive significant relationship between availability & delivery of product and distribution performance of fast moving goods.

Test of Hypothesis Four, selling capacity has positive influence on distribution performance.

Research hypothesis one sought to establish the influence of selling capacity on distribution performance of fast moving goods. In reference to the coefficients table, the study found out a strong positive relationship between selling capacity and distribution performance in at β=0.434 and $p<0.05$. Hypothesis was accepted and concluding that there is a statistical positive significant relationship between selling capacity and distribution performance of fast moving goods.

The responses on the questionnaire related to all hypothesis "Using Selling Capability, Competence and Experience, Availability and Delivery of Product, Financial and Facility capacity has an influence on distribution performance fast moving goods", is all above average which implies accepting those variable to this assumed benefit too; which also leads to accept the stated hypothesis

Table 11 Summary of Hypothesis Test Result

Hypothesis	Result	Reason
There is a positive and significant influence between CE and DP	supported	Beta=0.250 at 0.000sig
FF has a positive influence DP	supported	Beta=0.237 at 0.000sig
hypothesis	result	reason
AD has a positive influence on DP	supported	Beta= 0.358 at 0.000sig
SC has a positive influence on DP	supported	Beta= 0.434 at 0.000sig

Source: survey result, 2017-2018

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1. Introduction

From the analysis and data collected, the following discussions, conclusions and recommendations were made. The responses were based on the objectives of the study. The researcher had intended to obtain responses on factors affecting distribution performance of fast moving goods/coca cola products among the customers, sales representative and area sale manager. The mean value of descriptive statistics the selling capacity, availability and delivery of product, competence and experience, financial and facility capacity are in the range of higher level and the variable distribution performance is in the level of moderate level.

According to the correlation matrix, all the Pearson Correlation coefficients are significant because all the significant value is less than the 5% level of significant. Therefore the correlation between distribution performance against selling capacity, availability & delivery of product, competence & experience, financial & facility capacity is 0.847, 0.590, 0.515 and 0.514 respectively. The correlation between availability & delivery of product, competence & experience and financial & facility capacity to use is strong and positive and the correlation between selling capacity and distribution performance is strong and positive.

The overall regression model is significant. The value of R^2 is .451 which implies that about 45.1% of variation in distribution performance is expressed in the variation on selling capacity, availability & delivery of product, competence & experience, financial & facility capacity

The coefficient results show that distribution performance is primarily influenced by selling capacity (β= 0.446), availability & delivery of product (β= 0.435), competence & experience (β= 0.269) and financial & facility capacity (β=0.227).

This figures tells about if the selling capacity, availability & delivery of product, competence & experience, financial & facility capacity is increased by one percent automatically the value of distribution performance can improve with 44.6%, 43.5%, 26.9% and 22.7% respectively. This implies that selling capacity is the most important predictor of the distribution performance. Availability and delivery of product also has a significant impact (β= 0.435) and appears to be the second determinant of distribution performance of coca cola products.

Moreover, perceived usefulness and perceived ease of use has an indirect influence, on risk,

Intention to use, prior internet knowledge and conveniences on the adoption of internet banking Which indicated that perceived usefulness and perceived ease of use has both direct and indirect Influences on the adoption of internet banking.

5.2. Summary

The research aims at the factors affecting distribution performance of fast moving goods with reference to East Africa Bottling Share Company. Accordingly to meet this objective, the researcher has developed a questionnaire from the relevant literature to collect and analyze the opinions of the study sample. The following findings are obtained;

- Competence and Experience on the distribution performance of coca cola products

In relation to competence and experience, the view was that there exists a moderating influence on the distribution performance of the coca cola products in their company relative to another variable. With regard to competence and experience, the study found out that there exists influence of on the performance of coca cola products in their company and it would lead to an increase in distribution performance of coca products by a factor.

- Financial and Facility Capacity on the distribution performance of coca cola products

The study findings revealed that on average the financial and facility was affirmed and this influencing the distribution performance of coca cola products in the companies. On the basis of these statistics, the study found out that there is a significant positive relationship between competence & experience and distribution performance of coca products of east Africa bottling Share Company.

The findings revealed that on average the respondents were convinced that the financial and facility capacity are influencing the distribution performance of the coca cola products in their company. Financial and facility capacity would lead to an increase in distribution performance of coca products by a factor.

- Selling Capacity on the distribution performance of coca cola products

The overall aggregate mean score for this variable was found to be high showing that on average the respondents were of the selling capacity of influencing the distribution performance of the coca cola products in their company. Selling capacity would lead to an increase in distribution performance of coca products by a factor.

- Availability and Delivery of Product on distribution performance of coca cola products

In relation to availability and delivery of product, the view was that there exists high influence like selling capacity on the distribution performance of the coca cola products in their company relative to another variable. With regard to availability and delivery of product, the study found out that there exists an influence of on the distribution performance of the Coca Coca products in their company and it would lead to an increase in distribution performance.

5.3. Conclusion

The main objective of the study was to critically examine factors affecting distribution performance of fast moving goods in the firm. The fast moving goods undertake activities aimed at making products available to consumers. These activities are not done in isolation by the companies on their own but by the help of some key channel members who work as a network between the companies and the final consumer. One of these channel members is distributor who undertake different activities to ensure the competitiveness of the network and hence the competitiveness of the companies.

From the findings presented and the justifications presented, the researcher study makes four conclusions. First, the study concludes that in the competence and experience in the area of distribution influences performance of distribution channels that challenge the performance and successfulness of manufactured products distribution and companies can achieve higher levels of evaluation in scale of operation, specialization and skills on distribution performance by evaluating technical knowledge and competence of the channel member's sales people and their interest in the manufacture's products. Secondly, Financial and facility capacity has a significant Influence on distribution performance of coca cola products, and that can improve by effectively handling property and financial affairs, increasing vulnerability to financial exploitation, facilitate the performance of warehouse, standardizing facility and warehouse distribution system, lowering

cost of products to end users therefore eventually upsurge level of distribution performance of coca cola products. Third, Availability and delivery of product has an influence on the level of distribution performance and that can improve this by making goods widely available and accessible to target marketers or customers, company should have to follow seasonal variation and supply enough products to the channel members accordingly and on time

Fourth, Selling Capacity has higher influence on the level of distribution performance and that firm can improve by developing an automated forecast system that emanates through direct from the sales representatives, generate a credible sales forecast that can predict backlog, future sales event and channel members in the company should perform effectively according to the schedule and target of the company.

5.4. Recommendation of the study

On the base of the findings/conclusion derived; the following recommendation are made by the researcher. In order to improve the distribution performance of coca cola products the following points are of importance to be considered:

- Sales managers of the company should have to closely visit and monitor official coca cola distributors, receive comments and complaints of distributors as well as from their customers and provide appropriate feedbacks and solutions in order that channel members effectively perform distribution of the products and customers should satisfied by the distribution services.
- The company should have to design mechanism by which capacity of distributors build up by having sufficient warehouse and distribution facilities.
- The company should have to assess seasonal variation and types of products more demanded by the customers and consumers and should produce, supply enough products during the highly demanded season.
- The company should supply the products to the channel members according to the assigned target on time and as they ordered in order they satisfy their customers' needs.

- Selection of channel members should have to be fair and reasonable and must involve other third party in the process of selection to protect unfairness or corruption.

- Company should have to give formal trainings to MDC owners about customer service, distribution management, warehouse management, and merchandising so that they can understand how they can achieve their sales target and satisfies their customers.

5.5. Suggestions for Future Research

The researcher suggests the following further research areas:

• Additional research with samples drawn from differing distribution performance environments, especially researchers that include different beverage industries, are needed.

• Furthermore it will be better if additional variables other than competence and experience, financial facility capacity, availability and delivery and selling capacity; included in the model.

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ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

MBA PROGRAM

Dear respondent,

My name is Addis Seid and I am carrying out an academic research on the factors affecting distribution performance of fast moving goods: In the case of East Africa Bottling share company on selected cities in AA.

Hence, you are kindly requested to give necessary information for the research questions. Please be assured that the information acquired shall be used purely for academic purpose only and will be kept strictly confidential. Please indicate your level of agreement or disagreement by using ($\sqrt{}$) mark on the appropriate box given corresponding to each statement.

Your co-operation and assistance will be highly appreciated. If you need any clarification or information: **Mob.0913-03-73-79 E-mail. addisseid@gmail.com**

Section I: General Information's

Please read each question carefully and make a tick under each value

1. Sex ☐ Male ☐ Female

2. Age: ☐ Under 25 ☐ 26-35 ☐ 36-45 ☐ 46-55 ☐ above 55

3. Respondent's position:

☐ Manager ☐ Director ☐ Area sale manager ☐ Distributor

☐ Sales Representative   Other Please specify, if other_____

4. Educational Status: ☐ Certificate ☐ Diploma ☐ Advanced Diploma

☐ First Degree ☐ 2nd Degree and above

5. Relevant work experience:

☐ Below 5yrs ☐ 5-10 yrs ☐ 11-15 yrs ☐ 16-20 yrs ☐ > 20 yrs

I highly appreciate your time and contribution to this research. Thank you very much and Best wishes!

Section II: Factors affecting distribution performance

Dear respondent,

My name is Addis Seid and I am carrying out an academic research on the factors affecting distribution performance of fast moving goods: In the case of East Africa Bottling share company on selected cities in AA.

Hence, you are kindly requested to give necessary information for the research questions. Please be assured that the information acquired shall be used purely for academic purpose only and will be kept strictly confidential. Please indicate your level of agreement or disagreement by using (√) mark on the appropriate box given corresponding to each statement.

Your co-operation and assistance will be highly appreciated. If you need any clarification or information: **Mob.0913-03-73-79 E-mail. addisseid@gmail.com**

Competence & Experience

1. To what magnitude companies channel members will have an impact on the company's sales performance in its products distribution, especially in the company? Please rate the following;

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

Please put (√) sign for each of the following statements as appropriate

No.	Attributes	1	2	3	4	5
a	Experience in the area of distribution system affects performance of fast moving goods in the company					
b	Location of distribution channels' store or warehouse affect products distribution					
c	Channel members operating standard in a company affect distribution system of Coca–Cola products					
d	Attitude of channel members staff can affect the performance of distribution system					
e	The employees capability and motivation can affect the overall performance of the company					

Financial & Facility Capacity

2. To what degree of demand have in relation to financial and facility capacity of fast moving goods or Coca-Cola products?

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

Please put (√) sign for each of the following statements as appropriate

No.	Attributes	1	2	3	4	5

a	Channel members financial capacity has to be align with the company target					
b	Adequate ware house and distribution facilities enables to have good capacity and increases distribution performance					
c	Channel members facility distribution system should meet the company standard					
d	Having financial and facility capacity is very important for the performance of distribution center					
e	Getting the product with fair price					

Availability and Delivery of Product

3. To what extent do you agree supply-receive relationship affects the distribution system?

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

Please put (√) sign for each of the following statements as appropriate

No.	Attributes	1	2	3	4	5
a	Contingency plan for the short supply					
b	Supply/deliver its products to the distribution channels as per plan					
c	Channel member respond to customers order and deliver Coca-Cola products adequately and timely					
d	Some activity to increase the satisfaction level of customers					
e	Come frequently to the facility to monitor and to take feedback					

Selling Capability

4. To what extent is company selling capacity affects its product distribution?

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

Please put (√) sign for each of the following statements as appropriate

No.	Attributes	1	2	3	4	5
a	Channel members in the company should perform effectively according to the schedule and target of the company					
b	Channel members in the company should meet annual/monthly sales Coca-Cola products					
c	Distribution center should get incentives in order to achieve sales targets					
d	Distribution centers perform effectively to fulfill demand needed by customers					
e	Distribution centers work efficiently and effectively according to schedule of products needed by customers					

I highly appreciate your time and contribution to this research. Thank you very much and Best wishes!

Section III: Distribution Performance

Please indicate the extent to which you are strongly agree to strongly disagree with each of the following statements by placing (√) mark on the appropriate box given corresponding to each statement. The scale should be treated as a continuous range from "Strongly agree" to "Strongly disagree"

➤ To what magnitude distribution performance of companies channel members will have an impact in terms of placing coca cola products in the hand of potential customers at the right time and place?

Please put (√) sign for each of the following statements as appropriate

No.	Attributes	1	2	3	4	5
a	Performance of the distributor with regards to service giving should perform efficiently and effectively					
b	Channel members should deliver products in shortest feasible time as per end-user request					
c	Effective distribution system should evaluate and measure product distribution to see what they achieve, quantify and qualify their effectiveness					
d	The company who sells all of its output through distribution channels should evaluate its channel members' performance					
e	The company should upgrade a product over time to meet the expectations of customers and to be desired by them					
f	There should be cost reduction by bridging gap between the supplier and customers					
g	Channel members should provide task, skill and specialization to ensures effectiveness of the distribution system					

I highly appreciate your time and contribution to this research. Thank you very much and Best wishes!