

ST. MARY'S UNIVERSITY COLLEGE
BUSINESS FACULTY
DEPARTMENT OF MARKETING MANAGEMENT

AN ASSESSMENT OF DISTRIBUTION PRACTICES OF
NATIONAL LOTTERY ADMINISTRATION

BY
MEKDES ALEMAYEHU

JUNE 2010
SMUC
ADDIS ABABA

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**May almighty God be with
You!
Thank you!**

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CHAPTER ONE

1. Introduction

1.1. Background of the study

In the present day of world of mass production in anticipation of demand there is always a pressing need for intermediaries of one type or the other for enabling the goods to reach the ultimate consumer. The purpose is to sell every thing that is produced. However, it is really difficult for the producer to under take the distribution of goods directly to consumers all by themselves, (Sahu and Raut, 2003:12).

Physical distribution activities are mainly the result of the separation in distance and time between a production center location and consumption. It is largely due to in ability or between a production center location and point of consumption of the market place. Thus primary physical flow especially distribution information is key activity. Actually, the distribution pattern sets guidelines for the total system (Khanna, 2002:16)

Nowadays it is seen that physical distribution becomes one of the core aspect that firms must give emphasis to get competitive advantage within the industry. The national lottery administration was established in 1961 by proclamation No 163/1961 E.C.

National lottery provides lottery using 35 branches sales offices, over 60 agents thousands of lottery vendors are found all over the country. The lottery tickets are sold to vendors and agents at 15% and 20% commission respectively, vendors sell the lottery tickets to the public in areas like, market centers, hotels, Restaurants. (National lottery Administration Profile, 2002:2).

1.2. Statement of the Problem

According to Smkay, (1973:4) distribution is all activities associated with the movement and sales of goods, these activities include freight transportations, warehousing, material handling, protective packaging, inventory control, plant and warehouse site location, order processing and market forecasting and customer service.

Khana, (2002:14) explains distribution activities as the most persuasive of all human activities that involve movement and storage of goods for the purpose of achieving the desired objective of making the type of product available at the right place.

National lottery distribute and sales different products to customers. As a primary investigation the student researcher try to observe the company sales document for the past five years and it shows that inconsistence from time to time. That is there are times which their sales volume reaches pick and there are times which their sales volume goes down. And in order to find out the reason behind this the student researcher initiated to undertake the research in relation to the distribution practices of the company.

1.3. Research questions

To investigate the stated problem above the following research questions are raised:-

1. What factors affect distribution practice of the organization?
2. What kind of distribution practice is used by the organization?
3. How does the firm measure its performance on distribution of its products?

1.4. Objective of the Study

1.4.1. General Objective

The general objective of this study is to assess the overall distribution practices of National Lottery Administration.

1.4.2. Specific Objectives

- To identify factors affecting the distribution practice of the company.
- To identify distribution practices used by the company
- To identify the factors used by the company in measuring its distribution performance.

1.5. Significance of the Study

The study is expected to have importance for different parties in different perspectives.

To the organization under consideration

The organization (National Lottery) can be a beneficiary as the overall physical distribution practices is a subject in the research and the organization can see its strong and weak performance which are in practice and may take corrective action with respect to their weak side.

To the student

The title was selected to go through an in-depth analysis on physical distribution practices creates an opportunity for the student to develop the knowledge in this area and to have an experience in conducting research.

To others

It can help others as a secondary source of information for further research made in the area.

1.6. Scope of the study

Currently National Lottery has 35 branch sales offices over 60 agents and thousands of lottery vendors are found all over the country taking all distribution practices of all branches and agents may have advantage to make the study complete. However; the student researcher delimits its focus on the physical distribution channels of Arada and Legehare branch in Addis Ababa. This is because the mentioned branches have relatively high sales volume than others. And the student researcher takes the past five years sales document and the questions are delimited with these two branches managers, employees.

1.7. Research Design and Methodology

1.7.1. Research Method

The student researcher used descriptive research method to conduct the study. By using this method distribution strategy, distribution performance, customer satisfaction has been described.

1.7.2. Population and Sampling Technique

The populations of this study were branch managers, employees and customers. There are, two branch Managers and ten employees but the number of customers is difficult to determine. To this end census were made on employees and a sample of 200 customers were taken based on the recommendation set by Malhotra, (2001: 39) using non-probability sampling particularly conveniences sampling technique.

1.7.3. Types of Data Collected

To make the study complete and accomplish the stated objective all relevant primary and secondary data were collected.

1.7.4. Method of Data Collection

The primary data were collected through interview and questionnaire. The interviews were made with branch managers and questionnaires were distributed to employees and customers, and secondary data were collected from company sales document and other reports, books, magazines.

1.7.5. Data Analysis Method

The collected data were analyzed by using qualitative and quantitative methods. Questioners were analyzed by applying quantitative (statistical) analysis techniques were used to summarize the results, percentage were used and different tables were used, and interview results were analyzed by using qualitative technique.

1.8. Limitation of the Study

During preparation of this research study, the student researcher was constrained by various limitation among the major limitations some customers were reluctant to fill the questionnaire and company officials were unwilling to provide necessary information and the researcher was limited by financial resource.

1.9. Organization of the Paper

This paper is organized in to four chapters. The first chapter deals with introduction of the study, statement of the problem, research questions, and objective of the study, significance of the study, scope of the study, research design and methodology, limitation of the study and organization of the study. The second chapter is devoted to the review of related literature. The third chapter presents data presentation analysis and interpretation and the fourth chapter contains summary, conclusions and recommendations of the study. Finally questionnaires and interview checklists are attached to the study.

CHAPTER TWO

Review of Related Literature

2.1. Overview of Physical Distribution

According to Sherlekar's (2004:147) physical distribution means the process of delivering the product to the user or consumer promptly, safely and in time physical distribution involves management (Planning action and control of the physical flow of raw materials and finished goods from the point of use consumption to meet the customer needs at a profit.

In favor of this, Kumar and Meenakshi (2006:356) defined distributions as available the product in adequate quantities, inconvenient location and at times when customers want to buy them.

More over by supporting the above two ideas Khanna, (2002:14) explains physical distribution management employed in manufacturing and commerce to describe the broad range of activities concerned with efficient movement of finished products from the end of the product line to the consumer, and in some cases includes the movement of the raw materials from the source to the beginning of the production line. These activities include freight or transportation, warehousing, material handling, packaging inventory management order processing ad customer service.

2.2. Significance of Physical Distribution

Marketing logistics also called physical distribution involves planning, implementing and controlling the physical flow of goods, service and related information from point of origin to point of consumption to meet customer requirements as a profit, (Kotler and Armstrong, 2006: 379)

As Evans and Berman (1990:370) pointed out that physical distribution encompasses the broad range of activities concerned with efficiently delivering products to designated places at designated time and in proper condition.

For Ramaswamy and Namakumari (2002:372) physical distribution is important because: it confers place and time utility to a product by making it available to a users; where production location and market are distance physical distribution becomes more crucial by balancing production and consumption.; physical distribution determines customer service level. As a result, it serves as vital tool in building market for the product; physical distribution is also a fertile area fore cost saving.

2.3. Implication for Physical Distribution Management

Stern and Etal (1996) pointed out that physical distribution functions are costly. According to Ramaswamy and Namakumari (2002:373), over the years, in most business physical distribution costs have grown in to a sizable change of the total costs and now ranks second among all cost elements, to material costs. Evans and Berman, (1990:371) advices firms to identify the symptoms of a costly distribution system and Strive to become more efficient.

Ramaswamy and Namakumari (2002:373), reminded physical distribution is a fertile area for cost saving stern and Etal (1996), also believed that the physical distribution function offers great potential for profit improvement. They also said that, with an integrated physical distribution system, visible costs, such as transportation, warehousing and inventory management can be reduced. Therefore, one of the concerns of physical distribution management is to keep these visible costs down. In addition to controlling visible distribution costs manager also be concerned with hidden cost. There are the profit opportunities

lost due to failure to ship the product on time and the cost of lost sales, canceled orders, customer dissatisfaction associated with stock outs.

2.5. Types of Distribution Channels and Structure

According to, Solomon and others (2006:468) stated that, firms face many choices when structuring distribution channels. The marketing management must select a channel structure that creates a competitive advantage for the firm and its products based on the size and need of the target market.

When developing place or distribution strategies, marketers first consider different channel levels, many different factors have an impact on this decision. What channel members are available? How large is the market? How frequently do consumers purchase the product, and what service do they require?. They have defined channel level as:- channel level-the number of distinct categories of intermediaries that populate a channel of distribution.

Moreover, (Rosenbloom, 1995:21) has defined channel structure as the group of channel members to which a set of distribution tasks has been allocated. In the development of channel structure, the channel manager is faced with an allocation decision.

Besides (Rosenblomm, 1995:230) has suggested that variables affecting channel structure those are market variables, product, and company intermediary, environmental and behavioral variables.

2.5. Channel Behavior and Organization

As (Havaladar and Cavale, 2007 9:13) pointed out that channels can be grouped in to three channel systems. These are:-

- i. Vertical marketing system (VMS)
- ii. Horizontal marketing system (HMS)

- iii. Multi-channel marketing system (MCMS). It is essential to see each of them. However, different scholars had been defined these concepts in similar way such as:

VMS: - is a channel of distribution in which there is formal cooperation among members at the manufacturing wholesaling, and retailing levels. The more detail definition is developed by (Rosenbloom, 1995:485) as professionally managed and centrally programmed networks, pre-engineered to achieve operating economics and maximum market impact. Stated alternatively, these VMS are rationalized and capital-intensive networks designed to achieve technological, managerial and promotional economies through the integration, coordination, and synchronization of marketing flows from point of production to points of ultimate use.

HMS: - is an arrangement within a channel of distribution in which two or more firms at the same channel level work together for a common purpose. MCMS-adopted by companies which use two to more marketing channels to reach different customer segments (Solomon and others, 2006:475).

2.5.1 Multi-channel Strategy

Cespedes and Corey (1990), define multi-channel marketing as the marketing strategies for reaching clients who use more than one channel to interact with businesses. This strategy has received different denominations such as “click and brick” or “clicks and mortar” (Dutta and others, 1995).

Multi-channel marketing is not equivalent to traditional marketing of multiple channels, in which a company interacts with different segments of clients through different channels. In multi-channel marketing, clients can use alternative channels at their discretion and have the option of changing channels whenever they want (Ramaswamy and others, 1996).

Similarly, Ennew and others, (1989) define the multichannel strategy as the use of the full range of commercially viable channels to serve customers, and the integration of those channels without attempting to influence the channel that the customer wishes to use. The conceptual difference from the classical marketing of multiple channels is in the freedom of channel selection and the lack of obligation to use channels previously designed to reach a determined segment. Besides, the multiple channel strategy focuses on product distribution, while the multi-channel strategy has a more extensive perspective that focuses on any interaction with the client and is therefore, a fundamental element in the relationship marketing.

As essential factor of the multi-channel strategy is the coordination of channels. According to, Cespedes and Corey, (1990) buyers may move from one channel to another at different stages of a single transaction. When truly integrated channels are provided, many paths are possible, including movement between physical and virtual channels at the same stage in the process. For Balasubramanian and others, (2005) there are many combinations that consumers may wish to use when deciding on a specific purchase.

Easting wood and storey, (1996) demonstrate in their study that multi-channel strategies encourage multi-channel purchase behavior and develop consumer inventiveness to combine and integrate available channels. Consumers want to use different media in the purchase process. They positively value the possibility of internet use to compare prices, promotions, and stock in the nearest store. They appreciate having the option of buying online and of picking up the product in the nearest store, of buying in the store and having the merchandise delivered to their house or of returning merchandise to the store or through the mail. In this sense, the internet is not a replacement for physical stores, but a very valuable complement. Retailers must explore

how to better employ technology to help consumers progress through the stages of the purchase process (Burke, 2002).

In this context, one business objective is to distribute resources through a combination of channels to satisfy clients and to maximize benefits. Therefore, understanding what drives customers' relative evaluations and use of alternative channels is an important first step in creating complementary synergies across the expanding range of channel formats (Anderson and others, 1997).

2.7.5. Channel Selection

Black, (2002) says that the greater part of the research on distribution channels has focused on the adoption of new channels as an alternative to the existing ones. For example, Anderson and others, (1988) examined the impact of the different forms of perceived risk and the tendency to seek information in the direct purchase of clothes. While Balasubramanian (1998) explored the importance of convenience as a determiner for choosing to purchase by catalogue. Subsequently, Aiken and West (1991) developed a model based on transaction prices to explore the degree to which the internet can be accepted as a distribution channel for a collection of products that included books, shoes, toothpaste, microwaves and flowers. Berman (1999) analyzed five dimensions of the situational influences applied to the multi-channel purchase: physical, social, temporary perspective, definition of task, and state. Burke (2002) found that the majority of consumers expressed a preference for using multiple channels when shopping although the study reveals that different media can play different roles in the stages of the purchase process. Consumers prefer to use media that represent the characteristics of the specific products that they are buying. In a study carried out by Raghunathan and others (2005) the authors sought to understand multi-channel customers and their motivation for buying through a single channel or through various. The main factors they

discovered were perceived risk, past experience with direct marketing, the motivation to buy through one channel, the category of product/service.

2.8. Channel Design Decision and Strategy

Various scholars examined these important and valuable concepts in their own manner. Thus, will be presented or stated as below:-

According to (Rosebloom, 1995:215) channel design refers to those decisions involving the development of new marketing channel where one had existed before, or to the modification of existing channels. He further has developed a paradigm of the channel design decision in seven steps or phases:

- i. Recognizing the need for a channel design decision.
- ii. Setting and coordinating distribution objectives.
- iii. Specifying the distribution task.
- iv. Developing possible alternative channel structures.
- v. Evaluating the variables affecting channel structures.
- vi. Choosing the “best” channel structure.
- vii. Selecting the channel members.

The marketing channel challenge involves two major tasks:-

- i. to design the right channel and
- ii. To implement that design.

The design step involves segmenting the market, identifying optimal positioning responses to segments demand, targeting the segment (Coughlan and others, 2003:30).

Implementation step requires an understanding of each channel member’s sources of power and dependence, understanding of the potential for channel conflict, and a resulting plan for creating an environment where the optimal channel design can be effectively

executed on an ongoing basis. This outcome is called channel coordination (Coughlan and others, 2003:30).

Generally they have concluded that channel design includes segmentation, positioning, targeting and establishing new channels or refining existing channels.

In addition (Havaldar and Cavale, 2007:126) had developed the following basic definitions:

Defining the customers needs: Customer needs are defined by the desired customer service level expected out of the channel system is related to lot size, waiting time, choice to the consumer, variety and assortment, special convince, and service support.

Defining Channel Objectives: Are simply what the channel system is expected to do to support customer service.

Channel Alternatives: After it has decided on the target customers and the customer service deliverables to reach these customers, the company level scan for:

- Business intermediaries currently available in the market
- The number and type of intermediaries required
- Any new channel members that need to be specially developed
- Role of each of the channel members.

Cost of the channel system: Is a balance level of customer service required and cost willing to be spent by the company. On distribution system is important responsibility of sales managements.

Following (Solomon and others, 2006:472-476) reported that planning a channel strategy consists four steps:

Step 1: Develop distribution objective: that support the organization's overall marketing goals.

Step2: Evaluate internal and external environmental influences.

Step-3:- Choose a distribution strategy- means making at least three decisions.

- i. Decision about the number of levels in the distribution channel.
- ii. Decision about channel relation ship means Conventional, vertical or horizontal system.
- iii. Decision related to the distribution intensity (Intensive, Selective and executive distribution)

The three types of intensity are also called patterns of distribution strategy. These are described in detail by (Solomon and others, 2006:476) under:

Intensive Distribution:- Is selling a product through all suitable wholesalers or retailers that are wiling to stock and sell the product or make available in as many out lets as possible.

Selective Distribution: Distribution using fewer outlets than in intensive distribution but more than in exclusive distribution.

Exclusive Distribution; Is selling a product only through a single outlets in a particular region. Is more selective than mentioned ones.

Step4: Develop distribution tactics- this relates to the implementation of some strategies, such as:

- i. select channel partners
- ii. manage the channel
- iii. develop logistics strategies

In my opinion that scholars have explained this issue in a precise and understandable manner. The best channel system should active ideal market exposure, maybe intensive, selective or exclusive (Perreault and others, 2000:193).

2.6.1. Types of Intermediaries

As, (Havaldar and Cavale 2007:817) concluded, that companies can not physically reach their hundred or even more number of customers or consumers directly and hence to use medium or distribution channels.

Intermediaries or middleman are independent businesses that assist producers and manufacturers and final users in the performance of negotiator functions and others (Rosenbloom, 1995:39).

According to, Kotler (2002:495) types of intermediaries can be:

- i. Company sales force (Direct sales), through:
 - Assign sales representative to territories or
 - Develop separate sales force for the different industries.
- ii. Industrial distributors: Establish in the different regions by giving the exclusive distribution right, adequate margins, product training, and promotional support.

Number of Intermediaries: The main consideration to decide the number is the “intensity” of distribution which the company desires (Havaladar and Cavale, 2007:128). Additionally, (Coughlan and others, 2003:125) had better explained this useful issue in convincing way such as:

Determining membership of an intermediary in the channel structure are availability and cost effectiveness. Even if available, an intermediary must pass the test of cost effectiveness.

A main reason for using an intermediary is its ability to perform flows at lower costs than the manufacturer could do it selling direct it done correctly, the addition of channel intermediaries should therefore, lower the total cost of channel management.

There are common criteria's that can be used to evaluate major alternatives in intermediaries reported by (Havaladar and Cavale, 2007:129) that are:- cost factors, ability to control, adaptability, and range of products and range of volume to be handled.

Responsibilities of channel members:- Several terms and responsibilities has been stated by different writers (Kotler, 2002:497; Havaladar and cavale, 2007:12.11) among them are:

2.9. Channel Management decision

2.7.1. Selecting channel members

The selecting process consists three basic steps:-

- i. Finding prospective channel members
- ii. Applying selection criteria to determine the suitability of prospective channel members.
- iii. Securing the prospective channel members as actual channel members. (Rosenbloom, 1995:258). As general rule the greater the intensity of distribution, the less the emphasis on selection.

However, the selection of channel members should be consistent with the firm's broader marketing objective and strategies and need to reflect the objective and strategies of the organization as a whole (Rosenbloom, 195:197).

Channel management is often regarded as a key strategic asset of a manufacturer because decisions about the delivery of goods and services to target markets are critical, affecting all other marketing decisions. Channel activities, like distribution, frequently require the involvement and cooperation of external partners, such as channel members (Frazier, 1999). Marketing channel success is often dependent on strong channel members who can efficiently perform the distribution tasks necessary to reach the channel target (Anderson and others, 1997).

Today's distributors, standing between production and consumption (Andaleeb, 1996), are increasingly maintaining interpersonal and technological /electronic links with manufacturers, customers, and other third-party or intermediary partners (Abratt and Pitt, 1989). Such distributors often achieve a high quality-to-cost ratio in various functions, creating value for manufacturers (Cespedes and Corey, 1990). Manufacturers increasingly rely on distributors for distribution and marketing activities (Dutta and others, 1995) in order to leverage

resources and focus on core competence (Frazier, 1999). In this role, distributors also function as the manufacturers' marketing arm, transferring knowledge of customer needs and market trends back to manufacturers, while enhancing customer satisfaction (Cespedes and Corey, 1990).

While distributors enjoy increased power in marketing channels, they face increasing challenges in a competitive environment where gains from cooperating with manufacturers are obvious (Abratt and Pitt, 1989). Increased demands from manufacturers and end customers pressure distributors for better services that fit channel needs. Distributors can benefit from a long-term, collaborative and reciprocal relationship with manufacturers, resulting in better channel performance (Berman, 1999). Such manufacturer's reliance on distributors and distributors' willingness to collaborate suggest the significance of recruiting capable distributors for effective channel management (Frazier, 1999).

When manufacturers make changes to the channel structure, increase coverage in territories, add additional outlets, or replace distributors that have left, distributor selection decisions are frequently necessary (Anderson and Weitz, 1992). Selecting appropriate distributors as channel partners has been an important prerequisite of effective channel performance (Berman, 1999). Except for those with extraordinary reputation and prestige; manufactures cannot expect numerous quality distributors to vie for their business. Manufacturers normally have to seek and recruit distributors by evaluating potential candidates, with an emphasis on performance (Cespedes and Corey, 1990).

In other words, no matter how much control manufacturers have in the selection process, they yet must consider the criteria of distributor selection to ensure the chosen partners can create a positive synergy (Easing wood and Coelho, 2003). Further three major factors that affect manufacturer's selection of distributors are described under:-

2.9.2. Firm Infrastructure

A channel member's existing business situation can serve as an indicator of a potential match with a manufacturer's needs (Anderson and Weitz, 1991). It is important to focus on distributors standing with current and past customers, suppliers, the local business community, and even competitors (Andaleeb, 1996). Therefore, a distributor's firm infrastructure, comprising assets of the firm, company's basic business profile, or its primary support activities, should be seriously considered by manufacturers when selecting distributors. The firm infrastructure variables included in this research are: management ability, financial strength, experience, and physical facilities.

The management ability of a distributor is considered critical for channel member selection (Abratt and Pitt, 1989). Management ability relates to management quality and operational competency. Scholars also suggest that the financial strength of a prospective partner is important when selecting channel members (Berman, 1999). Financial strength provided evidence of the prospective channel members' overall abilities. Distributors in good financial positions are likely to be well established and capable of selling many products for their manufacturing clients. Manufacturers need to verify these aspects of financial performance through visits or reliable third party opinions in addition to the published figures (Frazier, 1999).

The market experience of a firm influences its competitive position (Anderson and others, 1997), with experience helping the firm obtain better information, decrease uncertainty, and better handle managerial resources. Therefore, a distributor's experience in business also influences a manufacturer's selection decision (Abratt and Pitt, 1989). They also suggest that physical facilities strongly affect manufacturers' channel member selection. Adequate physical facilities, including

modern technology and equipment, may indicate a firm's capacity to carryout channel tasks (Berman, 1999). Based on the above discussion, it is expected that companies will prefer distributors with better firm infrastructure.

2.9.3. Marketing Capabilities

Literature on channel member selection frequently addresses the importance of marketing capabilities. Marketing capabilities have been defined as the integrative ability to apply collective knowledge, skills and resources of the firm to the market-related needs of the business (Andaleeb, 1996). This enables a business to add value to its goods and services while meeting competitive challenges (Day and others, 1997). Distinctive marketing capabilities enable a firm to outperform competitors by reaching target markets effectively (Berman, 1999). This criterion reflects a distributor's expertise and understanding of key customer segments, behaviors, and trends (Anderson and Weitz, 1991).

Marketing capabilities generally include sales strength, market coverage, and product compatibility. Most firms interpret the sales ability/strength of a prospective distributor as a critically important criterion (Cespedes and Corey, 1990).

The other marketing capability element market coverage refers to the adequacy of the distributor in serving the geographical territory that the manufacturer would like to reach, is also considered an important indicator of marketing competence (Achrol and Stern, 1988). Adequate market coverage has been found necessary to gain an optimum volume of sales in each market, secure a reasonable market share and attain satisfactory market penetration, (Easing wood and Storey, 1996).

The product lines carried by a distributor are also considered important when assessing marketing capabilities (Berman, 1999). Manufacturers typically prefer distributors who handle compatible and complementary

products, rather than substitute products, especially avoiding distributors carrying directly competitive products (Anderson and Weitz, 1992). In summary, manufacturers would favor distributors with better marketing competence (Berman, 1999).

2.9.4. Relationship Intensity

The development of a manufacturer's relationship with its channel members greatly affects channel cooperating, channel efficiency and the manufacturer's competitive advantage (Frazier, 1999). Therefore, manufacturers will evaluate relationship factors carefully when selecting channel members (Abratt and Pitt, 1989). This research has used terms such as relationship strength, relationship quality, relationship intensity, and relationship magnitude when describing inter firm relationships. Following, we propose that to construct "relationship intensity" is an important factor for a manufacturer's selection of distributors. Derived from Anderson and Weitz (1991) relationship intensity is defined as the degree of perceived reciprocity, closeness and friendliness in the relationship between the manufacturer and prospective distributor. This construct includes the distributor's enthusiasm to build a relationship, commitment, and willingness to share information as well as the manufacturer's familiarity with the distributor.

Scholars suggested that firms should seek distributors who show enthusiasm for the contract and who are hungry for success (Anderson and Weitz, 1991). They also emphasize the value of a prospective channel member's enthusiasm and aggressiveness, which is believed to be closely related to long-term success in handling the manufacturer's products. Therefore, manufacturers would prefer distributors who are enthusiastic, committed to cooperate.

A committed distributor is more likely to provide market intelligence to the manufacturer, invest in the relationship, and make sacrifices that maintain and grow with the relationship (Anderson and Weitz, 1992).

CHAPTER 3

DATA PRESENTATION ANALYSIS AND INTERPRETATION

This chapter is devoted to data presentation; analysis and interpretation of the study based on the data gathered from the respondents of customers and staff members of Arada and Legehare branches of National Lottery.

All the data collected through questionnaires containing close and open ended questions and through interviewing Arada and Legehare branch managers of national lottery

The information obtained from the staff members and customers is summarized using descriptive statistics were computed by using percentages the summarized and then analyzed by applying descriptive analysis method using tables, following detail explanation at last interpretation is made to demonstrate implications of the major findings.

3.1 General Characteristics of Respondents

The following table (table1) has information on the general characteristics of respondents including their age distribution, sex distribution and educational background.

Table 1 Age and Sex Distribution of the Study Population

No	Item	Customer Number	%	Employees number	%
1	Sex				
	Male	120	70.5	7	58.3
	Female	50	29.5	5	41.6
	Total	170	100	12	100
2	Age				
	18-28	26	15.2	1	8.3
	29-38	30	17.6	2	16.6
	39-48	42	24.7	4	33.3
	Above 48	72	42.35	5	41.6
	Total	170	100	12	100
3	Educational background				
	Below 10 th grade	39	22.9	—	—
	10 th grade complete	36	21.1	1	8.3
	10+ ₂	23	13.5	2	16.6
	10+ ₃	56	33	3	25
	BA/BSC	13	7.6	5	41.6
	MA/MSC	3	1.7	1	8.3
	Total	170	100	12	100
4	Years of service customers get and employees experience	30	17.6	—	—
	Below 1 years	31	18.2	2	16.6
	1-3 years	45	26.4	3	25
	4-6 years	64	37.6	7	58.3
	6 years and above				
	Total	170	100	12	100

As can be seen in the item 1 of table 1 among the respondents 120 (70.5) of customers and 7 (58.3%) of employees, 50 (29.5%) of customers and 5 (41.6%) of employees were male and female respectively. The data shows that most of the respondents of customers are male and the numbers of male employees are, greater than that of the female employees.

In the item 2 of table 1 the age distribution of respondents is explained and 26 (15.27) of customers and 1(8.3%) employees, 30(17.6%) of

customers and 3(25%) of employees, 42(24.7%) of customers and 4(33.3%) of employees are under the age of 39-48 and 72 (43.35%) of customers and 41.6% of employees are above the age of 48. The above data implies that most of the respondents of customers are under the age of 39-48. Most of them are youngsters and most of employees also under the age of 39-48 and this show that they have a potential to contribute and the scan their work environment.

In the item 3 of table 1 the educational background of respondents explained in detail 39(22.9%) of customers are below 10th grade in this category there is no employee, 36(21.1%) of customers and 1(8.32) of employees are 10th grade complete 23 (13.5%), 2(16.6) customers and employees Respectively are in the level of 10+2, 56 (33%) of customers and 3 (25%) employees are in the level of 10+3, 13 (7.6%) of customers and 5(41.6%) of employees have B.A (B.S.C) degree, 3 (1.7) of customers and 1 (8.35%) of employees are having M.A/M.S.C degree. From this we can understand that majority of the respondents of customers are educated above 10th grade to masters' degree so they have knowledge how to use the products and also in the employee's side majority of the employee are educated and the company also has skilled man power.

In the final part item 4 respondents years of service and experience that respondents have with the company is explained and 30 (17.6%) of customers have below 1 year and 31(18.2%) of customers and 2(16.6) OF employees have an experience years of service between 1 and 3 years, 45 (26.4%) of customers and 3(25%) of employees have 3-6 years experience or years of service 64(37.6%) and 7 (58.3%) of customer and employees have more than 6 years experience or years of service respectively. This implies tat the longer portion of customers have long relationship with the company six years and also most of the employees of NLA have an experience more than six years and it shows that most of the employees have well experienced, and equipped with their job environment and the

customers also have longer time relationship with the company and the customers respondents have full information about the company with their longer time relationship.

3.2 Analysis of Findings of the Study.

The student researcher tried to investigate the effectiveness and efficiency of distribution practice of national lottery from the point of view of customers as well as employees. To this end various questions were posed to sample respondents mainly related with distribution activities.

Therefore in this section of the study responses from customers and employees are summarized in the form of percentage presented as follows.

Table 2 .Types of products customers use from the company

No	Item	Respondents	
		Number	%
1	Which product you use from the company		
	Tembolla Lottery	52	35.8
	Bingo lottery	32	18.8
	Instant lottery	18	10.5
	Regular lottery	23	13.5
	Special lottery	27	15.8
	Christmas gift lottery	18	10.5
	Total	170	100

As indicated in table2, most of customers 52 (35.8 %) of National lottery use Tem bola lottery and 32 (18.8%) of use bingo lottery, 18 (10.5%) of customers use instant lottery and 23 (13.5%), 27 (15.8%) of customers use regular and special lottery respectively as well as 18(10.5) of customers use charismas gift lotteries. There fore the data shows that

most of the respondents of customers are use Tembolla lotteries with the expectation to be a winner and to win a large amount of cash and the other group of respondents use bingo lottery, to refresh them selves with the same and others use instant lottery, regular lottery and others who buy Christmas lottery.

Table 3 .Customers Response on the Company’s Product

No	Items	Respondents	
		Number	%
1	Have you faced any problem with the goods and services you get from the company		
	- Yes	2	1.1
	- No	165	97
	- I don know	3	1.7
	Total	170	100
2	Are you happy by the products you get from the company	160	94
	- Yes	8	4.7
	- No	2	1.1
	- Some how		
	Total	170	100

In the above table3 with respect to the responses of customers about whether they face problems on the good and services of the company, majority of them say ‘No’ 165 (97%) and a few customers 2(1.1%) say ‘Yes’ as well as 3 (1.7%) respond that there are problems but they are not as such difficult problems and are not often but sometimes.

Generally majority of the respondents of customers not faced problem with products when the company distributes the products and there are some who face a problem but not as such difficult problems and are not often but some times. Majority, '160 (94%) of the respondents responded that they are happy with the goods and services they got from the company. However, there are some about 8 (4.71) respondents who are not happy by the goods and services they got from national lottery. The implication behind these shows that most of the customers respondents responded that they are happy by the products of the company and also they refresh them selves with the products and there are some respondents who are not satisfied by the products of the company and they think that it is wastage of money.

Table 4. Customer's Response on the Reliability of the Company

No	Item	Respondents	
		Number	Percentage
1	How do you measure the reliability of the company		
	Very good	90	52.9
	Good	40	23.5
	Medium	35	20.5
	Very low	5	2.9
	Low	-	-
	Total	170	100

On item 1 of table 4 concerning the reliability of the company 40 (23.5%) and 90 (52.9%) of the respondents evaluated as high and very high and the rest 35 (20.5%) and 5 (2.9%) of respondents evaluates medium and low. Thus from the above figure we can understand that the company is not that much good in delivering its promise and it as its own negative implication and can create negative image on the customers mind.

Table 5. Customer Service

No	Item	Respondents	
		Number	Percentage
1	How do you evaluate the company's responsiveness to handle customers complaints		
	Very high	34	20
	High	50	29.4
	Medium	72	42.3
	Low	14	8.2
	Very low	-	-
	Total	170	100

Based on the figure given on item 1 of table 5 of the respondents evaluate the company's responsiveness to handle customers compliant 72 (42%) as medium 50 (29.4%) as high and 14 (8.2%) as low and 34 (20%) of them as very high. And customers service in defined as the result of distribution activity which creates customer value or benefit that has an impact on the company's profitability by giving special consideration to the speed of delivery of goods.

From this we can understand that giving quick response to customers complaint will result in better customer service which has an impact on the over all distribution practice in turn has significant influence on the company's profitability.

Table 6. Customers Response towards the Potential of the Lottery vendors

No	Item	Respondents	
		Number	Percentage
1	How do you evaluate the potential of the lottery vendors to wards distributing the product		
	Very high	170	100
	High	-	-
	Medium	-	-
	Very low	-	-
	Low	-	-
	Total	170	100

In the above table 6 all 170 (100%) of the respondents of customers evaluate the potential of the lottery vendors to wards distributing the company’s products as very high. This implies mostly the distribution activities of the company lies up on those lottery vendors (retailers) and by having that retailer the company can address large market coverage and can satisfy the needs of customers at the distribution of them.

Table7: Customers Response on the overall Distribution capacity of NLA

No	Item	Respondents	
		Number	Percentage
1	Overall distribution capacity		
	Very high	58	34
	High	30	17.6
	Medium	76	44.7
	Very low	6	3.5
	Low	-	-
	Total	170	100

As can be seen from table 7 of item 1 with regard to the overall distribution practice of national lottery 58 (34%) of the respondents evaluate it as very high 30 (17.6%) of them as high, 76 (44.7%) of them as medium and finally 6 (3.5%) of them as low. There fore from the above figure we can clearly understand that, majority of he respondents (i.e. 44.7%) evaluated the overall distribution practices as medium. This implies that most of the respondents have some kind of doubt regarding the company’s distribution practice. And this is not a good condition for the company because of this the company may lose unsatisfied customers.

Table 8. Employees Response on the Level of Distribution

No	Item	Number of Respondents	%
1	Is the company distribute product as expected		
	-Yes	8	66.6
	-No	4	33.3
	Total	12	100

Based on the above table8, 8(66.6%) of the total respondent of employees agree that NLA is distributing the products properly the rest 4(33%) believed that NLA is not performing well. This will tell us that most customers are getting the products, when and where they need it. The possible explanation might be the company has been implementing both direct and indirect distribution system and by using direct distribution as well as the indirect distribution system in a manner that to distribute the products to customers and serve the major markets. Even if there are some problems that hinder the company not to distribute as expected. But still the company distribute its products to customers.

Table 9. Employees Response on Factors affecting distribution practices

No	Item	No of Respondents	%
1	Do you know Factors affecting physical distribution practice of the company <ul style="list-style-type: none"> • Yes • No 	12 -	100 -
	Total	12	100

Table 9 has the responses of Employees up on the factors affecting distribution practice of the company and all 12(100%) the employees' respond that they do have awareness about the factors that affecting the distribution practice of the company. And this implies that the employees of the company are well informed also have understanding about the company's over all distribution problem that hinder the company's overall distribution performance.

Table 10. Customer's future relationship with the company

No	Item	Number	Percent
1	Based on your experience of to day do you want to be customer of the company to the future <ul style="list-style-type: none"> - Yes - No - I don't know 	140 10 20	82.3 5.8 11.76
	Total	170	100

As indicated in table 10 of item 140 (82.3%) of the respondents said that, they continue their relationship with the company. The higher number of respondents were they want to continue relation with the company, whereas 10 (5.8%) not as such satisfied by the service and they replied as don't want to continue their relation because they are highly dissatisfied by major problems but if they improve the distribution practice they want to be a customer. 20(11.8%) of them are in dilemma whether to continue or not their relation with the company.

This indicates that the majority of customers they continue as customers of the company. Following this one can say that majority of customers was happy and served by the existing distribution practice of the company.

Finally, regarding open ended question the given suggestion are interpreted here under.

From the respondents of employees with regard to their position some of them are under the management position and a large number of employees are sales persons. And others also has different positions within the company. And the company's sales persons are in a good position to understand the company's distribution practices as well as the customer's needs and it also will help the company to have a close contact with the customers and to gain feed back form them.

According to the respondents of employee's response with regard to the distribution system of the company channels structure chosen direct and indirect distribution system. Directly by using their own branch sales offices and indirectly through agents are retailers (lottery vendors) to serve the entire market. And mostly the company's channel preference is depend one the indirect distribution becomes by using indirect channel members the company address major market converge and most of the company's products are distribution to customers by using these indirect

especially those lottery vendors (retailers) address customers need at the destination of customers.

According to the responses of employees of NLA there are so many factors that affect the physical distribution practice of the company from this infrastructural problems is the one that hider their distribution capacity, as well as the shift of the lottery vendors from their job is another factor and also the company doesn't have organized and sufficient branch sales offices. So all these things are obstacles that face the company with regard to their saying these factors have a negative impact on their sales volume, profitability and also have a negative perception created in the minds of customers about the company's products when they need at the right time and at the right place.

As additional comment from the employees that they give as a solution for the problem were firstly having enough labour /sales person/ in order to address the need/wants of customers and the company better to adopt the changing technology and through technological advancement and adoption of the technology the company's also have good communication and can facilitate its work. According to their saying the current branch sales offices are not enough and the company better to have more than that currently have.

3.2.1. Interview Analysis

Discussion with Arada and legelare Branch managers of National Lottery. According to the managers, currently the company have direct and indirect distribution channel and most of our sales is depending on the indirect channel of distribution it consists of agents, lottery vendors (Retailers) and directly through our branch offices located in to different location in the city.

Regarding the responses get from the managers the sales activity and the distribution practice is directly linked that means the distribution practice is the determinant factor to our sales activity and more work is

done on our distribution system to up grade our sales volume as well profitability of the company

The company seems to give a close communication with the technological changes than before. Though it is some what difficult to fully cope up with the dynamic and changing technology, the company is trying to do so as much as possible according attachment to the managers. In their words mentioned that some times technological changes become difficult for the company when the change is dynamic and not feasible with the development of the company.

The company currently has agents, lottery vendors, and Branch sales offices to distribute the company products but according to the mangers saying these are not sufficient to serve the market and also to satisfy the existing demand so there will have a plan to increase their number and to expand their branch sales office.

According to the managers the performance on distribution of the company's product is measured by sales volume. The sales volume of the company indicates that the level of distribution performance. And having good distribution level indicates that appositive impact on the sales volume of the company.

The company is currently having a better and up to date information system for its relation and close communication than before. There were many obstacles and difficulties for its smooth communication with customers. This in turn had an adverse effect to customers complain handling system. According to the managers these and related problems are now getting solutions as the company gives it special attention. Lastly the managers give their suggestions that the company now serving its customers in a better way and its overall physical distribution activities are good. Even if there are so insignificant and not considerable problems, difficulties that can hinder the distribution of goods for customers.

Chapter Four

4.1. Summary, conclusions and Recommendations

This chapter is the last part of the study which deals with summary of the major findings, conclusion and recommendation.

4.1. Summary of the Major Finding

This part of the research paper is devoted to summary of the major findings of the study

- To summarize the characteristics of the respondents of both groups the majority of the respondents were male in the case of their age the majority of employees group which overs 5 (42%) of total respondent were above 48 years, and also in customers group the majority were above 48 years . the summary of educational background shows that, 5(42% of employee respondents were first degree holders and the majority from customers respondents group were diploma holders regarding their employment experience, most of them were above 6 years experience in the other side of customers relation ship with NLA, the majority of the respondents had above 6 years experience with the company.
- In relation to customers responses about the products they use from the company is that majority of the respondents are using Tembolla lottery and the rests are use Bingo, Instant, Regular, Special and Christmas gift lotteries.
- With respect to employee's response about the kind of distribution that the company uses both direct and indirect distribution channel. Directly by its own sales offices and indirectly through agents and retailers and most of the employees agreed that the company's products are mostly

distributed by using indirect distribution particularly by those retailers.

- According to employees response most of them are agreed that NLA is distributing the products properly as the desired level of customers .There are only 33.3% believe that the company is not performing well.
- In relation to customers relationship with the company to the future most of the respondents 82.3 percent are want to be a customer in to the future the rest 5.8 present do not want and others 11.7 percent of customers are in dilemma weather to continue or not.
- To summarize the responses of the employees of NLA there are so many factors that affect the physical distribution practice of the company from this infrastructural problem, shift of the sales persons from their job, doesn't have enough branch sales offices and resource constraint all this things that hinder the company efficient distribution system.
- The mangers indicates that the present distribution system and the preference of channels are not much with the existing demand sufficient besides having insufficient distribution affect the sales volume because of this the company measures its performance of distribution by their sales volume and market coverage.

4.2. Conclusions

According to the major findings that have been discussed so far the following points are recommended by the student researcher. Conclusions that can be made from the major findings of the study.

- Regarding customers, we can conclude that NLA had reliable and potential customers, because the numbers of customers are more and more and demand is grown accordingly. In addition to that even problem the customers of the company are loyal customer I to the future. And most of customers are happy by the products offered by the company.
- With regard the company channel preference, the study revealed that most of their preference up on the indirect channel and to some extent to the direct channel but still their channel system and the existing demand are not much and on the other hand there was difficulties in providing the product at the desire level of its customers as a result it will be challenge
- According to the research findings the availability of the product is also in question since those customers products is also in question since those customers do not always get the product when ever they need it . but the primary function of distribution management is ensuring that the product of services made available to the consumer.
- Regarding distribution performance measurement the findings show that the company measures its distribution performance by sales volume. Good distribution imply positive and increase in sales volume for the company.
- Findings show that NLA was not distributing the products as required by its customers, which implies that the company couldn't achieve its predetermined goal means is marketing capability including sales strength, market coverage were not properly done.

- From interview we come to conclude that, there is a slight decline of sales volume and this is because of insufficient distribution system that is lack of branch sales offices, lack of sales persons and lack of resources.

4.3. Recommendations

This part of the study will try to forward certain recommendations that would help the company to overcome the problem face or occurred. The opinion which will be recommended or forwarded allows the firm to analyze different factors that hinder the company to achieve its objectives. Accordingly we would like to come up with the following possible recommendations.

- With respect to customers, NLA has better to establish and maintain good relationship with them and try to satisfy their requirements by collecting feed back and designing information gathering mechanisms and develop responsiveness.
- Regarding distribution performance the firm better to revise the existing strategy as to provide better customers service and to cope Up with the dynamic market environment. And also it is better to the company to adapt research continuously to be proactive rather than reactive.
- In order to interact with various customers and ultimately satisfy those customers, expand to the existing multi-channel strategy effectively and efficiently use direct and indirect channel will be advisable to the company.
- The company can over come the problem by recruiting enough labor force and introducing modern management

system and applying the technology and establishing better distribution strategies.

- Adequate market coverage by using retailers is found necessary to gain optimum volume of sales in each market, secure a reasonable market share and attain satisfactory market penetration.
- To overcome the problem of shifting of the lottery vendors from their job the company better to give additional incentive to retain them even if they are working in a commission basis.
- It is obvious that making the products available is one of the methods used to acquire, retain and grow customers. Thus in order to stay in the marketplace and being profitable, the company is advisable to work at the desired level of customers.

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Appendix

Appendix A

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Appendix B

St Mary's University College
Faculty of Business

Department of Marketing Management

Questionnaire for customers

Questioner to be filled by customers of National lottery administration. This questioner is prepared by a student researcher, prospective graduate of 2010 in the field of marketing management. This questioner is prepared to asses distribution practices of National lottery.

The responses that you give have a great value and I would like to thank you in advance for your sincerely cooperation.

Remarks

- ❖ Writing your name on the questionnaire is not necessary
- ❖ If the question has an alternative answer put ✓ or X
On the space provided beside your answer
- ❖ If the question is related to your personal opinion write it shortly on the space provided.

1. General characteristics or respondents

1.1 Sex female Male

1.2. Age 18-28 29-38 39-48 above 48

1.3 Educational back ground

Below 10th grade

10th grade complete

10+2

10+3

First degree

Above first degree

II.1. which product you used from products distributed by national Lottery?

Bingo lottery

Tombolla lottery

Instant lottery

Regular lottery

Special lottery

Christmas gift lottery

2. Are you happy by the products of the company?

No some how Yes

3. How do you evaluate the distribution capacity of national Lottery?

Very high high Medium Low Very Low

4. How long have you been customer of national Lottery?

< 1year 1-3 Years 4-6 Years above 6 Years

5. How do you measure the reliability of the company?

Very high high Medium Low Very Low

6. Have you ever faced a problem with products when the company distribute its products?

Yes No I don't remember

7. On question No 6 if your answer is yes please specify it?

8. Have you had any kind of complaint regarding the companies goods or services before?

Yes No I don't remember

9. On question no 8 if you answer is yes then have you tried to inform to the company?

Yes No

10. If your answer is no please reason out your answer?

11. How do you evaluate the potential of the lottery vendors towards distributing the product of the company?

Very high high Medium Very low Low

12. How do you see the company's responsiveness to handle customers complain?

Very high high Medium Very low low

13. Since you start relationship the company up to now are you happy with the overall performance related to distribution Practices?

Yes No

14. Based on your experience of to day do you want to be customer of the company to the future?

Yes No I don't know

15. On question no 14 if your answer is no please reason out your answer?

16. since your relationship with the company is based on the mutual benefit of you two. If you have any kind of suggestion towards making the Company's distribution practices effective you

cangive_____

17. Finally if you have any kind of additional comments please try
to mention it shortly? _____

Appendix C
St Mary's University College
Faculty of Business
Department of Marketing Management
Questionnaire for Employees

Questioner to be filled by employees of National lottery administration. This questioner is prepared by a student researcher, prospective graduate of 2010 in the field of marketing management. This questioner is prepared to asses distribution practices of National lottery.

The responses that you give have a great value and I would like to thank you in advance for your sincerely cooperation.

Remarks

- Writing your name on the questionnaire is not necessary
- If the question has an alternative answer put ✓ or X on the space provided beside your answer.
- If the question is related to your personal opinion write it shortly on the space provided.

I. General characteristics of respondents

1.1 sex female male

1.2 Age 18-28 29-38 39-48 above 48

1.3 Educational Background

Below 10th grade

10th grade complete

10+2

10+3

First degree

Above fist degree

II Questions related to the study

1. What is your position in the company?

2. How many years do you work in the company?

Below 1 year

- 1-3 years
- 4-6 Years
- 6 years and above

3. What kind of distribution is used by the company?

4. Do you know the factors that affect the distribution practices of the company?

Yes No I don't know

5. If your answer for question no 4 is yes please mention the factors?

6. Is the company distributes products as expected?

Yes No I don't know

7. How does the company measures its performance on distribution of its products? _____

8. In your opinion what are the solutions for the problem of distribution faced by the company?

9. What do you think is your role on the solutions for problems faced by the company? _____

10. What is your suggestion on the distribution practices of the company? _____

Appendix D

Interview

1. When and how National lottery Administration was established?

2. Could you tell me what kind of distribution practices is used by the company?
3. Do you think that the distribution practices of the company affect the sales activity?
4. Do you think the branches that the company currently having is enough to serve the major market?
5. Does the company have a system to have a feed back from customers regarding branch location and related scenarios?
6. do you think that there is a match between today's challenging market demand and technological change and national lottery distribution system
7. Do you believe that the company has enough agents, lottery vendors Branch sales offices to deliver the products to your target customers?
8. How does the company measure its performance on distribution of its products?
9. Does the company have sufficient transportation, warehouses and protective packaging in order to facilitate the distribution practice?
10. What is your suggestion about the companies overall distribution activities?

DECLARATION

THE CANDIDATE'S DECLARATION

I the undersigned, declare that this senior essay is my original work, prepared under the guidance of W/rt Meaza G/Medihen. All sources of materials used for the manuscript have been duly acknowledged.

Name: _____

Signature: _____

Place of Submission: _____

Date of Submission _____

ADVISOR'S DECLARATION

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

Name: _____

Signature: _____

Date : _____