

ST.MARY'S UNIVERSITY COLLEGE

FACULTY OF BUSINESS

DEPARTMENT OF MARKETING

MANAGEMENT

**AN ASSEMET OF PRODUCI
DISTRIBUTION STRATEGY IN THE CASE
OF FAFA FOOD S.C**

**BY
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JUNE ,2013

**SMUC
ADD ABABAIS**

AN ASSESSMENT OF PRODUCT DISTRIBUTION
STRATEGY IN THE CASE OF FAFA FOOD S.C

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A SENIOR ESSAY SUBMITTED TO DEPARTMENT OF
MARKETING

MANAGEMENT

BUSINESS FACULTY

ST.

MARY'S UNIVERSITY COLLEGE

IN PRACTICAL FULFILLMENT OF THE REQUIREMENTS
FOR THE

DEGREE OF BACHELOR OF ARTS

IN MARKETING MANAGEMENT

June 2013
SMUC
Addis Ababa

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Acknowledgement

First of all I would like to thank the almighty God for helping me with the endurance of doing through allups and downs to reach the stage where I am now.

Also, I would like to express my great appreciation to my advisor Abera yilma for this genuine advice, guidance, constructive criticism and all sided contribution to the successful accomplishment of this study .

Finally, specially thank for my family and I would like to give my special thank for my family and I would like to give my special gratitude to the research participants who are willing to fill the questionnaires and to interview during the data collection.

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CHAPTER ONE

INTRODUCTION

1. Background of the Study

The role of product distribution is getting a product to its target market product impact on marketing channel design: marketing channel design must be closely correlated and integrated with all other aspects of a firm's marketing strategy. Decision about marketing channel and strategies for dealing with products have a particularity critical role in shopping the design and structure of channels . product attributes new product development, product life cycles, and brand strategies (Bower sox and copper, 2004 : 176)

According to Gupta, (1999: 19) the channel of distribution can broadly be divided in to two categories direct and indirect channel under direct channel of distribution, manufacturer directly sells to the consumer with out middlemen, whereas, under indirect channel of distribution , producers sell through various middle men like agent, retailers and wholesaler .

On line with the above channel category kotler and Armstrong, (2006 : 374) have also identified three major types of intermediaries or channel alternative namely company sales force , agency, manufactures and industrial distributor. The organization in question is Fafa Food Share Company manufactures and markets food products. The company is founded in 1962 and is based in Addis Ababa, Ethiopia . The company is set up with modest premises to produce the country's first chilled food. It is situated near Saris Abo. Addis Ababa and most of all the workers showed great commitment and dedication to keep the product popular one way to initiate the study of management in marketing channels is to identify reasons or motivations that causes business to seek establishment of distribution arrangements.

Thus , the purpose of the study is to assess the product distributions strategy practices in Fafa Food share company. strategies (Bower sox and copper, 2004 : 176)

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1.2 Statement of the Problem

The question most asked by management is when to revise the firm's products distribution strategy . Existing strategies can be come out dated even if they are continuously under going improvement. Substantial changes in the flowing factors a my undicatea may indicate a need. For strategy revision these are demand, Custoemer service, product character istics distribution costs and pricing policy . (lovis W. sten Adel I , Anne I. 1996: 177 , 178)

Acording to Khana (2002 : 14) product distribution is the most persuasive of all humand activities that involve movement and storage of goods for the purpose of achieving desired objective of making the right type of product available at the right place

The company Production capacity has reach on its op\timal level but the products are not available at the right place

The company production capacity has research on its optimal level but the products are no **tavailable at the right** place .Because they have not enough transportation capacity for the movement of products to distribute in the different areas. Furthermore for this company haven't intermediaries such as wholesaler, realer, in addition there is job conflict and sales department and distribution department so that by this case the product not reach for t all society . As the student researched said before the product distribution of the company management have not more competitor so that mike it as they want.

1.3 BADIC REDEARCH QUESTION

1. What is the nature of product distribution channels of the company
2. what problems do occur during the practice of product distribution
3. To what extent does the company go for selecting distribution channels

1.4 Objective of the Study

1.4.1 General Objective

The general objective of the study is to assess the product distribution strategy practices of Fata Food Share Company.

1.4.2 Specific Objective

- ❖ To identify the nature of distribution channels used by the company
- ❖ To interpret the problems during the practice of product distribution
- ❖ To identify to what extent that the company goes for selecting distribution channels

1.5 SIGNIFICANCE OF THE STUDY

- ❖ The company management to redirect their attention to this high essential product distribution strategy
- ❖ It will also help the company to look at its problems, redirect their attention and take alternative consideration about how product distributes and their significance in the industry
- ❖ Along with its primary intention required as a senior essay for the prospective graduate student researcher, the paper will also serve as a reference material for similar studies in the future.
- ❖ The student researcher in conducting the study will benefit a lot in conducting the research.

1.6 SCOPE OF THE STUDY

The scope of the study cover how the product distribution was practice in Fafa Food Share company to achieve its state goals that aligned with target market's positioning, Sementing to satisfy customer requirements. In order to make the research , precise and accurate the student researcher focus on head office located in Addis Ababa round Saris Abo, to make the research manageable study limited from the year 2001-2004 E.C

1.7 LIMITATION OF THE STUDY

When doing a research it is mostly expected to have a limitation . considering out specific study the following are the limitations to be expected.

- Shortage of the secondary data.
- In appropriate fulfillment of the questionnaire.
- Not getting adequate information

1.8 Research Design and Methodology

1.8.1 Research Design

Research used to obtain information on the characteristics of particular issue and identify facts as well as response on basic research questions.

1.8.4 Method of Data collection

The primary data collection

The primary data **was** collected by using questioner & interview while the secondary data were obtained from the company marketing department relevant books, internet and reported by the company it self.

1.8.5 Data analyses method

Data analysis is needed to give meaning for the raw data in understandable manner. The respond was obtain from the questionnaire have analyzed and interpreted in terms of percentage and tabulation the response of interview has been measure qualitatively.

1.9 ORGANIZATION OF THE STUDY

The study is organized in four chapters the first chapter include background of the study, statement of the problems, objectives of the study, significant of the study , scope of the study and researcher design and methodology . In the second chapter were literature review seen, the third chapter was deals presentation analysis interpretation of data for fourth chapter was also include summary , conclusion and recommendation part . Finally the bibliography and appendices were attached with the research paper.

Chapter Two

2.1 Review of related literature

Distribution is the delivery of product at the right time and at the right place . The distribution mix is also a combination of decision related to marketing channels, storage facility, inventory control, location, transportation, warehousing etc.. (pillai and Baguathi, 2005 : 24)

According to (Havaldar and Cavale, 2007:1:14) defined distribution management as the primary function of ensuring that the product or services is made available to the consumer with in an arm's length of t his desire, takes care of the availability (physical distirbutions0, and the utility, It provides time: and procession utility to the consumer.

A distribution channel is a group of people and firms involved in the transfer of title or ownership as the product moves from the producer to the ultimate consumer./ The American marketing association describes a distribution channel as the structure of infra company organization units and extra company agents, dealers, wholesalers and retailers through which a commodity , Product or service is marketed (K Havaldar an vasant M Cavala, 2007 : 8:15) users, between them stands a set of intermediaries performing a verity of function. These intermediaries constitute a marketing channel (also called a trade channel or distribution channel). Formally, marketing channels are sets of interdependent organizations involved in the process of marketing a product or service available for use or consumption.

2.2 the importance of distribution channels

A marketing channel system is the particular set of marketing channels employed by a firm, decisions about the marketing channel system are among the most critical facing management, one of the chief roles of marketing channels is to convert potential buyers into profitable orders. Marketing channels must not just serve markets, they must also create markets. The channels chosen affect all other marketing decisions. In addition, channel decisions involve relatively long term commitments to other firms as well as a set of policies and procedures. In managing its intermediaries, the firm must decide how much effort to devote to push versus pull marketing. A push strategy involves the manufacturer using its sales force and trade promotion money to induce intermediaries, the firm must decide how much effort to devote to push versus pull marketing. A pull strategy involves the manufacturer using its sales force and trade promotion money to induce intermediaries to carry, promote, and sell the product to end users. Push strategy is appropriate where there is low brand loyalty in a category, brand choice is made in the store, the product is an impulse item, and product benefits are well understood. A pull strategy involves the manufacturer using advertising and promotion to persuade consumers to ask intermediaries to order it. Pull strategy is appropriate when there is high brand loyalty and high involvement in the category, when people perceive differences between brands, and when people choose the brand before they go to the store. (Kotler and Keller, 2006: 468)

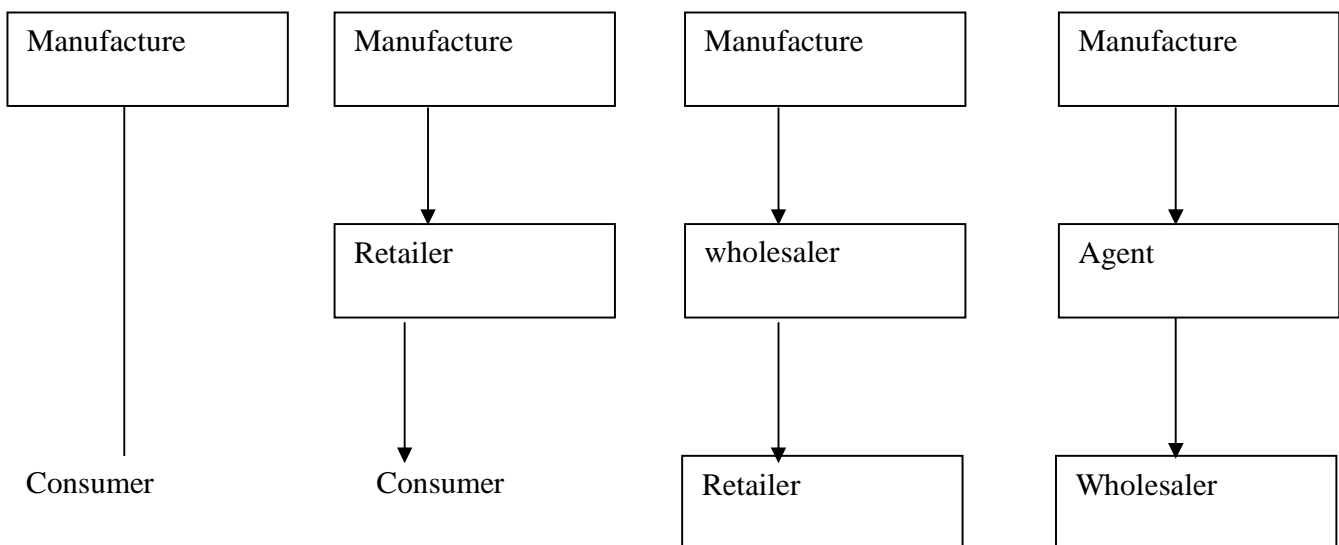
2.3 channel Structure and function

2.3.1 channel structure

Channel structure is the group of channel members to which a set of distribution tasks has been allocated. Channel structure also shows the distribution tasks that have been allocated. Channel structure also shows the

number of channel level . (Saxena, 2002:393) and Kotler and Armstrong (2006: 364) also shared the above idea in the same manner, channel levels represent channel members who have a specific role to play, thus, the structure of the channel will reflect the manner in which tasks among the members of the channel allocated. (Rosen Bloom, 1995: 22) The Producer and the final customer are part of every channel. We will using the number of intermediary levels to designate the length of a channel.

Fig A typical portrayal of channel structure for consumer goods.



Taken from (rosen bloom, 1995: 22

Consumer



2.3.2 Channel functions

A marketing channel performs the works of moving goods from producers to consumers. It over comes te time, place and possession gaps heat separate goods and services from those who need or want them. (Kotler) and keller, 2006: 473)

Members of the marketing channel perform a number of key functions:

- ❖ Reach agreements on price and other terms so that transfer of ownership or possession can be effected

- ❖ Develop and disseminate persuasive communications to stimulate purchasing
- ❖ Place orders with manufactures
- ❖ Acquire the fund to finance inventories at different levels in the marketing channel
- ❖ Assume risk connected with carrying out channel work. Provide for the successive storage and movements of physical products.
- ❖ Provide for buyer's payment of their bills through banks and other financial institutions,
- ❖ Oversee actual transfer of ownership from one organization or person to another.
- ❖

2.4 Setting and coordinating distributions objectives

Having recognized that a channel design decision is needed, the channel manager should try to develop a channel structure, whether from scratch or by modifying existing channels, that will help achieve the firm's distribution objective efficiently. (Rosen Bloom; 1995: 22) Pointed out that in order to set distribution objectives that are well coordinated with other marketing and firm objectives and strategies, channel manager need to perform three tasks:

1. They should familiarize themselves with the objective and strategies in the other marketing mix areas and any other relevant objectives and strategies of the firm.
2. they should set distribution objectives and state them explicitly
3. They should check to see if the distribution objectives they have set are congruent with marketing and other general objectives and strategies of the firm.

Specifying the distribution tasks / (Functions) must be performed if the distribution objectives are to be met. The tasks may include such activities buying, selling communication, transportation storage, risk taking, financing, breeding bulls, and other. (* Rosen Bloom: 1995: 22)

2.5 Developing possible alternative channel

Having specified in detail the particular distribution tasks that need to be performed to achieve the distribution objectives, the channel manager should then consider alternative ways of allocating these tasks.

The allocation alternatives (Possible channel structures) should be in terms of the following three dimensions:

1. Number of level in the channel
2. Intensity at various levels: intensity refers to the number of intermediaries at each levels of the marketing channel.
3. Types of intermediaries : particular type of intermediaries to be used at various level of the channel. (Rosen bloom, 1995:22)

2.6 Apply Selection Criteria

Having laid out several possible alternative Channel structures, the channel manager should then evaluate a number variables to determine how they are likely to influence \various channel structures.

According to Gupta, (1993;320, etzel, /2004:400) lamb and etal, (1994: 429) and Resen bloom, (1995: 22) six basic categories can be formed in the analysis of alternative channel structures. These are:

-Market variables: all of modern marketing management including phisosophy of the marketing Concept, which stresses customer (market) Orientaiton. Hence, Just as the products a firm offers, the prices it changes and promotional message it employs should closely reflect the needs and wants of the target market, so to should the structure of its marketing channels.

- Product Variables: Product vaiables are another rimportant category to consider in evaluating alternatives channel structures. Some of the most important product variables are bulk product acceptance. Further, thedegree of selectivity also tends to be higher for new product because a more carefully selected group of intermediaries is more likely to provide, more aggressive promotion.

- company Variables: the most important company variables affecting channel design are size objective and strategies.

- Behavioral variables: the marketing channel is characterized not only by economic processes as well. The marketing channel may therefore be viewed as a social system affected by such behavioral dimensions as conflict, power, role, and communications processes.

Intermediary variables: the key intermediary variables related to channel structure are availability in a number of cases, the availability of adequate intermediaries will influence channel structure.

Cost: the cost of using intermediaries is always a consideration in choosing channel structure.

Service: the service offered by intermediaries is closely related to the problem of selection.

Environmental Variables: Economic, sericulture, competitive technological, and legal environmental force can have a significant impact in channel structure.

2.7 Distribution channel strategy

The company's marketing strategy is part of the overall business plan of the company and its corporate strategy distribution, being part of the marketing effort.

Evaluation of distribution strategy

Evaluation of a distribution strategy

The overall strategy and direction for the company is set out in its corporate strategy the marketing strategy outlines how this overall company strategy will be achieved using the company products and its distribution network organizing and managing the distribution function from the part of the distribution strategy.

2.8 Recognizing the needs for a channel design

- According to Sahu and Rout, (2003: 12) in today's world of mass production, there is always a pressing need for intermediaries of one type or the other for enabling the goods to reach the customer. In a more detailed manner, Rosen Bloom: (1995: 22) has pointed out many situations that can indicate the need for a channel design Bloom. (1995:22) has pointed out many situations that can indicate the need for a channel design as follows.

- Developing a new product or product line if existing channels for other products are not suitable for the new product or product lines a new channel may have to be set up or in existing channels modified in some fashion
- aiming an existing product at a new target market
- Making a major change in some other component of the marketing mix.
- Establishing a new firm, from scratch or as a result of mergers or acquisitions.

Opening up new geographic area

Meeting the challenge of conflict or other behavioral problems

2.9 An intermediaries necessary

The question most often asked is if distribution intermediaries are really required? The answer to this would be not always, as sometimes the commitment of the intermediary and his need for an excellent distribution effort may not be of the same intensity as that of the company.

- with the advent of the internet, examples of companies like Amazon and Dell which directly deal with the consumers in plenty.
- The example of Bata India is a case in point, Bata has set up a distribution network of hundreds of its own outlets where it sells its branded footwear directly to the consumers. In fact, Bata consumers do not think of any other way of buying their favorite footwear.
- Another well known company is Eureka Forbes which does not have any physical stocks of its products in any place for consumers to access. Instead, the company's sales people call on their prospects at their homes, introduce the product, demonstrate its effectiveness and sell the products directly

Normally, in case of technically complicated products the company may want to handle the distribution themselves as they can not expect the intermediary to learn as much and as well about the product as their salesperson. Also, the intermediary in this case may not be able to handle questions about the products as effectively.

2.9.1 wholesalers:

They normally operate out of the main markets in a city. They deal with a large number of companies products and packs. They have their own shops in busy trading areas. Their , Futures are:

-they choose and decide what products they will sell

They are not on contract with any companies

- their customers are other wholesalers, retailers and institutions
- They negotiate about 15 days credit from the distributors and special privileges on giving purchase requests more than once a week even though the beat plan of the distributor may give them one visit a week.
- They extend credit terms to their loyal customer

2.9.2 Retailers

They are the shopkeepers who set up shops in the market place to cater to the needs of hundreds of consumes. If there tailer is located in a busy part of the market where the consumer traffic is large, he can command a lot of profitable terms from the distributors and companies like credit , promotions, renting display space .

Anyway the retailer makes the highest margins in the entire supply chain in Retailers extends credit to only about 25% of their customers. They have also started home delivery to their regular and customers close to their outlet.

Value added resellers purchase the incomplete product or kit and add value by assembling it and selling to the customers depending on specification.

2.9.3 Distributors, dealers, stockiest, agents

This set of channel members also known as stockiest agents and guarantors depending in the extent of redistribution undertaken by them for the companies they represent. Agents do not invest in the company's products . All belong to the some category of company out sourcing to

help distribute products to retailers . Some characteristics of distributors are:-

- they are required to invest in the product by buying it from the company
- they are on commissions, margin or mark-ups,
- They may or may not get credit from the company they, however, give credit to their customers who are wholesalers or retailers.
- Commission or margin is a percentage of the price at which they buy the product from the company
- Mark-up is still a percentage but based on the selling price to the customer retailer.

2.9.4 Need for a distributor

A distributor may be required under three circumstances:

- a/ For entering a new town
- b/ for additional coverage in the same town
- c/ For replacing an existing distributor.

When entering a new town with a distributor network it is necessary to first assess the potential for the company business to decide if the town can sustain a full fledged distributor and the number of distributors required.

It is necessary to estimate the cost of servicing the market. The cost of servicing the market is to be seen in relation to the likely benefit of servicing the market using distributors . the cost elements to be considered are:

- Logistics cost of serving the market
- The number of outlets to be covered
- Wholesaler, retail and institutions
- Frequency of visits required for the market and the outlets
- Sales revenue likely from each visit.
- Whether the markets are to be covered with ready stocks or orders can be booked for later delivery.
- The likely collections during each visit it this takes in to account the credit to be extended from header and cover. (2007 : 11.12)

2.9.5 Expectations from the distribution

This is to be defined right at the beginning so that the prospective candidates can be advised and second by to get the right kind of distributor the expectations are:

- Achieving sales targets in volume , value and brand packs,
- Financial commitment for inventory and credit to be extended in the market
- Investment in infrastructure storage space vehicle for distribution
- Manpower for selling and handling the office records and reports
- Distribution capabilities markets and outlet coverage with productive calls as per a predestinated beat plan
- Developing new markets and new accounts
- Managing key accounts and institutional business
- Merchandising and displays in the market
- Secondary sales efforts and tracking primary sales are what the distributors buy from the company secondary customers and is more important.
- Effectively handling promotions and schemes initiated by the company.
- Managing damage stocks.
- Organizing and participating in promotions events
- New products and pack – sizes launching assisting the company
- Handling statutory requirements on behalf of the company]*
- Payments and remittance to the company in time.
-

2.9.6 Selection of distributors

- the distributor recruitment and selection process is quite tedious and involves some of these steps
- Bases on company requirements, identifying two or three prospects for each requirements, identifying two or three prospects for each appointment necessary

- Meeting the prospects explaining to them what is required and finding out their interest levels
- After getting all this information, the sales people have to short – list one or two final candidates with whom the dialogue can continue .
- The final selection could be made on qualitative and quantitative factors. The qualitative factors could be willingness eagerness. Confidence in himself and the company products willingness to spend time in the market by the owner himself, willingness to abide by the company rule, keeping the image of the company intact and so on.

2.10 Channel design decisions

Designing a marketing channel system involves analyzing customer needs, establishing channel objectives, identifying major channel alternatives , and evaluating major channels alternatives.

2.10.1 Analyzing customer's desired service output levels

In designing the marketing channel , the marketer must understand the service out put levels desired by target customers , channels the marketer must understand the service out put levels desired by target customer customers, channels produce five service out puts

1. Lot size the number of units the channel permits a typical customer to purchase on one occasion
2. Waiting and delivery time: the average time customers of that channel wait for receipt of the goods.
3. Spatial convenue: the degree to which the marketing channel makes it easy for customers to purchase the product.
4. Product variety: the assortment breadth provided by the marketing channel. Normally, customers prefer a greater assortment ecause more choices increase the chance of finding what they need.
5. Service backup: the add –on services (Credit, delivery, installation, repairs) provided by the channel .

2.10.3 Identifying major channel alternatives

Companies can choose from a wide variety of channels for reaching customers. From sales forces to agents, distributors, dealers, direct mail, telemarketing, and internet, each channel has unique strengths as well as weaknesses. Sales forces can handle complex products and transactions, but they are expensive. The internet is much less expensive, but it cannot handle complex products. Distributors can create sales, but the company loses direct contact with customers. The problem is further complicated by the fact that most companies now use a mix of channels. A channel alternative is described by three elements: the types of available business intermediaries, the number of intermediaries needed, and the terms and responsibilities of each channel member, Kotler and Keller: (2006: 477,478)

2.10.4 Types of intermediaries

A firm needs to identify the types of intermediaries available to carry on its channel work:

- Expand the company's direct sales force: assign sales representatives to contact all prospects in an area, or develop separate sales forces for the different industries.

Hire manufacturers' agents in different end use industries to sell the new equipment.

Find distributors in the different end use industries that will buy and carry the device: give them exclusive distribution, adequate margins, product training, and promotional support.

2.10.5 Number of intermediaries

Companies have to decide on the number of intermediaries to use at each channel level. Three strategies are available: exclusive distribution, selective distribution, and intensive distribution. According to Havaldor and Coval: (2007: 11.14)

2.10.6 Patterns of distribution

- This determines the intensity of desired distribution after a firm has decided on the most appropriate channels distribution. In a way,

the intensity denotes the service level that the organization provides to its customers. There are three types of distribution intensity:

- Intensive distribution
- Selective distribution
- Exclusive distribution

2.10.7 Terms and responsibilities of channel members

The producer must determine the right and responsibilities of participating channel members. The main elements in the “ trade-relations mix” are price policies, conditions of sale, territorial rights, and specific services to be performed by each party:

- Price policy: calls for the producer to establish a price list and schedule equitable and sufficient
- Conditions of sale refer: to payment terms and producer guarantees.
- Distributions’ territorial right: define the distributions’ territories and the terms under which the producer will enfranchise other distributions.
- Mutual services and responsibilities must be carefully spelled out, especially in franchised and exclusive agency channels
- Evaluating the major alternatives

Each channel alternative needs to be evaluated against economic, control, and adaptive criteria.

2.11 Product impact on marketing channel design

Marketing channel design must be closely correlated and integrated with all other aspects of a firm’s marketing strategy. Decisions about and strategies for dealing with products have a particularly critical role in shaping the design and structure of channels.

Product attributes

A product is actually a bundle of attributes, all of which have implications for channel design. Attributes such as unit value, perishability, handling

characteristics, technical complexity and standardization are key determinations of appropriate channel structure.

New product development

New product development activity can be undertaken by any channel member and may have significant impact on the structure and relationship of channel members while the term “New product” can have several meanings, generally it is applied to a new product development efforts by manufacturers and middlemen and the interrelationship of these efforts with marketing channel design.

Product life cycle

The product life cycle is a model that illustrates the stage through which a typical product passes over time. It tracks the sales and profitability of a product as it moves from introduction, through growth and maturity, to decline. It is also a well-accepted framework for structuring marketing channel design related to each life cycle stage.

Brand Strategies

Product impact in distribution channels is the brand policies and strategies of channel participants relative to manufacturer brands or private distributor brands. A manufacturer brand is developed and owned by the producer of the item private distributor brands are developed and owned by reseller. (wholesalers or retailers).

Source: Oxford associates, adapted from Dr. Rowland T. Moriarty, *Cu Bexcorp*. Kotler and Keller: (2006: 481)

Control and adaptive criteria : using a sales agency poses a control problem. A sales agency is an independent firm selling to maximize its profits. Agents may concentrate in the customers who buy the most not necessarily those who buy the manufacturer goods. Furthermore, agents might not master the technical details of the components product or handle its promotional materials effectively. To develop a channel, members must make some degree of commitment to each specified. After a company has chosen a channel alternative, individual intermediaries must be selected, trained, motivated, and period of time.

2.11.1 Channel management decisions

evaluated channel arrangements must be modified over time. Koltle and keller (2006: 483)

Selecting channel members

Companies need to select their channel members carefully to facilitate channel members carefully to facilitate channel member selection: producers should determine what characteristics distinguish the better intermediaries.

They should evaluate the number of years in business: other lines carried growth and profit record, financial strength , cooperativeness and service regulation.

If the intermediaries are sales agents, producers should evaluate the number and character of other lines carried the size and quality of the sales force.

Training channel members

Companies need to plan and implement careful training programs for their intermediaries.

Chapter three

Data Presentation, Analysis and Interpretation

This chapter is dedicated to data presentation analysis and interpretation of the study based on the data gathered from the respondent business customers and company sales person of Fafa Food S.C

All the data were collected through questionnaires containing close and open ended questions and through interviewing the Fafa Food S.C marketing manager out of unknown number of customers considered as target population , 200 of the customers were selected as sample respondents using convenience sampling techniques while all the sales persons of Fafa and Food S.C are included. Two hundred (200) copies of questioners were distributed for business customers who are composed of business customer as well as selected 176 customers and all sales

people's and agents cooperated in filling out the questionnaire while 24(13.6) of them were not able to give their responses.

General characteristics of the respondents

The following table (1) has information on the general characteristics of the sample respondents including their age distribution educational background and place.

Table 1 General Characteristics of the respondent

No	Item	Number of repondents	
1	sex	In number	In %
	Male	106	60.2
	Female	70	39.8
	Total	176	100
	Age		
2	18-27	45	25.57
	28-37	54	30.38
	38-46	57	32.39
	Above 47	20	11.36
	Total	176	100
	Educational Background		
3	High School	45	25.6
	Certificate	24	13.6
	Diploma	62	35.23
	Degree	27	15.34
	Above degree	18	10.23
	Total	176	100
	Place of work	28	15.9
	Lafto Nefasilk Sbu city	32	18.2
4	Kirkos and bole sub city	45	25.6
	Akaki and Kality sub city	27	15.3
	Yeka Sub City	19	10.8
	Adis Ketema and Arada	25	14.2
	Total	176	100

According to the data collected and analyzed as can be seen in the item 1 of table 1 among the total respondents 106/60.2%, 70 / 39.8 %/ of the respondent customer were male and female respectively. In the item 2 of table 1 the age distribution of respondents is explained and 45 (25.6 %) of customers found in the age range of 18-27, 54 (30.68 %) of the respondent customers found in the age range 28-37 , 57(32.39%) of customers are under age range of 38-46 and the remaining above 47. From this one can understand that all respondents are capable to give correct response to the questions raised .

In the item 3 of table 1 the educational background of respondents are explained in detail among the sample respondents 45 (25.6%) of the sample respondents customers are high school complete 24(13.6%) of customers are certificate completed, 62(35.23) of customer are diploma Holder 27 (15,34 %) of customers are degree holder and finally among who are engaged in responding the questionnaire 18% of customer above degree. This implies that majority of the respondents were well educated and have rational thinking and able to reply with concern.

In the item 4 of table 1 the place of work area as follows 28 (15.9%) of business customers are at Laffto Nefasilk Sub city 32 (18.2%) of business customers are at Kirkos and bole sub city 45 (25.6%) of customers are at Kolfe- keranio and Gullele sub city ,27 (15.3%) of customers are at Kalite and Akaki sub city 19 (10.8%) of business customer are located at Yeka and arada sub city at list 25 (14.2%) of business customers are at Addis Ketema and Lideta sub city Among 10 sub cities.

3.2 .Analysis of the major findings of the study

The student researcher tried to examine and assessment of product distribution started in the case of Fafa Food S.C. From the point of view of business customers and company. Sales persons. To this end various questions were posed to sample respondents mainly what is the nature of product distributed channels of the company looks like. What problems do occurs during the practice a product distribution. What measures are taken to overcome product distribution problems of the company. There for in the part of the study responses from business customers, sales persons, sales agents and marketing manager of the company were considered

As it can be seen from table 3 item 1 respondent were asked to rate the price of the company's product among the total respondents 67 (38.1%) of the respondents price in high, 59 (33.5) of them replied medium price and remaining respondents replied 50(of low price.

These suggest that the company product price is high when it reaches to the final consumer.

On item 2 of the same table the respondent were asked to rate the availability of the product 81 (46.0 %) of them said low. 50 (28.4 %) of the respondent indicted very low and the remaining 45 (25.6 %) of the respondents replied medium. From this we reduce that the company product availability of product is low that indicates us that overall product distribution assessment on certain interval permanently.

With respect to distribution of product at the right time and place from item 3 almost synonymous result to item 2 that is 80 (45.5 %) of the respondents replied low.58 (32.9 %) replied very low. In contrast the remaining 38 (21.6 %) of the respondents said medium. from the above data the majority of the respondents clearly indicate that the products distributed at the right time and place is low.

As can be seen from item 4 of the same table respondents were asked to rate the company's product distribution practice as compared to competitors. Among the total respondents 85 (48.3 %) of them replied very low, 59 (33.5 %) of the respondent replied low in contrary 32 (18.2 %) of the respondents are replied medium.

This implies that the company's needs to improve the product distribution strategy , With reference to the literature review having. Specified in detail. The particular distribution tasks that need to be performed to achieve the distribution objectives, the channel manager should then consider alternative

Ways of allocation this task. The allocation alternatives should be. In terms, of the following three dimensions.(Rosen ber bloom, 1995:22)

1. Number of level in the channel
2. Intensify at various levels
3. Types of in term diaries

Moreover, the marketing strategy outlines how this overall company strategy were achieved used the company products and its distribution..

Table 4 overall customers preference that competitors

ITEM	Alternative	Respondent	
		In number	In %
Are you competitors product Distribution before you are the Customer of Fafa food product	Yes	48	27.33
	No	128	72.7
Total		176	100

The table 4 precisely demonstrate that most or no 128 (72.7 %) of the competitors product distribution before you are the customer of Fafa food product 48 (27.33 %) of the no.

Tabel 5:- Corresponding response on customer complaint resolution

Method of the company

Item	Alternative	Respondent	
		No	%
Have you every hade any any kid of Compliant on the company's product Distribution effective	Yes	17	9.7
	No	159	90.3
Total		176	100
To whom did you convey your Question or complaint	-To the manager	-	
	-Bu suggestion box	40	22.73
	- Company sales person	49	27.84
	- To compliant Handling department	87	49.43
Total		176	100

In the table 5 the 2nd question- of total 176 compliant 40 (22.73 %) of the responded by suggestion box, 49 (27.84 %) of them responded to the company sales person, and 87 (49.43 %) of them responded to compliant handling department.

According to item 1 of table 5 , which clearly point out that most 17 (9.7 %) of the respondents customers complaint to ward company's product distribution and the remaining don't complain, out of the total 40(22.73 %) complaints 49(27.84 %) of the respondents reported through the suggestion box and the remaining directly complain to the company sales person.

This implies that the company should give attention regarding product distribution and also the company customer's complainant resolution should give emphasis to ward customer feed back with respect to product distribution

And investigate the reason behind problems attain the company objectives by reporting to the concerned department.

INTERVIEW ANALYSIS

The Fafa food S.C purchases the raw materials locally such as maize, wheat, Soya beans, chick peas ,From abroad vitamins, minerals, milk powder, Soya flour ,enzymes, vanilla Cornflakes, snakes food.

The company currently implement both direct and indirect distribution strategy. The company in the near future wants to use more on direct channel due to negative impact of using agents to ward the current market including price and availability of the product the company wants to serve the market by planning different distribution sales shops in the country through having geographical root with in 400-900 to reach the entire Ethiopian lands cape more over the company segment the target market based on the needs and wants of the customers and this create for the company segment the target customers and this create for the company easily controls the price of its own product.

The company have been implementing both direct and indirect according to the commitment of the need of the market.

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APPENDIX

Appendix-A
St.Mary's university college
Faculty of business
Department of marketing management
Questionnaire to be filled by manager

This questionnaire is prepared by prospective graduate of St. Mary's university college for the year 2013 in the field of marketing management the major objective is to collect information for the partial fulfillment of a senior essay titled as an assessment of product distribution strategy in the case of Fafa Food S.C you are kindly to fill this questionnaires honestly and with due care because of correctness of the answer will have paramount importance for the out come of the research.

Thank you in advance for your sincerely cooperation.

Direction

General Instruction

1. It is not required to write your name
2. For the question asked below please put "✓" mark of the answer you choose and write your idea on the provided space.

Part 1. General Characteristics of the Respondent

1. Gender A. Female B. Male
2. Age
 A. 18-27 B. 28-37
 B. 38-47 D. Above 5
3. Educational background?
 A. Certificate C. degree
 B. 10th +2 D. Above degree
4. Place of work?
 A. Lafto mefasilk subcity
 B. Kirkos and bole subcity
 C. Akaki and kality subcity

- D. Yeka subcity
- E. Adis ketema and arada

Part 2 Question related with the study

1. When you have been using Fafa Food product?
 - a. From 1-2 Years
 - b. From 3-4 Years
 - c. From 5-6 Years
 - d. Above 7 year
2. Are you competitor's products user before you are the customer of Fafa Food products?
 - A. Yes B. No
3. Do you keep sales data of your customer?
 - A. Yes B. No
4. Do you keep your customer profile in their area?
 - A. Yes B. No
5. Do you think Fafa food product offer match with your preference with below mentioned factors?

V. high high medium low

V.low

A. Price	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Availability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. Distribution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. At the right time and place	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Production distribution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Compare to competitor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. How do you communicate with your boss
 - A. Periodic meeting C. hone call
 - B. Report D. other specify
7. How often does your boss allow you to treat you customer according to their need without interference?
 - A. Always C. not at all
 - B. Sometimes
8. To what extent do you think your customer are satisfied with the product and price offered?

- A. Very high C. Medium
- B. High D. low
9. Have you ever had any kind of complaint on the company's product distribution efficiency?
- A. Yes B. No
10. If you say "Yes" to question number "9" to whom did you complaint your question or complaint?
- A. To the manager C. company's
- B. By suggestion box D. to complaint
11. Fafa Food product distribution available at the right time and place/
- A. Yes B. No
12. Which characterizes make Fafa Food product unique or different?
- A. Cost
- B. Quality
- C. Distribution
- D. All
- E. Other specify _____
13. Do you believe that Fafa Food product are available?
- A. Yes B. No
14. If your question "13" answer is "No" can you comment some points please
- _____
- _____
15. Have you ever see any product distribution problem compared to the competitors?
- A. Yes B. No
16. If your answer to the question "15" is "Yes" please comment in the provide space?
- _____
- _____
17. What kind of duct distribution is effected ?
- A. Direct C. mixed
- B. Indirect D. none
18. What kind of support you are given by your boss
- A. Promotional support
- B. Motivational support

C. If any other specify

19. What kind of product distribution is effective and efficient?

20. If you have any item that can contribute for the improvement of the existing product distribution specify on the space provide?

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Appendices-B

By manager questionnaire

St. Mary's university college

Faculty of business

Department of marketing management

Interview question purported answer by Fafa Food S.C

1. What product that the company offers
2. what kind of product distribution strategy the company implements
3. How the company selections the intermediaries criteria affect the overall product distribution strategy

THE CANDIDATES DECLARATION

I undersigned, declare the this senior essay or project is my original work prepared under the guidance Abera Ylima. All sources of materials used for the manuscript have been duly lacknowledged.

Name _____

Signature_____

Place of submission_____

Date of submission_____

The paper has been submitted for examination my approval as the university college advisor

Name_____

Date_____

Signature _____