

**St. Mary's University**  
**Business Faculty**  
**Department of Marketing Management**

**An assessment of Physical Distribution Practices**  
**In case of Awash Winery S.C**

**By**  
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**St. Mary's University  
Business Faculty  
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**A Research Essay on An assessment of Physical Distribution  
Practices  
In case of Awash Winery S.C**

**A SENIOR ESSAY SUBMITTED TO THE DEPARTMENT  
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**DEPARTMENT OF MARKETING MANAGEMENT**

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# CHAPTER ONE

## 1. Introduction

Physical distribution is a distinct but integral part of business logistic, involving all those activities relating to the physical movement of goods from the physical movement of good from the factory to the consumers (Satish et.al, 2003).

Physical distribution, the second of the two major components of distribution strategy, involves the actual movement of goods from the producer to the user. This covers a broad range of activities, including customer service, transportation, warehousing, materials handling, inventory control, and order processing. Rabinovich. E. and Bailey, J.P(2004).

Physical distribution activities account for, on average, one-fifth the cost of a manufactured good. In the past, businesses only focused on improving the efficiency of production to lower product costs. In recent years, however, managers have begun to realize that reducing the costs of physical distribution activities is another key to improving productivity and gaining significant competitive advantages (Parker, 2008).

The distribution function is vital to the economic well-being of society because it provides the goods and services desired by the consumer. For the marketer contributes to the product's value by getting it to the right place at the time the consumer wants to buy it and by providing the mechanism for transferring ownership. Firms that do not perform the distribution function effectively usually fail. Distribution also provides employment opportunities. Salespeople, warehouse managers, truck drivers, stevedores, and forklift operators are all involved in distribution(Russell and Kevin,1987).



## 1.1. Background of the Study

Physical distribution is a distinct but integral part of business logistics; it involves all those activities relating to the physical movement of goods from factory to the consumer. ( Satish et.al.2003).

Awash Winery Share Company (SC) established in 1944G.C.by foreigners who used the winery experience from home country as their starting ground then established the factory. It was established at cottage industry level; thus, it had no capable workforce and efficient production machineries like the one today. However, following the exemplary of the pioneer, two factories found their way to Addis Ababa in about 1955 and 1958. The production and its consumption are on the rise since then. All the three factories were nationalized through proclamation; and their private ownership gave way to government administration.

It was for a long time state-owned as a sole wine maker in Ethiopia. However, in November, 2013 transferred to private companies namely Blue Nile Investment PLC. Now days the company has three factories in Addis Ababa located at *Lideta* , *Addis ketema* and *Mekenissa branch factories*. In addition, it has about 500ha in MertiJirsu and 42ha plot in Zeway. At this time, the winery can produce seven million liters of wine annually, under 12 brands, including the well-known; *Axumite*, *Guder* and *Awash* (Company profile directory, 2008 and FORTUNE newspaper March 3, 2013).

With regard to its domestic markets, the organization is conducting its sales in Addis Ababa and in Regional States, distributing door-to-door delivery to retailers who are shops, restaurants, hotels, liquor corners *etc.* by using its own vehicles; and it is distributing them to distant towns through agents. Besides this, distributing to customers through shop located at head quarter.

Though it had been unchallenged since it was established in 1944, competition for Awash is now coming from the Castel Winery, sister company of French based brewery BGI. Castel had its first harvest in 2011, getting 75ql of Chadonny grapes from 12ha of its farmland. This was enough to produce 250,000 bottles of wine. Besides, as stated on the paper above imported wines are the other competitors to the factory. Therefore; there are many things

remaining to be done to achievement and fulfill the company's products sale goal. Among them efficient, cost effective and customer- oriented product distribution systems are the main one (CSA,2008)

In case of this research paper the physical distribution of various kinds of wine products, which produced and distributed by Awash Winery Share Company was assessed based on the company past and existing products distribution practices, especially about transportation and order processing practices, by using descriptive research method.

## **1.2. Statement of the Problem**

The effective management of physical distribution process within the demand chain has been long recognized as a key element for gaining and sustaining competitive advantage and enhancing firm performance (Cho et al., 2008; Mentzer and Williams, 2000). Physical distribution service quality is concerned with timely and reliable flow of goods from the receipt of an order until the goods are made available to the customer (Rabinovich and Bailey, 2004; Rabinovich et al, 2006). It requires optimization of logistics elements; production planning and demand forecasting, information management, routing and tracking, transportation, order processing, material control and warehousing (Aguazzoul, 2007; Krauth et al, 2003).

In case of, Awash Winery Share Company (AWSC) based on the result of preliminary investigation showed that the factory still has some limitations towards physical distribution practices. Lack of proper handling ordered recording , lack of delivering its products timely, shortage of warehousing are the main limitations. The main causes of dalliance of delivery are shortage of transportation and lack of proper order recording. These limitations also create gaps between the general physical distribution strategies concepts and the company existing physical distribution activities. To this end, the this paper has tried to assess the overall distribution practices by giving more focus on transportation and order processing practices and the following research equations had set to meet the research objectives

### **1.3. Basic Research questions**

Therefore, this study has tried to answer the following research questions may be considered as problems that affect the performance of physical distribution practices in Awash Share Company.

1. What are the physical distribution practices of Awash Winery SC. look like?
2. What factors are affecting the existing physical distribution activities in the company?
3. What are the main problems of affecting in order processing practices to deliver products on the right time?
4. What are causes of product delivering delliance?

### **1.4. Objective of the study**

#### **General objective**

The general objective of the study is to assess the overall physical distribution practices of the Awash Winery Share Company.

#### **Specific objectives**

- 1.To evaluate the ongoing physical distribution practices in the company
- 2.To identify factors that affecting the physical distribution activities of Awash Wine SC.
3. To identify the main problems that affecting orders processing activities in the company.
4. To investigate the main causes of product delivery dalliance.

### **1.5. Significance of the Study**

It is very important for Awash Winery S.C. to know the problems with the existence company's physical distribution practices. The researcher suggested or proposes some recommendations to

the company on how it delivers the products effectively and efficiently. After analysis of the research findings so that helps to enhance the organization capacity.

It is also creating good opportunity for the student researcher to get knowledge about the physical distribution activities more practically. In addition, it would also serve as an input for other researchers who are interested to make further study on the area.

## **1.6. Scope of the Study**

The study focused on an assessment of physical distribution practices by giving more emphasis to transportation and order processing practices of Awash Winery S.C. Although the company has three branches in Addis Ababa, this research is bounded in head office and business customers (retailers) which are located in *Addis ketema and Kirkose* sub-cities. Concerning data period, the researcher covered the period from 2010 to 2013. I am particularly focus on Addis ketema and Kirkose because of there is a lot of hotel, restaurant, bar and liquor corner which sell the product of the company.

## **1.7. Research Design and Methodology**

### **1.7.1. Research Method**

Since descriptive research provides simple summary about the sample and about the observation that have been made (Barreiro and Albandoz,2001), this type of research method used to describe physical distribution practices with more focusing on the transportation and order processing practices of Awash Winery Share Company.

### **1.7.2. Population Sample size and Sampling Techniques**

In this study, staffs who were working in distribution department of the company and business retailers located at different part of Addis Ababa were considered as a unit of analysis of the population. Then, the student researcher did use purposive sampling techniques to select sample respondents. On sample size, determination 150 retailers who were located at two sub-cities (*Addis ketema and Kirkose*) in Addis Ababa were selected as sample respondents. Totally, about 300 busy retailers found in these two sub-cities. The criteria of selecting samples because of them are buying and retailing a large volume of wine products. In addition

to this in both sub-cities there is a lot of butcher house's. After people eat meat they usually drink wine. This makes both sub-cities to be large volume business customers of the company.

### **1.7.3. Type of Data Collected**

This study used primary data and secondary data. The primary data was collected by using questionnaires and interviews. And, secondary data was also obtained from books, company reports, census data (readymade data) and government sources, which had been studied on physical distribution previously. The questionnaires are used for business customers and the interview is for senior staffs of the concerned company.

### **1.7.4. Data Analysis Method**

The data was analyzed by using qualitative and quantitative data analysis approaches. Quantitative data analysis technique was used to summarize the findings; percentage compute to get the total picture of the data collected from sample respondents. Then, the summarized data was presented in the form of tables. Qualitative data analysis particularly narrative analysis was employed to analyze the responses obtained through interview, which is accommodated by open-ended questions.

## **1.8. Limitation of the Study**

While conducting the research there were some factors that hindered the study not to be carried out. Among many factors lack of money, time and as it was expected from which questionnaires may not fully returned for analysis, company's managers and seals persons were not easily accessible for interviewing.

## **1.9. Organization of the Study paper**

This study paper is organized into four chapters. The first chapter presented as background of the study associated with background of the company, statement of the problem, 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 the review of related literatures. The third chapter discusses data analysis and interpretation. The fourth chapter also is dealt with summary, conclusions, and recommendations.

## **CHAPTER TWO**

### **2. REVIEW OF RELATED LITERATURE**

This research paper reviews some relevant literatures written by different authors on physical distribution. This is because of enabling to conduct detail analysis and discussion on each element that found in physical distribution activities.

#### **2.1. Overview of physical distribution management**

The role of distribution is to provide to a company the accomplishment of the task of delivering the product at a right time, place, and quantity at a minimum cost (Bucklin, 1966). Although the distribution problem was one of the first issues analyzed by the marketing researchers in the beginning of the 20th century (Bartels, 1965), the distribution problem has an enormous importance in the marketing literature and managerial contexts today. Empirical research in this area must be set up to develop ways to companies to reach the market more profitably.

According to Khanna, (2002) physical distribution as subject of study, is relatively new field, although the various elementary functions carried out always by various other departments. The discipline aims at integrated management. It recognizes related activities that were previously scattered amongst various units within the firm. Its late development is evidenced by the fact that the first textbook on the subject appeared only in 1961 in the United States.

Furthermore, Bowersox, (2005) revealed that the Physical Distribution, it concern movement of finished product to customers. In physical distribution, the customer is the final destination of a marketing channel. The availability of the product is a vital part of each channel participants' marketing effort. Even a manufacture's agent, which typically does not own inventory, must depend on inventory availability to perform expected marketing responsibilities, Unless a proper assortment of products is efficiently delivered when and where needed, a great deal of the overall marketing effort can be jeopardized. It is through the physical distribution process that the time and space of customer service become an integral part of marketing. Thus physical distribution links marketing channel with its customers.

To support the wide variety of marketing systems that exist in a highly commercialized nation, many different physical distribution systems utilized. All physical distribution systems have one common feature: they link manufacturers, wholesalers, and retailers into marketing channels that provide product availability as an integral aspect of the overall marketing process (Rabinovic and Bailey, 2004).

Physical distribution costs are often interrelated; a change in one element may affect other elements. Low inventory levels may reduce warehousing costs, but they can result in increases in transportation and order-processing costs. The interrelationship of these costs should be emphasized in any physical distribution strategy. Manufacturers, processors, wholesalers, and retailers have reduced the costs of physical distribution and improved customer service by applying computer-based electronics and automation. Computer linkups that enable channel members to share information speed up order processing and delivery and help reduce inventory on hand (Russell and Kevin, 1987)

Also, Sheleker, (2004) explained physical distribution as the process delivering the product to the user or consumers promptly, safely and in time. Physical definition 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 need.

Moreover, Agrawal (2003) also in the early 1980s while tried to indicate that there had been a shift in the positioning of physical distribution and material management functions to an integrated logistics management, which combined distribution manufacturing and material management functions in order to have a synchronized system, which would ensure a smooth flow of all kinds of goods.

The effective management of physical distribution process within the demand chain has been long recognized as a key element for gaining and sustaining competitive advantage and enhancing firm performance. Physical distribution service quality is concerned with timely and reliable flow of goods from the receipt of an order until the goods are made available to the customer. It requires optimization of logistics elements; production planning and demand forecasting, information management, routing and tracking, transportation, order processing, material control and warehousing (Aguazzoul, 2007; Krauth et al, 2003) to ensure availability of products in a timely and reliable manner, (Rabinovich and Bailey, 2004). The overarching goal

of the physical distribution function is effectively and efficiently movement of products to end customers by eliminating the time, effort, and inventory waste within the manufacturing-distribution system (Mentzer et al., 2004).

By considering and analyzing all schools of thought about the physical distribution, my research paper will try to point out and investigate the physical distribution practices of Awash Winery Share Company.

This definition views the movement of goods in terms of flow and physical distribution activities seen as those that performed to ensure a smooth, uninterrupted flow.

## **2.2. Element of Physical distribution**

According to Bowersox, (2003) who defined the element of physical distribution Operational requirements the second aspect of information requirements is concerned with directing operations to receive, process, and ship inventory as required to support customer purchase orders, Operational information requirements deal with :Order management, Order processing, Distribution operations, Inventory management and Transportation, shipping and Procurement.

The study of physical distribution should include all factors involved in moving goods rather than concentrating on individual aspects of the process. Because the objective of physical distribution is to provide a specified level of customer service at the lowest possible overall costs, total costs should be considered. Sub optimization can occur if individual rather than total costs are considered.

Physical distribution costs are often interrelated; a change in one element may affect other elements. Low inventory levels may reduce warehousing costs, but they can result in increases in transportation and order-processing costs. The interrelationship of these costs should be emphasized in any physical distribution strategy manufacturers, processors, wholesalers, and retailers have reduced the costs of physical distribution and improved customer service by applying computer-based electronics and automation.



### **2.3. Transportation**

According to Encarta, (2009) transportation is a movement of people and goods from one location to another. Throughout history, the economic wealth and military power of a people or a nation closely tied to efficient methods of transportation. Transportation provides access to natural resources and promotes trade, allowing a nation to accumulate wealth and power. Transportation also allows the movement of soldiers, equipment, and supplies so that a nation can wage war. The rapid movement of troops, equipment, and supplies can be a deciding factor in winning a battle or a war. Just as mobilizing a nation's military strength is critical to success, disabling an enemy's transportation system is usually an early strategic objective of any armed conflict.

Transportation is usually classified by the medium in which the movement occurs, such as by land, air, water, or pipeline. Within each of the first three media, many different methods are used to move people and goods from place to place. Pipelines used mainly to transport liquids or gases over long distances.

Agrawal, (2003) also articulated about transportation. It is the main artery of logistics and supply chain management refers to the movement of goods from one location to another. In the other words raw materials can be transported from suppliers to production, facilities finished goods their customers. Transportation played a significant role in supply chain process because products readily produced and consumed in the same location the very mission of logistics and supply chain management to make available the right quantity of the right quality goods at the right time placed at least cost. This achieved by proper planning of the movement of goods and appropriate use transportation resource.

In addition to these, Bowersox, (2003) also expressed about the Transportation functionality, it has two major Functions such as product movement and product storage.

**Product movement:** Whether the products are in the form of materials, components assemblies, work-in-process or finished goods, transportation is necessary to move it to the next stages of the manufacturing process or physically closer to the ultimate customer, a primary transportation function is product movement up and down the value chain, Since transportation utilizes

temporal, financial, and environmental resources, it is important that items be moved only when it truly enhances product value.

Transportation involves the use of temporal resources because product is inaccessible during the transportation process. Such product, commonly referred to as in-transit inventory, is becoming a significant consideration as a variety of supply chain strategies such as just in time and quick-response practices reduce manufacturing and distribution center inventories.

Transportation uses financial resources because internal expenditures are necessary for private fleets or external expenditures are required for commercial or public transportation. Expenses result from driver labor, vehicle operation cost, and some allocation for general and administrative costs. In addition, consideration other expenses resulting from product loss or damage made.

The major objective of transportation is to move product from an origin location to prescribed destination while minimizing temporal, financial, and environmental resource costs. Loss and damage expenses must also minimize. At the same time, the movement must take place in a manner that meets customer demands regarding delivery performance and shipment information availability. Bowersox, (2003)

### **Function of transportation**

**It Encourages Large-Scale Production:** Conversion of raw materials into finished products is known as the production of goods. For large or small-scale production of goods, movement of raw material is essential. Then finished products must be transported. Transportation of goods takes place from the abundant area to the scarce area. Transport is necessary at every stage of production of goods. Transportation existing market and created new market. It increases the demand for goods. It leads to increase in the production level, thus large-scale production is possible. Movement of products from one place to another place created place utility. Transport moves the products in the required form to the required place. It equalizes the supply.

**It Increases the Mobility of Factors of Production:** Growth of industries depends on the transport system. The four factors of production (raw materials, labor, capital, and entrepreneur) are essential for development of industries. It is only through transportation the mobilization of factors made possible from one place to the others and from one country to other countries. It

encouraged migration of people and movement of labor and capital. Quick and reliable means of transport are essential for the industries, which produce perishable commodities like products, fruits, meat, poultry etc. Thus, it creates time utility.

**It Encourages Specialization and Division of Labor:** transport facilitates regional and geographical concentration. It helps the region or the country, which may concentrate on the production of that commodity for which it is most suited. It will rely on other countries for those goods, which it cannot produce. Thus, it helps in territorial division of labor. Exploitation of local resources is also possible. Location of industries is also decided by the cost of transportation. Thus, transportation helps everyone in the world to reap the benefits of specialization.

**It Provides Employment Opportunities:** Transportation provides employment opportunities to skilled and unskilled workers. Millions of people needed to perform the function of transport throughout the world. There are three modes of transport-land, water and air. Thus, transport lends a helping hand to employment

**It strengthens the Defense of a Nation:** transport is the most important element for strengthening the defense of a nation. Men and materials to fight wars are moved by the transport system. The National defense force consists of Air force, Navy and Army and these three categories of transport are essential.

**It has reduced the Danger of Shortage:** In this world, everything is in short supply relating to its demand. The danger of shortage can be eradicated with the help of transport. Transport creates place utility. American wheat, Russian Kerosene, Burmese rice etc. bought by us. We are in shortage of these commodities. Due to shortage of one commodity in one place, the price will be high. But that commodity may be in abundant supply in other places at low price. Transport helps the shortage area by bringing the goods from the abundant area.

**Transforms Social and Cultural Structures:** Social and cultural contacts between one country and another country increased through transport. Social homogeneity and unity created Religious ideas known. Standard for living Education and day-to-day life known a society stagnant; it can never enjoy the benefit of a modern and progressive society. National unity and integrity

prompted by transport. Increase the knowledge of the people. It spreads the culture and civilization all over the world. Now all the nations have closer social and cultural contacts.

**It Increases the demand for Goods:** Today markets have become national or international only because of transport. It widens the market. Both consumers and producers benefited by the extension of the market. Newcomers in newer places can easily be contacted and thus demand is created. It helps the product to be distributed in the minimum possible time. Bowersox, (2003)

### **Economics Significance of Transport**

Altekar,(2005) explained Transportation and Production: Transportation has considerably production and particularly large-scale production, which is impossible without it. Large-scale production requires huge quantity of raw materials, large number of workers, wider markets etc. Transport ensures regular supply of raw materials and workers to keep the factory running and distributes finished products over markets.

According to khannan (2002).define Transport and Consumption: Consumers use articles produced in different parts of the world. We can get watches of Switzerland, handicrafts of Japan, industrial goods of USA, milk product of Denmark etc. This is because of modern transportation.

Transportation and Exchange: As different competition, the world market economy is not merely, a territorial expansion of commodity exchange relations, but a whole transformation brought about in these exchange relations by the modern means of transport.

**Transport and Distribution:** Transport has a great bearing on distribution. The international flow of labor and capital is due to transport. Entrepreneurs can also find new opportunities to start various trade and industries where profit opportunities are greater.

Transportation and Utility: Transportation enhances transformation, place, and time utilities of the commodities. Transport helps in the process of transformation i.e. transformation of raw material by capital, labor and organization into good which have the ability to satisfy human wants.

Transport and Industries: Industrial development would not have taken place if there were no transport. Both go hand in hand. Industries depend upon transport and transport creates new industries. They are the cause and effect of development for each other.

Transportation and Employment: Transport provides employment to millions of people. Millions of people all over the world are directly or indirectly employed in this sphere of transportation.

### **Transportation Types**

The form of transportation used to ship products depends primarily on the kind of product, the distance, and the cost. The five major modes of transportation are railroads, trucks water carriers, pipelines, and air freight. The cost of using each mode is usually related to the speed at which it operates. Faster modes typically cost more than slower ones.

**Railroads:** Railroad transportation system is the most efficient mode for transporting bulk commodities like coal and iron ore over long distances. Some trains of this type never stop; they use continuous loading and unloading equipment. In an effort to improve service standards and to capture more of the market, railroads are offering services such as run-through trains, which bypass congested terminals, and unit trains, which are used exclusively by a single customer that pays lower rates for each shipment.

**Truck:** Roadways are the most common means of transportation. It is something that connects all the paces. Motor carriers have the flexibility because they are able to operate in all kinds of roadways. The principal advantage of highway transportation over other modes is flexibility. A truck carrier can operate wherever there is a road, while trains depend on rails and aircraft on airports large enough to accommodate them. A number of transcontinental highway carriers move freight coast to coast. However, highway carriers are most efficient for distances up to 300/400 miles. Products most often handled by motor carriers are clothing, furniture and fixtures, food, leather, and leather products, and machinery.

**Airway:** airway is the newest but least utilized mode of transportations airfreight. Its significant advantage lies in the speed with which shipment can be transported. A coast-to coast shipment via air require only a few hours as against days with other modes. However, there is an aspect of high cost that could be prohibitive.

**Waterway:** waterways are his oldest mode transportation. Domestic water transportation involves the lakes, canals, and navigable rivers. The main advantage of waterways involves the lakes, canals, and navigable rivers. The main advantage of waterways is the capacity to move extremely large shipments. Water transport employs two types of vessels, namely the deep-water vessels, which are generally designed for oceans, and diesel powered barges, which generally operate on rivers and canals and have considerably more flexibility.

**Pipelines:** Pipeline plays a significant part in the transportation of crude and petroleum. In addition to petroleum, the other important product transported by pipeline is natural gas. Pipelines are also utilized for transport of manufacturing chemicals pulverized dry bulk materials. The basic nature of a pipeline is unique in comparison to all other modes of transport. Pipelines operate on twenty-four hour basis, seven days per week and are limited only by commodity changeover and maintenance. Unlike other modes, there is no empty container or vehicle that must be returned. Dr. Jean-Paul Rodrigue, Dr. Brian Slack and Dr. Claude Comtois.(2005)

## **2.4. Ordering Processing**

Agrawal (2003) explained a customer order is the message that sets the supply chain process in motion. Order processing activity starts with receiving of customer order and ends with final delivery of goods along with transfer of title. Johnson and Wood defined order processing as In general terms, the phrase means how a firm handles incoming orders, More specifically, order processing is the activities that take place in the period between the time a firm receives an order and the time a warehouse is notified to ship the goods to fill that order

In other words, order processing is a set of activities for receiving, recording, assembling of products for dispatch to fill the customer order, Order cycle is a related term having several meanings, depending upon one's perspective. From the seller's point of view, it is the time from when an order is received from a customer to when the goods are delivered to the customer's end. From buyer's standpoint, the order cycle is from when the order is sent out to when goods are received (also known as the replenishment cycle for goods needed on a regular basis.

According to Havaldar and Cavale (2007) define order processing as getting orders in time from customers, checking on the status of execution and delivery.

By supporting the above idea Reeder, R other (2001) describe that an efficient order processing system is the essential aspect of logistical coordination system. Physical distribution starts with the receipt of a customer order and ends when the customer receives shipments. Because of the dynamic change in the needs and wants of customers, order processing plays vital role in creating time based competition

companies which one now a days operating in an order-processing manner become more successful. Since they create mutual benefit (i.e. they are not only operating for the sake of their benefit, rather they attempt to give equal benefit to their target customers to) As a result they can have more customers and as the number of customers become more and more their benefits increase. That is why these companies are becoming successful on their business areas.

According to, Bowersox (2003) order processing assigns or allocates available inventory to open customer and replenishment orders. Allocation may take place on a real time (i.e. immediate) basis as orders are received or in a batch mode. Batch mode means that orders are grouped for periodic processing, such as by day or shift, while real-time allocation is more responsive, such as by day or shift, While real-time allocation is more responsive, a batch process provides the firm with more control over stations when inventory is low. For example, in a batch process, order processing can be designed to assigns stock from current inventory only, or for from scheduled production capacity. An LIS is more responsive if it allows inventory assignment from scheduled production capacity. However, there is a trade-off since assigning form scheduled production capacity. Reduce the firm's ability to reschedule production. The "best" order processing application operates interactively in conjunction with order management to generate an order solution that satisfies both customer requirements and enterprise resource constraints. In this type of operational environment, the customer service representative and the customer interact to determine the combination of products, quantities, and perform acne-cycle length that is acceptable to both parties, when there is conflict in order processing, possible solutions include delivery date adjustments, product substitutions, or shipment form an alternative source.

The functions of order processing can also be discussed more systematically in five steps, namely order planning, order transmittal, order handling , order picking and assembly, and order delivery.

## **Order planning**

Order planning refers to designing an efficient order handling systems. This means it determines how a customer order is received and by whom, what technique should be adopted (centralized or decentralized) Orders are generally placed by customers to visiting sales people of the company or by telephone, fax mail order, e-mail, or EDI directly to the dispatching point/controlling office/head office. Nowadays, most of the big companies prefer to have computer-to-computer order receiving and entry system to speed-up customer response.

## **Order transmittal**

Order transmittal refers to a series of events that occur between the time a customer places an order or sends an order and the time the seller receives the order. In the present day's era of real-time customer responsiveness, this aspect has reasons, namely:

A, Unreasonably long order transmittal time is a bottleneck in the firm's capability to ensure better customer service, and

B, Fixed and smaller replenishment cycle time is the need of the hour for both seller and customer

That is why companies are making huge investment in information, and communication technologies for speedier transmission of information, fax, e-mails, and other modern media.

## **Order Handling**

After the receipt of the order by the seller order handling process that include the following activities. The checking for completeness and accuracy of the order, credit check by the credit department, recording of transaction by the accounting department, allocation of products by inventory department and advises it to pick the shipment and updates the firm's master inventory file, and Transportation shipment from warehouse by traffic department

## **Order picking and assembly**

Order picking and assembly function of order processing involves giving instruction to specific where house to assemble a given order a customer. In other words, it is a written document given



to a warehouse and its employee indicating the items to be assembled as per the list of the customer order.

## **Order delivery**

The last function of order processing is order delivery. The time from when a carrier picks the shipment until it is delivered to the customer's receiving dock i.e. in transit time. This transit time has a direct and major impact on sellers total order cycle time or customer's replenishment cycle time. Hence, proper load planning and fleet management are essential functions of total order processing system failing which transportation cost per unit goes up.

About Order processing functionality also expressed by Bowersox (2005) which includes inventory assignment, back-order creation and processing, order selection document generation, and order verification, Order selection documents, in paper or electronic form, direct distribution operations to select an order from the distribution center or warehouse and pack it for shipment. The customer or replenishment order, with its allocated inventory and corresponding order selection material, links order processing with distribution center physical operations.

## **2.5. Warehousing**

Warehousing is the physical distribution activity that involves the storage of products. The two types of warehouses are storage and distribution. A storage warehouse keeps products for relatively long periods and is used most often for products that are seasonal in supply or demand, such as farm products. Tri-Valley growers' process and stores canned fruits for distribution to retail outlets. A distribution warehouse is used to gather and redistribute products. Distribution warehouses try to keep products for as short a time as possible. They are mainly used by manufacturers that have several small customers in various, distant locations or by firms that have several suppliers in one area.

The physical distribution activity of moving items within plants, warehouses, transportation terminals, and stores is referred to as materials handling. Equipment used to handle goods includes forklift trucks, conveyor belts, and trucks. Unitization and containerization have improved materials handling in many firms. Unitizations—combining as many packages as possible into one load that can be handled by a forklift truck—are sometimes done with steel

bands or shrink packaging. Containerization—putting packages, usually made up of several unitized loads, into a form that is relatively easy to transfer—has significantly reduced transportation costs for many products by cutting materials handling time, theft, insurance costs, damage, and scheduling problems. Containerization significantly improved handling for rail, steamships and trucking. In case of Awash Share Company, it is using centralized warehouse distribution system. Most of the products are distributed from had office warehouse.

Generally, order processing and the other physical distribution activities performed by channel members ensure that customers receive goods and services at the right time and in the right place.

## CHAPTER THREE

### 3. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter deals with the presentation, analysis and interpretation of the data gathered from interviewed questions which were forwarded to concerned staff in head office (*the marketing manager of Awash Winery Share Company*) and through questionnaire responses that from the customers of the company found in kirkose and Addis Ketema sub cities in Addis Ababa.

The questionnaires were distributed to 150 Awash Winery Share Company's business customers in the above-mentioned areas (75 questionnaires to each area). Among distributed questionnaires about 140 of copies were filled by the customers and returned back to the student researcher.

#### 3.1. General Characteristics of the Respondents

Table 1 below shows the general characteristics of the respondents, which include type of communicate, for how long they have been the business customer of Awash Winery Share Company.

Table 1: General Characteristic of Respondents

Item	Subject of items	Respondents	
		No.	Percentage
1.	What is your relationship with Awash Winery share company?		
	A, Wholesaler	15	10.7%
	B, Retailer	125	89.3%
	<b>TOTAL</b>	<b>140</b>	<b>100%</b>
2.	For how many years have you been with the company?		
	A, 1-3 years	20	14.3%
	B, 4-6 years	38	27.1%
	C, 7-10 years	61	43.6%
	D, Above 10 years	21	15 %
	<b>TOTAL</b>	<b>140</b>	<b>100%</b>

As it can be seen on table 1 item 1 of above, 125 (89.3%) of the respondents were retailers and the rest 15 (10.7%) of them were whole sellers. According to the finding from these data, most of the respondent customers are retailers. Thus, it is possible to say that most of the company's products distributed by these retailers.

On Table 1 item 2, regarding respondent customers relationship with the company as shown on Table 1 item 2, 61 (43.6%), 38 (27.1%) and 20 (14.3%) replied that they have been undergoing as customers for 7-10 years, 4-6 years and 1-3 years with the company, respectively. In addition, 21(15%) of them also replied have been relating with the company above 10 years.

This situation showed that most of the company's customers have customer relationship with the company for almost more than five years. That means we can say that this business customers have close relationship with the company.

### **3.2. Analysis of the Findings of the Study**

#### **3.2.1. Customer's response on capacity of physical distribution of Awash Winery Share Company**

In this section, the responses from interviewed questions and questionnaires are summarized and analyzed results presented as follows:

**Table 2: Customer's response on capacity of the physical distribution of AWSC**

Item	Subject of items	Respondents	
		No.	percentage
1.	How do you evaluate the company's performance towards product distribution service giving to its business customers?		
	A, Very High	11	7.9%
	B, High	13	9.3%
	C, Medium	43	30.7%
	D, Low	68	48.5%
	E, Very Low	5	3.6%

	<b>TOTAL</b>	<b>140</b>	<b>100%</b>
2.	How do you measure the availability of products with desired level of customers?		
	A, Very High	5	3.6%
	B, High	15	10.7%
	C, Medium	41	29.2%
	D, Low	70	50%
	E, Very Low	9	6.5%
	<b>Total</b>	<b>140</b>	<b>100%</b>
3.	Are you happy with overall performance in doing the physical distribution of AWSC?		
	A, YES	50	35.7%
	B, NO	90	64.3%
	<b>TOTAL</b>	<b>140</b>	<b>100%</b>

As indicated above on table 2 in item 1, customers were asked that how do they evaluate the performance of the company, 68 (48.5%) and 43(30.7%) of them replied that they evaluated as low and medium rate. Only 11(7.9%), 13(9.3%) of them responded the company performance is very high and high. In addition, 5 (3.6%) also replied its effort is very low. It implies that the product distribution of the company performance as it is not good enough to satisfy the business customers.

Again, here on Table 2 in item 2, question regarding the availability of factory's products with customers' desire, 70 (50%) from total respondents replied the product availability of the company is low as compare with their request. Only, 5 (3.6%) of the respondents said the availability is very high and 41(29.2%) said that the supply is at medium level when compare to the amount of their demand. With regard to the above data, high percent of the respondents have not been satisfied by company's products availability, and overall performance of the company transportation and order processing activities.

In item 3 on this table 2 again, in terms of the overall performance of the company in physical distribution activities about 90 (64.3%) of the total respondents claimed that they are not happy about it, but the rest of 50 (35.7%) believed that the over all performance of the factory physical distribution activities was in good condition.

### 3.3. Business customer complain on delaying the products

Table 3:company customers' response on delivery

Item	Subject of items	Respondents	
		No.	Percentage
1.	Based on your experience, do you want to be a customer of the company in the future?		
	A, Yes	120	85.7%
	B, No	20	14.3%
	<b>Total</b>	<b>140</b>	<b>100%</b>
2.	How often do you receive defected products during delivery?		
	A, very often	0	0%
	B, often	10	7.1%
	C, sometimes	34	24.3%
	D, rarely	40	28.5%
	E, very rarely	56	40%
	<b>Total</b>	<b>140</b>	<b>100%</b>

As for item 1on table3, the respondent gave their response regarding their interest to keep their relationship with the factory as customer in the future, majorly respondents 120(85.7%) gave a positive answer and only 20(14.3%) gave negative “No”. This showed that still majority of the

company customers still has positive attitude towards the company's products. This may be they have no another alternative products from other competitive factories except an export products.

Again on table 3, in item 2, respondents were asked how did they assess defected products, around 56(40%) and 40 (28.5%) responded they come across defected products very rarely and rarely, respectively. Thus, most of the time the company products have good standard, the remaining respondents 34(24.3%) still have been facing defected products sometimes. Only 10(7.1%) of respondent assessed it as "often". Therefore, from this data, it is possible to say that the factory has been producing and distributing quality products with little defect to its customers.

### 3.4. Customers response towards on the overall order processing capability

Table 4: Customer response on order processing practices

Item	Subject of items	Response	
		No.	Percentage
1.	Have you ever tried to informing about the delivery problems you face to the company?		
	A, Yes	30	21.4%
	B, sometimes	20	14.3%
	C, medium	20	14.3%
	E, NO	70	50%
	<b>TOTAL</b>	<b>140</b>	<b>100%</b>
2.	How do you assess the delay of during order processing?		
	A, Very high	30	21.4%
	B, High	50	35.7%
	C, Medium	40	28.5%
	D, Low	15	10.7%
	E, Very Low	5	3.5%
	<b>TOTAL</b>	<b>140</b>	<b>100%</b>

3	Do you agree you get prompt solutions for your problems? A, Very agree B, agree C, medium D, Disagree E, Very disagree	0 10 70 45 15	0% 7.1% 50% 32.1% 10.7%
	<b>TOTAL</b>	<b>140</b>	<b>100%</b>
Item	Subject of items	Response	
		No.	Percent
4	How do you evaluate the cost of order processing based on your specification? A, very good B, good C, medium D, poor E, very poor	20 15 45 30 30	14.8% 10.7% 32.1% 21.4% 21.4%
	<b>TOTAL</b>	<b>140</b>	<b>100%</b>

Another important point, which was assessed, was the order processing practices of the factory; hence in this section the data collected on order processing practices have been summarized as three items as shown on above table 4.

In other hand, again on table 4 in item 1, question forwarded to respondents is whether they ever tried to informing about the delivery problems they have faced to the company. 70 (50 %) of them respondents replied that they have not informed about the delivery problem to the company, 30(31.3%) and 20(14.3%) them of respondents responded “ YES” and “SOMETIMES” therefore, majority of the respondents have a limitation in this regard.

In item 2 on table 4, the respondent asked to rate, how do they have assessed the delay of order processing, 50 (35.7%), 40 (28.5%), 15 (10.7%) and 5(3.5%) respondent rated the delay as high



, medium, low and very low, respectively. Therefore, from this data we can realize that the delaying orders have limitation to address the company's customers.

Regarding whether the customers have got any prompt solutions for their problems on table 4 in item 3, most of the respondents 70 (50%) are neutral to give an answer, and the rest 45 (32.1%) and 15 (10.7%) replied, "disagree" and very disagree", respectively. the rest of 10 (7.1%) answered by saying they agreed they got suitable solutions. Thus, from this data one could confirm that most of respondents were not willing to give an answer to this question, however; totally about 60 (43%) claimed the factory has a limitation on giving solutions for business customers.

In item 4 on table 4 the respondent customers were asked about the cost of order processing based on specifications and 45(32.1%) responded it is medium level, and 30(21.4%) replied its cost is poor and very poor. 20(14.2%) said it is very high. So poor and very poor is signified for meant least and very least respectively.

### 3.5. General view of customers to company transportation capacity

Table 5: Customers' response on transportation capacity of AWSCo

Item	Subject of items	Response	
		No.	Percentage
1.	How do you assess the transportation system of the company towards distribution the on the right time?		
	A, Very good	14	10%
	B, good	10	7.1%
	C, medium	11	7.9%
	C. poor	50	35.7%
	D, very poor	54	38.6%
	<b>TOTAL</b>	<b>140</b>	<b>100%</b>

2.	How do you assess on time delivery of the company's products?		
	A, Very good	4	2.8
	B, good	6	4.4%
	C, medium	40	28.5%
	D, poor	30	21.5%
	E, Very poor	60	42.8%
	<b>TOTAL</b>	<b>140</b>	<b>100%</b>
Item	Subject of items	Responses	
		No.	Percentage
3	Do you agree that the company has enough trucks to deliver its products?		
	A, Strongly agree	5	3.6%
	B, Agree	16	11.4%
	C, Neutral	45	32.1%
	D, Disagree	57	40.7%
	E, Strongly disagree	17	12.1%
	<b>TOTAL</b>	<b>140</b>	<b>100%</b>

As shown on table 5 in items 1, respondents were asked to assess company's transport system with desired physical distribution activities, 54 (38.6%), 54 (35.7%) and 14 (10%) of the total respondents replied, very poor, poor and very good, respectively, whereas only, 10 (7.1%) and 11 (7.9%) also evaluated as that it is good, good and medium. This finding suggested that the company have not a good transportation capacity that compare with customers' desire.

Again, on table 5 in item2, the respondents asked how did they assess on time delivery, 60 (42.8%) of them replied that the delivery service of the company is very poor. 30 (21.5%) and

6(4.4%) respondents also replied also they got the services in poor and in good conditions, consequently, this figure indicated that the company has given delivery the services is not as such very good.

On this table 5 in item3, there spondents asked, the company has enough trucks so as to delivers its products, 57(40.7%) of them replied that they have not agreed that the company has not enough transport trucks to fulfill the customers demand . 45 (32.1%) also preferred to be medium to give any comments on this regard. Nevertheless, only 5(3.6%) respondents are very agree with that the company has enough transport system to deliver its products to customers. Currently, the factory to transport products is found at lower level. Moreover, this data suggested us the company have not enough transportation to deliver the products on time

In No. 4 on this table 5 again, in terms of the overall performance of the company in physical distribution activities about 90 (64.3%) of the total respondents claimed that they are not happy about it, but the rest of 50 (35.7%) believed that the overall performance of the factory physical distribution activities was in good condition. So it is better for the company, if the company focuses on in all physical distrubation elements and make satisfy the majority of the company business customers.

### **3.6. Finding of the Qualitative Data**

The participant in the detail interview was the distribution manager of AWSCo. he was selected as key respondent because he is the main decision maker in the factory regarding transportation and ordering process. The following questions forwarded to the distribution manager and the replies summarized and presented below

- 1.The interviewer asked question about the factory main objective towards physical distribution?.The answer given by the manager was that the main objective of the company towards physical distribution is to place products of the company at the hands business partners and consumers at right time at the right place. Another objective is to carefully handling and taking processing of orders.
- 2.The interviewer again asked about how he measures the transportation system performance of the company? The interviewee said that the transportation issues have been under logistic

department in general services, however; most of the time this department and marketing department are working together to facilitate transportation activities.

3. The interviewer asked question about how is transportation issues handled by the company?  
The interviewee replied that by doing periodic assessment against the established criteria and plan, which makes standardize.
4. The other question also, regarding the current physical distribution strategies of the company?.  
The interviewee said that the factory has a strategy and targets for physical distribution. . For instance, the factory has about 8 routs in Addis Ababa so that each rout has got product distribution one day in week time.
6. The interviewer asked the interviewee how the order processing and how handle the orders take place? The interviewee replied that the company receives orders directly from customers who are coming to the factory and by phone. However, staring from recent past, the company has developed a dynamic web site to run order processing and in the future customers can use this communication system for putting their order
7. When the interviewee was asked about major factors that effect on time delivery performance of the company?. He said that these days the factory has limitation market segmentation to distribute the products at the right place. In addition, the shortage of transport vehicles has exacerbated the problems of delivering at the right time.
8. The interviewer asked the interviewee about whether the company has enough vehicles to fulfill the customer satisfaction or not? He replied that there is actually shortage of vehicles to do the job perfectly especially, modern trucks that are accommodated by technological facility that are in use to distribute the products throughout the country.
9. Again the interviewee was asked about the main problems faced the company during order processing? He said that sometimes orders come to the factory lately comparatively with delivery time or customers need the delivery time to be with in short time.
10. The other question forwarded to the interviewee was “does the company has given equal attention to all elements of the physical distribution activities? The interviewee replied “Yes” we give equal attention to components of physical distribution as much as possible.

11. The last question about the company have you ever give training awareness creation to customers on ordering system and stock management? He replied that the company so far not give training awareness about how use the order system, and the stock management. In near future the company is ready to give this training for selected business customers.

## CHAPTER FOUR

### 4. Summary, Conclusions and Recommendation

#### 4.1. Summary

From the analysis and interpretation in previous chapter the following conclusions and recommendations are drawn: As summarized from sampled respondents, 125 (89.3%) customers of AWSCo are retailers while about 15 (10.7%) are wholesalers. More than 50% of the respondents have long (>6 years) relationship as customers with AWSCo.

In relation to customer evaluation of the performance of the Factory, more than 50% and 37.1% of the respondents measured it from very low-to-low performances and medium, respectively.

Regarding the availability of factory products compare to the amount of customer demand 50% and 29.2% rated it is at low and medium level, respectively. The remaining 10.7% and 3.6% of total respondents measured it as high and very low.

Concerning about the customer satisfaction by the factory physical distribution performance 64.3% answered that they were not happy, the rest of 35.7% said that they were happy with it.

The other question forwarded to respondents is how do they often get the distribution of products, 50%, 12% and 11.4% of respondents replied that they got sometimes, rarely and very rarely, respectively. Whereas, only 16% and 10% of the total respondents rated it as often and very often time.

In relation with customer evaluation about the interest of customer to keep their relationship, most of the respondent customers 85.7% of replied the positive answer the means they are willing to precede the relationship. The rest 14.3% of seem not intended to continue their relationship.

Regarding how do they assess come across of defected products by the company due distribution. 96% of answered "very rarely/ rarely" but the rest 24.3% and only 7.1% of respondents they said that graded as sometimes and often, respectively.

Concerning how do they assess the delay of during order processing and they ever tried to informing about the problems you face to the company, almost 60% and 50% of the respondents measured it as medium and "NO" respectively. Only about 42% and 50% of rated as very low and low. Besides this, regarding the second question almost 50% informing about their problems sometimes or most of the time. In addition to this about whether they got the proper solution to their problem, 50% of prefer to be neutral and 42% of also claimed they do not get any solutions. Lastly, in this section the respondents' customers more than 50% of replied they could not get the company products as their promised schedules.

Lastly, the respondent customers asked to evaluate their assess ton time delivery of products indistribution activities. More than 60% of the respondents measured as the performance is low or very low. Only about 35% of the respondents replied the transportation system is medium and above good. In addition to this the respondents were asked about whether they agree or not that the company has enough trucks to delivers its products more than 60% are disagree with its transportation capability.

## 4.2. Conclusions

The following conclusions are drawn from the study:

- The company's majority customers are retailers and most of them have stayed as customers for many years.
- The AWSCo's supply performance capacity is very low. From this, we can be concluded that if the company will face high competitive challenges from similar companies, it may not be successful as he proposed goal.
- Concerning the availability of AWSCo's products, there is shortage comparing with its customers' demand ;From this condition the we can conclude that many customers could not get the right amount and on time of the company's products.
- Regarding, the satisfaction of customers more than half of sampled respondents are not happy or are happy at medium level. However, some of them still are pleased by its services .Therefore, the company has to work intensively to satisfy those of are not happy.
- The frequency of distribution of products to customers is sometimes or rarely so we can conclude that still there are many distribution schedules tasks to be done in the future.
- Regarding the future interest of the customers, whether they are keeping their relation or not with company, most of them have still intended to continue their interaction with the company. However, the researcher understand that this is may be because of they have no other options so far. Therefore, this condition may be changed if they have to do so.
- Although there are some claim about the company's product quality, still is products have not defected at delivery time so it is highly appreciated.
- From study analysis, it was found that AWSCo has no adequate transportation facility.
- Moreover, in relation customer's reflection towards distribution activity, the customers are dissatisfied due to the delay in the services of the AWSCo.
- On the other hand, the company has some limitation on proper handling and giving services according to it order proper order processing. Besides, this there is also limitation on time proper solutions for problem which many customers claimed.



### **4.3. Recommendation**

Depending on the findings of the study, the following recommendations are drawn to improve the performance of AWSCo.

- The factory needs to undertake periodic assessment against established order processing and transportation standard criteria. This helps the factory to identify the main problems to deliver at the right time and take remedial measures.
- AWSCo should increase the availability of its products, the company should increase the product line with new packaging. Otherwise its customers may divert to other competitive companies in the future.
- The factory has to give more attention to evaluate the customers' satisfaction regarding its service giving of product distribution. The company can make it this by preparing checklist, interview, and questionnaires to evaluate the satisfaction of its customers about the product distribution.
- Since the demand for the AWSCo products is very high, AWSCo has to set up customers based order processing strategies and distribution schedules. The company can use an accounting system of FFO( first come first out) and LFO.( last come first out) If one business customer order first, The company should deliver the product first for this customer.( FFO) Inversely If the business Customer order the product lastly, The company should deliver the product at last ( LFO) This makes for the company to distribute the product easily and effectively.
- Physical distribution service quality of the company should be concerned with timely and reliable flow of goods from the factory until the goods are made available to the customers. The company should know as the business customer's get the product on time and at right quantity. The company can know this by calling to the business customer.

- AWSCo needs to acquire additional vehicles by purchasing or by renting for increased transportation of its products to target customers demand. It enable the company to deliver the products on time
- AWSCO should give due consideration to standardization of the products about quality, packaging and handling of the products at a time of transportation. The standardization also can be using electro system, like computer to receive order and deliver the product according to their requirement.

Lastly, AWSCo has to organize some discussion meetings with selected customers. This will help the company to know the existing order processing and transportation conditions and understand about its loyal customers.

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# Appendix

**St. MARY'S UNIVERSITY**

**BUSINESS FACULTY**

**DEPARTMENT OF MARKETING MANAGEMENT**

**Questionnaires to be filled by the Business Customer**

The questionnaires are prepared by the student of marketing management to assess the physical distribution activities with more focusing on transportation and order processing on Awash Winery Share Company. The purpose of the questionnaire is educational and the put come meant to support graduation of bachelor degree in marketing as the partial fulfillment. The research report will be presented for St. Mary University.

Thus, the respondents supposed to be expected to fill the questioner in genuinely and responsibly to make the research paper to be good one.

Thank you very much for your willingness to reply to the questionnaires!

**General Instruction**

- **It is not necessary to write the company's name.**
- **Please mark "X" in box for you answer**
- **If a question has an alternative answer, give on the spaces provided beside your answer**
- **If you have and additional suggestion please write it shortly on underline blow the respected questions.**
- **(AWSC) interpreted as Awash Winery Share Company**

**Part I: General characteristics of the respondents:**

1. How do you communicated with Awash Winery Share Company?

- A. As Whole seller
- B. As Retailer  C. Agent

2. How many year have you been with the company?

- A. 1- 3years  B. 4- 6 years
- C. 7- 10years  D, Above 10 years

### Questions directly related to the study topic

1. How do you evaluate the company's performance towards product distribution service giving to its business customers?

- A. Very high  B. High   
C. Medium  D. Low  E. Very low

2. How do you evaluate the availability of product with desired level of customers?

- A. Very good  B. good   
C. Medium  D. poor  E. Very poor

3. How do you evaluate the factory in follow up of physical distribution activities?

- A. Very often  B. often  C. sometimes

4. Are you happy with overall performance in doing the physical distribution of AWSC?

- A. Yes  B. No

5. How often you get the distribution of products of the company?

- A. Very often  B. Often  C. sometimes  D. rarely   
E. very rarely

How do you get the company order processing when you order the product?

- A. v. good  B. good  C. Medium  D. poor   
E. very poor

7. Based on your experience, do you want to be a customer of the company in the future?

- A. Yes  B. No

8. How do you assess the delay of during order processing?

- A. Very high  B. High   
C. Medium  D. Low  E. Very low

9. How do you assess the return of defected products?

- A. very often  B. Often  C. sometimes  D. rarely

E. Very rarely

10. Have you ever tried to informing about the problems you face to the company?

A, Yes  B, Sometimes  C, Neutral  D, No

11. Do you agree you to get proper solutions for your problems?

A. V .agree  B. Agree  C. neutral  D. disagree

E. V. disagree

11. How do you evaluate the company's capability of producing products according to the customer need?

A. Very high  B. High   
C. Medium  D. Low  E. Very low

12. Do you agree that you receive orders on promised delivery schedules?

A. very agrees  B. Agree  C. Neutral to agree   
D, Disagree  E Very disagree

13. How do you assess the delivery on time?

A. Very Fast  B. Fast  C, medium  D. slow  E. very slow

14. How do you access the transportation system of the company towards distribution the on the right time?

A, Very good  B, good  C, Medium   
D, Low  E, very low

15. Does the AWSC provide transport service to deliver wholesale products to customers?

A, Yes  B, No  D, Neutral   
C, Low  E, very low



16. Do you agree that the company has enough trucks to delivers its products?

- A. Strongly agree  B. agree  C. Neutral  D. disagree   
E. Strongly disagree

17. Have you ever seen the AWSC giving awareness to customers ordering system and stock management?

- A, Yes  B, No   
c. I do not know

18. What should be done to improve the timely delivery performance? Please specify them

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20. What should be done to improve the transportation capacity system?

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21, do you agree that you get the company products from warehouses near by your area? If your answer is "YES", please specify the area where the warehouseslocated?

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22. If you have any further suggestions, please specify them below

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## **II. Interview questions papered to answer by AWSC Marketing department staffs.**

1. What is the factory main objective towards physical distribution?
2. How do you measure the transportation system performance of the company?
3. How is transportation issues handled by the company?
4. What is current physical distribution strategy of the company?
5. How does order processing handled by the company?
6. What problem do you ever faced during order processing?
7. What do you think the major factors, which affect time delivery performance of the company?
8. Do you believe that you have enough vehicles to deliver the products to your target customers on time?
9. Does the company give an equal attention to all elements with the physical distribution activity?
10. Does the company consider to changing the existing physical distribution strategy in the future?

# Appendix II





5. በምን ያህል ጊዜ ይታዩ ወይም ለሌሎች ማሳሰቢያ ማድረግ ይቻላል?

ሀ. ሁልጊዜ  ለ. ብዙ ወንጌል  ሐ. አንዳንድ

መ. አልፎ አልፎ

6. በምርት ስር ጭነት ጊዜ ይታዩት ከሌሎች ጋር ለመቆየት ማድረግ ይቻላል ለሌሎች ማሳሰቢያ ማድረግ ጥላቻ ሆኖ ሆኖ ሆኖ ይታዩታል?

ሀ. በጣም ጥሩ ለ. ጥሩ ሐ. በመካከለኛ ሁኔታ መ. አነስተኛ ሁኔታ

7. ከባለፈው ወልደኛ ጊዜ ጋር ሲነፃፅር ለሌሎች ማሳሰቢያ ማድረግ ለሌሎች ማሳሰቢያ ማድረግ ይቻላል?

ሀ. አዎ  ለ. አልቀጥልም

መልሱን አልቀጥልም ሆነ ምክንያት ያቀርቡኝ

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8. በምን ሁኔታ ወይም በምን ሁኔታ ይታዩት ለሌሎች ማሳሰቢያ ማድረግ ይቻላል ለሌሎች ማሳሰቢያ ማድረግ ይቻላል?

ሀ. በጣም ጥሩ  ለ. ከፍተኛ  ሐ. መካከለኛ  መ. አነስተኛ

ሠ. በጣም አነስተኛ



ሀ . ያ ወቃል

ለ . አያ ወቅም

ሐ . አላ ወቅም

17. የፋብሪካውን የምርት ስር ጭነት ለተገባበር ስልቶችን በያውን ከማዳረስ አኳያ እንዴት ይገመገማል?

ሀ . በጣም ጥሩ ነው

ለ . ጥሩ ነው

ሐ . መካከለኛ

መ . አንስተኛ

ሠ . በጣም አንስተኛ ነው

18. ፋብሪካው ምርቶቹን የማስራጨት እና በጊዜው ማቅረብ በቃት ላይ መሻሻል አለባቸው ማሉትን ቢገልጹልኝ?

1. -----

2. -----

3. -----

19. ፋብሪካው በሚሰጠው ትራንስፖርት አቅም ላይ ለመሻሻል የሚገባውን ማሉትን ቢገልጹልኝ?

1. -----

2. -----

3. -----

20. ቅርብ ከሆነ ፍቅር ፋብሪካው ምርቶችን ማስራጨት ለማሻሻል ማሻሻያ ወቅት?

መለሶ ለሥራ ላይ የሚጠቀሙትን ማስራጨት ስራዎችን ቢገልጹልኝ?

1. -----

2. -----

21. ተጨማሪ የሚሰጠው አስተያየትን ቢገልጹልኝ?

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I under signed declare that this senior essay is my original work prepared under the guidance of maza G/Medhin. All resource of materials used for manuscript have duly acknowledged.

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Signature: -----

Place of submission: -----

Date of submission: -----

ADVISOR DECLARATION

This paper has been submitted for examination with my approval as the university advisor.

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Signature: -----

Date: -----