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St. Mary's University, Ethiopia

**ST. MARY'S UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES**

**MA PROGRAM OF MARKETING MANAGEMENT**

**THE EFFECT OF DISTRIBUTION CHANNELS ON SALES  
PERFORMANCE IN THE CASE OF GOLD WATER BOTTLING  
COMPANY**

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**June 2023**

**ADDIS ABABA / ETHIOPIA**

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**A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE  
STUDIES OF ST. MARY'S UNIVERSITY IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF  
THE DEGREE OF MASTER OF ARTS IN MARKETING  
MANAGEMENT**

**June 2023**

**ADDIS ABABA / ETHIOPIA**

**ST. MARY'S UNIVERSITY**  
**SCHOOL OF GRADUATES STUDIES**

This is to certify that the thesis prepared by Sena Tamirat, entitled “The effect of Distribution Channel on Sales Performance: The Case of Gold water bottling Share Company” and submitted in partial fulfillment of the requirements for the award of the degree of Masters of Art Degree in Marketing Management at St. Mary's University, with the regulation of the university and the accepted standards with respect to originality and quality.

**Approved by Board of Examiners:-**

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Date \_\_\_\_\_

## Declaration

I, Sena Tamirat, announce this research paper entitled “**The effect of Distribution Channel on Sales Performance: The Case of Gold water bottling Share Company**” is my own and I have the courage to say, it is original research work that has not been produced by others in any other institutions or universities for any other requirements in any form. To this end, I acknowledge all sources of information that I used to produce the study appropriately and I would say perfectly.

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Name of researcher

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Signature & Date

## Letter of Certification

This is to certify that Sena Tamirat has carried out her thesis work on the topic entitled **“The effect of Distribution Channel on Sales Performance: The Case of Gold water bottling Share Company”** under my guidance and supervision. Accordingly, I here assure that her work is appropriate and standard enough to be submitted for the award of the degree of Masters of Art in Marketing Management at St. Mary’s University with my approval as University advisor.

Advisor: Ephrem Assefa (PhD)

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## **Abstract**

*Distribution channel management decisions are among the most important strategic decisions for companies today. This study is aimed to investigate the influence of distribution channel on sales performance of gold water Bottling Share Company. To this end, the study applied quantitative research approach and explanatory design to objectively answer the research questions. For achieving the study objective, data were gathered from 90 sales and marketing department staff of gold water bottling Share Company from Addis Ababa, sales regions of the company. The research identifies four components of distribution channels namely distribution channel strategy, distribution channel administration, distribution channel objective and distribution channel preference & effectiveness. The correlation analysis result showed that there is a significant positive relationship between distribution channel dimensions and sales performance of the company. Moreover, the regression analysis evidenced that out of the four distribution channel dimensions, only distribution channel strategy has caused a statistically significant positive effect on sales performance; whereas, distribution channel objective and distribution channel preference and effectiveness and distribution channel administration have a no significant effect on sales performance in the company. On the basis of the research findings, appropriate conclusions and recommendations along with implications for further studies were forwarded.*

**Key Words:** Distribution Channel, Channel Strategy, Distribution Channel Administration, Distribution Channel Objective, Distribution Channel Preference & Effectiveness, Sales Performance.

## **Acronyms**

ANOVA	Analysis of Variance
PDC	Physical Distribution Channel
P-P plot	Probability-Probability plot
Co	Company
SD	Standard Deviation
SP	Sales Performance
SPSS	Statistical Packaging for Social Science

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

As Rushton et al., (2014) suggested the key component of distribution have been an important feature of industrial and economic life for countless years; but it is only in the relatively recent past that distribution has been recognized as a major function.

According to the above scholar, distribution plays very crucial role in company development. It is one of marketing mix element that used to move product from its manufacturing source to its customer. Moreover, for effective distribution purpose we need to design the marketing channel and the marketer must understand the service output level desired by target customer such as lot size, waiting and delivery time, spatial convenience. Marketing channel or distribution channel is a set of interdependent organization that help make product or service available for use or consumption by the consumer or business user in addition to this a company's channel decision directly affect every other marketing decision.

The scholars further stated that the trading channel is concerned with the product, and with the fact that is being transferred from the point of production to the point of consumption (Rushton et al., 2014). The trading channel, however, is concerned with nonphysical aspect of the transfer. These aspects concern with the sequence of negotiation, the buying and selling of the product. And the ownership of the goods as they are transferred through various distribution systems. One if the fundamental issue if distribution planning is regarding the choice and selection of these channels and physical distribution is term to describe the method by which a product physically transferred or distributed from their point of production to the point at which they are made available to the final customers.

According to Shruti B et al., (2020), distribution consists of broad range of activities concerned with the efficient movement of finished products from the end of the production line to the customer.

The distribution function is currently undergoing tremendous changes in terms of both its span and productivity. As has already happened in the case of manufacturing activities, modern technology is fast transforming this sector beyond recognition. The focus of all these changes is on increasing the convenience to the end consumers either by increasing the number of benefits or delivering the benefits at lower case (Panda and Sahadev, 2012). Distribution management make obvious how this total procedure can be dealt with so as to strengthen the competence of a company with its channel members (Kansal&Kapoor, 2003). Mossman and Morton (1965). Noted that distribution management is the operation, which produces time, place and form utility through the movement of goods and persons from one position to another.

Broadly, the notion of distribution refers to where and how product and services are to be presented for sale, all necessary mechanism and logistical supports for the transportation of goods and services as well as transference of ownership of goods and services to the Customers (Stern et al, 2006). A successful marketing channel makes certain that a preferred product is distributed in a preferred amount to a preferred channel to satisfy the preferred consumer (Kotler & Keller, 2008). Distribution management strategy is a concept for managing a company's interactions with customers, clients, and attainment of sales objectives. It involves dealing with the physical movement of products and the selection and management of the channel though which the product move from the point of origin to the ultimate user. To attain success in operation, many organizations feature various marketing intermediaries that perform a variety of marketing functions to enhance sales. Therefore, distribution is an issue of strategic business and process rather than a technical on. The study underscores the distribution management strategies of gold water drink dealers in Addis Ababa.

## **1.2 Background of the organization**

Gold water bottling and non-alcoholic beverage factory is a subsidiary of Feda Wak PLC established in 2019 with initial investment capital of 150 million Birr. It is located some 25 KM north west of Addis Ababa in Tatek Industrial Zone of Burayu Town, Oromia Regional State.

The company starts operation in September 2020 with one production line and 100 employees with a production volume of 18,000 bottles per hour. The purified and bottled water is distributed by the name of “Gold” in different sizes: - 0.33, 0.5lt, 1lt, 2lt and 20lt. When the company runs with its full capacity. It will create jobs for more than 260 people. Currently the company is planning an expansion to diversify its brand to juice and carbonated soft drink products.

### **1.2.1 Mission of gold water bottling share company**

The mission of the company is to provide a unique and high-quality non-alcoholic beverage locally and internationally by expending our products and going everywhere possible.

### **1.2.2 Vision of gold water bottling share company**

To become the most preferred, high quality

International brand the same way gold is .we also want to become a household item by successfully launching the first house to house delivery of bottled water and capture bigger market share.

## **1.3 Statement of the Problem**

Drucker P.F et al., (1954) explained about the purpose of business is to satisfy the needs of its customers. A business that fails to do this in a competitive economy will not survive, because customers will go elsewhere. Moreover, Business that are good at satisfying customer needs have the best opportunity and distribution channel are still an important source of competitive advantage.

According to stern et al., (1996) distribution can build stable competitive advantages, since marketing channels have a long run character and to build them it is necessary to have a consistent structure and to the fact that they are focused on people and



relationships. Gold bottling water is one of the known bottled waters and it's spreading in its distribution aspects. We can find it in hotels, supermarket, kiosk, conferences, and shops.

There are different types of factors which will affect distributions, and are divided as: controlled factors (factors which can be controlled and changed from the company), and uncontrolled factors (factors which cannot be controlled or changed by the company, rather the company must adapt to them). In this context, companies to be able to offer their products they must undertake product or distribution modification, and that means that the initial price must be adjusted to be able to cover those additional expenses (Julian, 2014).

The distribution channel management decision is usually based on finding the most profitable way to reach a market (Ford and Mottner, 2003). Successful distribution channel strategy selection, implementation, and management cannot only help to meet the shopping needs and habits of the target customers efficiently under the cost constraints of the seller; they must also mitigate the disadvantages caused by distribution channel conflicts such as double marginalization. There is a saying that production is complete only when the product gets to the final consumer and this is made possible only through the process of distribution. A lot of research work had been conducted in this area but there has been a great lapse in the aspect of the effect of distribution channel on the sales of Gold water products.

Besides the problem of inefficiency, there equally exists the problem of road network especially from the urban areas to the rural areas where the roads are not reachable and this makes it difficult for Gold water to reach the consumer. To this effect, consumers are unable to get regular supplies because of poor transport conditions. Also, Gold water does not distribute its products rationally in the sense that they over value the bigger buyers and look down on small buyers in carrying out this study, some problems were identified from the background which include: The problem of shortage of Gold water product in the market, poor road infrastructure, theft, loss destruction of product and irregular disposition of Gold water product.

We couldn't find any research findings or contemporary and solution creator strategy documents for the below listed distribution practices problem of the company. The first one is regarding timely delivery. It means the products of Gold bottling water are disseminated after the demand is exploited. The other problem regarding distribution is shortage of all varieties (assortment) of product supply at a time. So, we decided to assess the overall distribution practices of Gold water bottling. This study therefore seeks to establish the effect of distribution channel on the sales performance of Gold water.

### **1.4 Research questions**

This section of the research used to answer the following basic research question:

1. How does distribution channel objectives impact sales performance?
2. What are the key components of an effective distribution channel strategy that influence sales performance?
3. How does distribution channel administration affect sales performance outcomes?
4. What are the preferences of consumers in relation to distribution channels and how do these preferences impact sales performance?
5. To what extent does the effectiveness of a distribution channel affect sales performance?

## **1.5. Objective of the Study**

### **1.5.1 General Objective**

The overall objective of the study is to determine the effect of distribution channel on sales performance of Gold Water Bottling Co, Addis Ababa

### **1.5.2 Specific Objective**

- To assess the relationship between distribution channel objectives and their impact on sales performance.
- To identify the key elements of successful distribution channel strategies that drive sales performance.
- To examine the role of distribution channel administration in influencing sales performance.
- ) To investigate consumer preferences regarding distribution channels and assess their impact on sales performance.

To examine the relationship between distribution channel effectiveness and sales performance

## **1.6. Significance of the study**

The finding of the study have a great importance in identifying and clearing the problem that hinders gold water bottling from achieving its distribution practice. It would help the water manufacturing company to know more about its distribution practice and what it should implement to satisfy its customers so that they can use the product more. It is also creating good opportunity for the student researcher to get knowledge about distribution practice more practically and to develop problem solving skill. In addition, this study would give out as reference for future researchers who are involved to study distribution practice.

### **1.7 Scope of the study**

Conceptually, this study was delimited to investigate the effect of distribution channel on sales performance. In this study distribution channel was treated as a multi-dimensional construct composed of four dimensions namely distribution channel strategy, objective, administration, and preference and effectiveness. In terms of geographical area, this study was delimited Gold Water Bottling Company located in Addis Ababa. Methodologically, this study applied quantitative research approach, explanatory design and pertinent data were gathered data using structured questionnaire and analyzed via Pearson's correlation and linear regression analysis.

### **1.8 Limitation of the study**

This study is not without limitations. The first limitation is that this study was conducted in one water bottling company and hence difficult to generalize the findings. The other limitation is that the study was conducted on small sample size. Furthermore, the lack of willingness to give quantitative data by sales people was the other limitation of the study. Therefore, future studies should be conducted in the area to resolve these issues.

### **1.9 Organization of research**

The thesis divided into five chapters. The first chapter of the proposal includes Background of the study, Background of the organization, Statement of the problem, Research questions, Objective of the Study, Significance of the study and Scope and limitation of the study. The second chapter discusses the relevance of the study in the existing research by using depth study of literature. The third chapter discussed about Research Methodology, Research Design, Research Method, Research Approach, Target population, Sampling size and Sampling techniques, Population, Sampling technique and sample size, Data type, Sources, and data collection instrument, Data Analysis, Reliability and Validity and Ethical Considerations. The fourth chapter is about data presentation, analysis and discussion. The final chapter presents summary, conclusion and recommendation based on the findings of the study. At the end, the data collection instruments are also annexed.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

This chapter reviews theoretical and empirical literature in relation to distribution channel, and sales performance. Finally, the chapter presents conceptual framework of the study and research hypotheses

#### **2.1 Theoretical Literature**

##### **2.1.1 Definition of Distribution**

In general, the concept of distribution refers to where and how product and services are to be offered for sale, all essential mechanism and logistical supports for the transfer of goods and services as well as ownership of goods and services to the customers (Stern et al, 2006). A successful marketing channel ensures that a desired product is distributed in a desired amount to a desired channel to satisfy the desired consumer (Kotler & Keller, 2008).

Distribution is defined as the combination of activities and institution associated with the advertising, sales, and physical transfer of product or service. It is concerned, therefore, with matters than logistics alone (Donald J. et al., 1969). According to Gupta (2005), distribution is described as “one of the functions of marketing. And the marketing job remains incomplete until the product reaches the customers door for ultimate use or consumption and the process of distribution involving different kind of products and service is achieved at some cost. The nature and dimension of thus costs may vary with the product, manufacture, and channel and area. Concomitantly, thus costs are reflected in the price of the customers and profit for manufacturer.

A significant and increasing part of many companies' expenditure is that which is incurred in keeping their products on the move through the channel of distribution to the final customer. In addition, distribution system varies company to company and region to region. The distribution system gives strength to company by helping to increase the reach of the product to varies parts of the region, country or even in foreign makets.an effective distribution system helps in making available goods in the right quantity at the right time when they are required and giving a reasonable earning to thus who are associated with the distribution system like wholesalers, retailers' departmental stores.”

According to Ramachandran (2002), distribution can be defined as a process that brings a product from production location (field, sea, home, or factory) to the consumer or the end user. It is also defined as an operation or a series of operations, which physically bring goods manufactured or produced by a particular manufacturer into the hands of the final consumers in addition distribution and marketing are often used synonymously it is an integrated part of marketing (Shruti B., 2020). Furthermore, distribution can be defined as the management of all activities which facilitate movement and consolidation of time and place utility in good. Moreover, it is the art and science of determining requirements, acquiring them, distributing them, and finally maintaining them in operationally ready conditions for their entire lives (Havaladar et al., 2007).

It also denotes the channel structure used to transfer products from an organization to its customers (Kumar et al., 2008). Sherlekar (2004) stated that distribution can be classified as channel members and physical distribution. The channel members mainly include wholesaler, retailers, and agents, whereas physical distribution comprises transportation, Inventory management, packaging, warehousing, order processing, material management, and customer's service. According to the theory of Bucknall&Ohtaki (2005), the best practices for developing a high-performance Sales force are as follows: 1.Training salespeople to become specialists 2. Have executives sponsor key global accounts 3. Teaching salespeople to interact with customers in various manners 4.Developing good listening and questioning skills to discover customers' needs 5.Establishing mentoring relationship between junior and senior salespeople 6.Sharing the best practices 7.Providing product training through the intranet 8.Setting expectation via standardized orientation 9.Enforcing on-the-job training via sales manager 10.Coaching the sales team by sales manager.

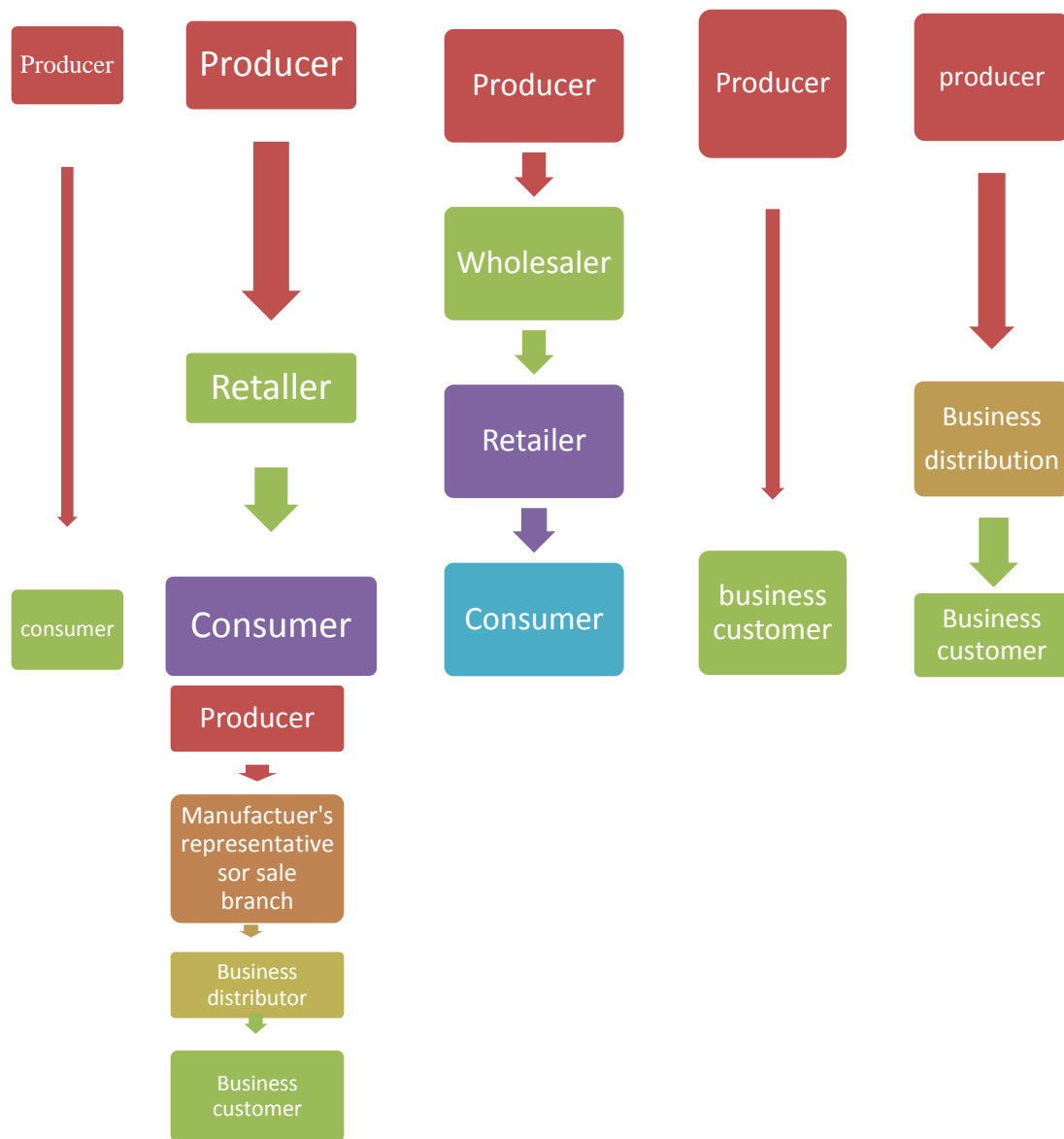
### **2.1.2. Distribution Channel**

According to Buhalis et al., (2001) a distribution channel is dynamic structure which enables participants to keep changing partners to maximize their profitability and competitiveness. Moreover, Middleton (1993) as cited by Buhalis 2000 proposes that distribution channel is any organized and service, system, created or utilized to provide convenient points of sale or access to consumers away from the location of production and consumption and paid for out of the marketing budgets. Buklin (1968) defined distribution channel is the set of institutions which participate in the marketing activities undertaken in the movements of goods and services from the point of production to point of consumption.

Boone (1973) also described distribution channel is a set of interdependent organization and individual that facilitates the movement and transfer of ownership of commodities from the producer to the ultimate users. Kitchen pointed distribution channel may be vary in terms of the number of intermediaries involved in carrying out a specific distribution activity, the number of distribution levels and the extent of specialization of function.

### **2.1.3. Number of channel levels**

According to Kotler et al., (2012) companies can design their distribution channels to make product and service available to customers and each layer of marketing intermediaries that perform some work in bringing the product and its ownership closer to the final buyer is channel level, because both the producer and the final consumer perform some work, they are part of every channel. Figure 2.3.1. shows several consumer distributions channels of different length. Channel 1, called a direct marketing channel, has no intermediary levels; the company sells directly to consumers. The remaining channels are indirect marketing channel, containing one or more intermediaries.



Consumer marketing channel

Business marketing channel

Figure 2. 1: Consumer Distributions Channels (Source: kotler et al .,2006)



#### **2.1.4. Function of Distribution/Marketing Channel**

According to Bucklin et al., (2008) The role of the marketing intermediaries is to provide a company with accomplishment of the task of delivering the product at the right time, place, quantity and minimum cost.

According to Kotler et al., (2012) a marketing channel performs the work of moving goods from the producer to consumers. It overcomes the time, place, and possession gaps that separate goods and services from those who need or want them. Members of the marketing channel perform several key functions. According to Kotler et al., (2012), the channel member functions are:

- Gather information about potential and current customers, competitors, and other actors and forces in the marketing environment.
- Develop and disseminate persuasive communications to stimulate purchasing.
- Negotiate and reach agreements on price and other terms so that the transfer of ownership or possession can be affected.
- Place orders with the manufacturer.
- Acquire the funds to finance inventories at different levels in the marketing channel.
- Assume risks connected with carrying out channel work.
- Provide for successive storage and movement of physical products.
- Provide for buyer's payment of their bills through banks and other financial institution.
- Oversee actual transfer of ownership from one organization or person to another.

#### **2.1.5. Component of Distribution Channel**

Distribution channel has four major dimensions namely distribution channel strategy, channel objectives, channel administration, and channel preference and effectiveness (Moller and Halinen, 2008). These dimensions are discussed below.

#### **2.1.5.1. Distribution Channel Strategy**

Palmatier et al. (2016) opined that, channel strategy is the set of activities focused on designing and managing a marketing channel to enhance the firm's sustainable competitive advantage and financial performance. In another perspective, channel strategy is concerned with the entire process of setting up and operating the contractual organization that is responsible for meeting the firm's distribution objectives (Rosenbloom, 2013).

Segetlija et al. (2012) identified two major channel strategy alternatives to be the direct channel and the indirect channel. According to them, in a direct channel, the producer sells directly to final consumers through its own sales force. But, this has evolved overtime from the traditional face-to-face selling in the market place to modern selling through the internet in the market space (Berkowitz et al., 2000). Where it is employed, direct channel strategy leads to disintermediation or elimination of supply chain middlemen (Kotler and Armstrong, 2006).

The practice of direct channel strategy is usually aimed at enhancing the efficiency of marketing activities in the areas of communication and distribution and building loyal and profitable customer base (Moller and Halinen, 2000). Indirect channel involves the use of independent intermediaries in the target market (Nhem, 2016). In addition to opinions in literature regarding the channel practices of direct and indirect strategies of distribution in marketing, multichannel strategy in marketing channels, multichannel Retail and multiple marketing channels have all been discussed in literature by various authors (Berman and Evans, 2012; Berman and Thelon, 2004; Rosenbloom, 2013; Venkatesen et al., 2007). Multiple channel strategy is a channel strategy that combines traditional and electronic channels (Berman and Evans, 2012). This occurs when an organization uses two or more marketing channels to reach one or more customer segments (Kotler and Keller, 2009).

In addition to the use of internet-based online channels, Rosenbloom (2013) provided a list of other channels that can be combined in a multichannel structure as retail store channels, mail order channels, wholesale distributor channels, sales representative channels, call centre channels, company sales force channels, vending machine channels and company owned retail store channels. The high expectation of today's customers,

which cannot be easily satisfied by one channel strategy structure, is a major justification for the increased adoption of the multichannel strategy practices among businesses worldwide (Thornton and White, 2001). To meet these expectations, firms must develop multichannel strategy that complement rather than undermine each other (Rosenbloom, 2013).

#### **2.1.5.2. Distribution Channel Administration**

Like alternative areas of business, promoting channels need careful administration as superior channel management policies and techniques facilitate a firm attain a differential advantage however concomitantly square measure tough to duplicate (Shusterman, 2013). Promoting channel management refers to the method of analysing, planning, organizing, and dominant a firm's promoting channels (Coughlan et al., 2005). As mentioned in various articles and textbooks, it includes seven call areas: (1) formulating channel strategy, (2) planning promoting channels, (3) choosing channel members, (4) motivating channel members, (5) coordinative channel strategy with channel members, (6) assessing channel member performance, and (7) managing channel conflict (Mehta et al., 2000).

Hutt and Speh (2013) emphasize that the first roles of channel administration are; choice of channel members and motivating channel members. The method of choosing channel members or intermediaries is Associate in Nursing in progress process thanks to the very fact that they have a tendency to depart the channel from time to time, basing on totally different circumstances: market's changes, downside inside their businesses, etc. (Hutt and Speh, 2013). Therefore the method of selecting intermediaries ought to be fine managed so as to not scale back the price of search to the minimum (Coughlan et al., 2005). The foremost vital step to be created so as to satisfy the goal is to secure sensible intermediaries. The lists of probable intermediaries are often reduced to many by obtaining the knowledge concerning the candidates from totally different sources: current partners, salespeople. Potential and actual shoppers or through database and skilled community (Coughlan et al., 2005). Nonetheless, it ought to be remembered that the method of selecting the intermediaries isn't a unidirectional street in the slightest degree, therefore the corporate ought to hassle concerning its name if it desires to possess the chance to decide on the most effective intermediaries (Kumar and Venkatesan, 2005).

After the channel members or intermediaries are hand-picked, they must be maintained by motivating them.

Consistent with Hutt and Speh (2013), if the corporate desires to create robust and helpful relationships inside its promoting channels, the company's methods ought to be betrothed to the capabilities and aims of its distributors, representatives and suppliers. The company's managers ought to perpetually cue themselves that the intermediaries square measure freelance and profit-oriented and therefore as presently as they're not happy with this state of affairs they'll leave the promoting channel (Hutt and Speh, 2013). The motivation of the channel members starts with the conclusion that each relationship inside the channel could be a partnership (Kumar and Venkatesan, 2005). The communication are often improved by product coaching, recognition programs, consultations with the manufacturer's representatives and informational conferences wherever the plans and techniques are going to be mentioned very well.

The goal of connexion the plans and strategy ought to be prioritized (Kumar and Venkatesan, 2005). To boot, so as to boost the performance of the channel, the manufacturer has got to improve the knowledge flow among channel's participants (Hutt and Speh, 2013). This will be created by setting periodical councils conferences among the representatives whose aim are going to be to review distribution policies, offer recommendation on promoting strategy and provide trade intelligence (Hutt and Speh, 2013). Motivation of channel intermediaries can even be increased by setting sensible commission policies since the most aim of the promoting channel's participants is to induce profits (Coughlan et al., 2005). Lastly, makers ought to build trust between and among intermediaries. To be competitive, business marketers ought to build effective networks and collaborations inside channels, and nohit cooperation exists only if the partners trust one another (Hutt and Speh, 2013).

#### **2.1.5.3. Distribution Channel Objective**

A company will style any variety of channels they need. Channels square measure classified by the quantity of intermediaries between producer and client (Kotler and Helen Keller, 2009). Coming up with a promoting channel concern analysing client desires, establishing channel objectives, and distinctive and evaluating the main channel alternatives (Kotler and Helen Keller, 2009).

According to DA timberland (2008), channel objectives ought to be expressed in terms of targeted service output levels. Channel objectives vary with product characteristics. The company's channel objectives square measure influenced by; nature of the merchandise, company characteristics, characteristics of intermediaries, competitors' channel and environmental factors. Nature of the merchandise needs a lot of marketing to avoid delays and an excessive amount of handling (Kotler and Helen Keller, 2009). Company characteristics determine that functions it will handle, what number channels it will use, that transportation is used.

#### **2.1.5.4. Distribution Channel Preference and Effectiveness**

After the channel objectives are determined, the corporate ought to determine its major channel alternatives in terms of; (1) kinds of intermediaries, (2) the quantity of intermediaries required, and (3) the terms and responsibilities of every channel member (Kansal, 2011). The companies ought to determine the various kinds of obtainable intermediaries to hold on its channel work. Intermediaries are people or businesses that create it attainable for the merchandise to form it from the manufacturer to the tip user, primarily facilitating the sales method (Kumar and Venkatesan, 2005).

There are four basic kinds of promoting intermediaries, which include: agent, wholesalers, distributors and retailers. Associate in Nursing Agent is Associate in nursing freelance individual or company who's main operate is to act because the primary marketing arm of the producer and represent the producer to users. Agents take possession of merchandise however doesn't really own them (Kansal, 2011). Agents sometimes create profits from commissions or fees acquired the services they supply to the producer and users. Wholesalers are severally in hand companies that take title to the merchandise they handle. The wholesalers own the merchandise they sell. Wholesalers purchase product in bulk and store it till they'll sell it. Wholesalers typically sell the merchandise they need purchased to alternative intermediaries, sometimes retailers, for a profit. Distributors are

like wholesalers, however with one key distinction. Wholesalers can carry a range of competitor merchandise, as an example cola and Coke merchandise, whereas distributors solely carry complementary product lines, either cola or Coke merchandise. Distributors can take title to merchandise and store them till they're sold. A merchandiser takes title to or purchases merchandise from alternative market intermediaries. Retailers will be severally in hand and operated on a little scale or they'll be a part of an outsized chain. The merchandiser can sell the merchandise it's purchased on to the tip user for a profit (Kansal, 2011).

After major intermediaries are known, the corporate ought to elect the quantity of intermediaries to use. 3 methods obtainable are; Exclusive distribution, Intensive distribution and Selective distribution (Kotler and author, 2009). Exclusive distribution involves a restricted range of intermediaries with Associate in nursing exclusive dealing arrangement wherever the resellers agree to not carry competitor brands. This strategy is suitable for specialty merchandise that are costly, occasionally bought and need service or information to suit them to buyers" wants, like Rolex watches, Mercedes-Benz and Rolls Royce vehicles (Kotler and author, 2009).

In Selective distribution solely elect obtainable shops are chosen to distribute a product. The corporate doesn't get to dissipate its efforts over too many retailers, it allows the producer to realize adequate market coverage with additional management and fewer price than intensive distribution (Kotler and author, 2009). Kotler and author (2009) add that it's applicable for looking of merchandise, that shoppers are willing to pay longer visiting in many stores to check costs, designs, styles, and alternative options of that merchandise. Intensive distribution is that the use of all obtainable shops to distribute a product. it's appropriate for convenience merchandise like soft drinks, bread, candy, newspapers, etc. as a result of they need high replacement rate and need virtually no service (Kotler and author, 2009).

Multiple channels are accustomed sell this merchandise. Each channel different must be evaluated against; economic, management and reconciling criteria. Vibhash and Lakshmi (2008) make a case for that under; a) Economic criteria, a corporation compares the possible sales, prices and profitableness of various channel alternatives; b) management criteria, the corporate should conjointly think about management problems since exploitation intermediaries sometimes means that giving them some management over the promoting of the merchandise, and a few intermediaries take additional management than others, and eventually c) reconciling criteria, the corporate should apply reconciling criteria as a result of channels usually involve long run commitments, however the corporate desires to stay the channel versatile in order that it will adapt to environmental changes. Channel involving long run commitments ought to be greatly superior on economic and management grounds (Vibhash and Lakshmi, 2008).

After the quantity of intermediaries required are known, the terms and responsibilities of every channel member ought to be set (Kansal, 2011). Every channel member should be treated with all respect and given the chance to be profitable. the most parts are; 1) value policy – list, schedule of discount and allowances, 2) Conditions of sale – payment terms and producers’ guarantees, 3) Distributors territorial rights – distributors’ territories and therefore the terms underneath that the producer can enfranchise alternative distributors, and 4) Mutual services and responsibilities - significantly in franchised and exclusively-agency channels. The franchiser provides promotional support, training, record keeping system, etc. (Kansal, 2011).

#### **2.1.6. Channel integration and Systems**

Channel integration is recognized as a way to coordinate use of multiple forms of interaction, such as the retail channel, the media, the fulfilment mode, the website, and the physical stores. Its goal is to leverage the advantages of every channel, eliminate cannibalization, create synergy, and subsequently increase firm performance (Neslin et al., 2006). In the retailing context, channel integration is regarded as a promising way to ensure that consumers will enjoy a seamless shopping experience (Goersch, 2002; King et al., 2004). In line with Cao and Li’s (2015) comprehensive definition, we consider channel integration to be the degree to which a retailer coordinates its multiple channels to create synergy for the firm and offer a seamless shopping experience to its customers.

The implementation of channel integration is a process that is intended to improve the interaction and cooperation between different channels. A well-integrated retailer will make an effort to coordinate channels in terms of operations and management. Although channel integration practices are not discussed specifically for the Omni-channel retailing environment, some efforts have been made to examine integration practices. Based on previous research, we summarize the main content of Omni-channel integration, including integrated promotion, product and price, transaction information, information access, order fulfilment and customer service (Bendoly et al., 2005; Oh et al. 2012; Jiang et al., 2015).

#### **2.1.6.1. Vertical marketing systems (VMS)**

This is a distribution channel that provides channel leadership and consists of producers, wholesalers, and retailers acting as a unified system and consists of Administered, contractual, and corporate marketing systems. One channel member owns the others, has contracts with them, or has so much power that they all cooperate. Corporate VMS integrates successive stages of production and distribution under single ownership. Contractual VMS consists of independent firms at different levels of production and distribution who join together through contracts to obtain more economies or sales impact that each could achieve alone. Administered VMS, the leadership is through the size and power of one or a few dominant channel members.

#### **2.1.6.2. Horizontal Marketing System**

A Horizontal Marketing system is a form of distribution channel wherein two or more companies at the same level unrelated to each other come together to gain the economies of scale. Horizontal marketing system is the merger of two unrelated companies who have come together to exploit the market opportunities. Generally, this type of marketing system is followed by companies who lack in capital, human resources, production techniques, marketing programs and are afraid of incurring the huge losses.

A Horizontal Marketing System is a distribution channel arrangement between two or more organizations on the same level (but unrelated market) to join and get the benefits of each other's expertise and economies of scale. This strategy helps save money, time, and effort and earns them profit, and increases brand awareness. Horizontal marketing is



more common in small to medium-sized industries that lack funding and resources. So, they partner with others to compensate for their shortcomings (Usmani, 2022).

#### **2.1.6.3. Multichannel Distribution System**

Multichannel distribution system (part of a horizontal marketing system) refers to the structure or a method where a single company sets two or more marketing and sales channels to reach more customer segments. However, this is done through a mortar store, a large retailer, direct marketing, resellers, wholesale, or an online marketplace (eBay or Amazon). According to Ben Lutkevich (2011) Multichannel marketing refers to the practice by which companies interact with customers via multiple channels, both direct and indirect, to sell them goods and services. Companies use direct channels, ones in which the company proactively reaches the customer -- such as physical stores, catalogues and direct mail -- or indirect ones in which they push content via websites or social media, also known as inbound marketing.

Multichannel marketing is based on the fact that customers have more choices than ever in terms of getting information on products. The spread of available channels, including the growth of email, social media and mobile, has caused marketing departments to increase their presence on these channels in order to develop their customer relationship management (CRM) efforts. The old ways of marketing, such as using print sources, telemarketing and broadcasting on radio and TV are no longer the sole focus of marketing departments. These methods are still present, but they are part of a bigger strategy that includes new media. Marketing strategies evolve along with changing customer tastes and communication preferences.

#### **2.1.7. Channel Conflict and Conflict Resolution Strategies**

Channel conflict occurs when one member's actions prevent another channel from achieving its goal. Channel conflict is defined by (Coughlan, et al. 2006) as the behaviour by a channel member that opposes its counterpart. Brown and Day (1981) affirm that conflict is an inherent aspect of interdependence relationships in distribution channels. Kotler and Keller (2009) and Jobber (2001) outline the major sources of channel conflict as differences in goals, differences in desired product lines, multiple distribution channels, and inadequacies in performance. Lusch (1982) identified three underlying sources of conflict in channel relationships as follows: perceptual incongruity, goal incompatibility,

and lack of domain consensus. The best way of avoiding and preventing conflict is to keep a regular and communication and a close collaboration, and (Holmvall, 1995) warns that if problems arise in the collaboration, it is crucial that the companies involved inform the intermediary in order to find an immediate solution.

According to Hazerd (2010), by establishing a minimum advertised price it is possible to mitigate or resolute our channel conflicts. Since a significant number of channel conflicts arise because of ambiguous pricing, creating a minimum advertised price is typically the first step you can take to manage potential channel conflicts. This can motivate distributors by ensuring them you're not planning to compete with them by selling the products online. You can use your brand to enforce minimum advertising prices across the markets in which your company operates, creating a sense of consistency and trust among channel partners.

## **2.2 Sales Performance**

### **2.2.1. The concept of sales performance**

sales pass on as dealings, linking two parties where the buyer take delivery of goods (tangible or intangible), services and/or assets in exchange for money (Hutt &Speh, 2013). In all facets of business, all manufacturer/supplier have got to perk up sales performance, reduce selling cost, and assure their continued existence (Dean, 2015). Scrutinizing sales performance permits managers to make changes in order to optimize future sales (Farris et al., 2010).

Sales performance is a blend of sales effectiveness - the aptitude of a company's sales force to be successful at each point of the customer's buying process, and in due course bring in the business on the right conditions and in the accurate moment in time, surrounding and sales efficiency - the velocity at which each job in the sales route is performed (Farris et al., 2010; Treace, 2012; Rogers, 2014; Dean, 2015).

Cournoyer (2014) proposed guidelines to think about in optimizing sales performance: 1) Provide resources that commune company's message, construct an ordinary sales toolkit for associates to make certain that the whole lot enable them to transmit company's value

proposition and speed up sales growth; 2) Modularize company packaging for each phase of the buying process.

### **2.2.2. Measurement of Sales Performance**

Sales performance is defined by Johnston and Marshall (2006) as “behaviour evaluated in terms of its contribution to the goals of the organization”. And they further explained, in their study, by separating performance with two areas of sales performance constructs as “relationship performance” and “outcome-based performance”. To explain the two areas of constructs in a detail concept, first, they expand the importance of relationship marketing as six key constructs i.e., (i) Mutual trust between parties; (ii) Commitment towards mutual benefits; (iii) Empathy towards all parties; (iv) Maintenance of relationships; (v) Provisions of favours to parties; and (vi) Full reciprocation of favours. Second, outcome-based sales performance measures are an important aspect in measuring salesperson performance (Johnston and Marshall, 2006). Whereas Ahearne et al. (2013) defined salesperson performance measurement as “Sales as a percentage of quota (i.e., sales quota achievement), which is calculated as dollar sales in a given month divided by the period’s sales quota, to measure each salesperson’s performance”. Johnston and Marshall (2006) added another outcome-based sales performance, i.e., quota achievement, growth in average billing size, increases in sales productivity, and overall revenue gain. They also described five sales performance measurements. That is; meeting budgeted, sales volume, distribution network expansion, reduce outstanding in the market, reduce slow moving inventory from the sales channel and galvanize the sales team by making them competent and confident.

## **2.3 Theoretical Foundation of the Study**

A theory is a set of assumptions, plans, or accepted facts that tries to provide a plausible or rational explanation of cause-and-effect relationships among a group of perceived phenomena. A theoretical framework on the other hand is a group of related ideas that provides guidance to a research project or business endeavour (Zahra, 1996). The study was anchored on four distribution channel theories and they were discussed below.

### **2.3.1 Coalition Theory**

The Coalition theory explains that weaker (smaller) channel member's square measure at risk of dominance by additional powerful channel entities (Harvey, 1975). Channel members could unite in a trial to decrease conflict among them or to safeguard themselves against additional dominant power figures within the channel of distribution. This theory indicates that with increased power, promoting flows square measure controlled and thus goal attainment (sales performance during this case) is additional seemingly to occur (Harvey, 1975).

### **2.3.2 Dialogue Theory**

The dialogue theory states that a vital thing about channel relationships between makers and retailers is that the relative dialogue power of each party (Iyer and Villas-Boas, 2003). Dialogue the terms of trade a selling channel consists of a manufacturer that produces the merchandise and a retail intercessor that takes a market action and sells the merchandise to the buyer market. Relationships between makers and their retailers usually turn on the importance of negotiation and its effects on every party's share of the pie, yet as on channel coordination parties (Iyer and Villas-Boas, 2003).

The speculation of distribution channels states that every company within the channel should charge enough to pay expenses and leave a profit (Bucklin, 1966). In line with this theory, knowing wherever you're within the channel helps you perceive your prices and mark-up desires. If you're close to the tip of the channel, you'll pay the foremost for a product, as a result of it's been marked abreast of its thanks to you. If you are close to the start, you'll be expected to charge what area unit unremarkably known as wholesale costs, as a result of your patrons perceive you incur less expense at the beginning of a channel (Bucklin, 1966).

## **2.4. Empirical review**

Adimo and Osodo (2017) investigated the connection between differentiation strategy and performance of Sameer Africa Ltd set-in capital of Kenya, Kenya. This study centred on the extent to that channel differentiation strategy adopted by Sameer Africa (K) restricted influenced the company's performance. From the findings of the study, majority of the respondents believed that Sameer Africa (K) Ltd might attain competitive advantage through channel differentiation. The researcher recommend that a rise in channel differentiation strategy like use of market trends to see most acceptable channel strategy, use of various channels with the aim of minimizing value of distribution, marketing a number of the merchandise and services through intercessor and complementary companies and applying completely different distribution channels therefore on satisfy distinctive client wants would end in a rise in performance through market share, revenue, sales and client satisfaction.

According to a study conducted by Serkadis (2010) on distribution and channel choice applied in Meta Aussie distillery Company, the condition of the corporate regarding receiving and handling the knowledge is low. 37.78% and four-hundredth of shops rated as medium and low severally and around 22% of them said it's terribly low. 13.33% and four-hundredth of the wholesalers rated as terrible high and medium severally. However, 46.67% of them said it is low. The above figures witness that the corporate failed to build and maintain sensible and formal communication with distributors particularly with retailers.

Markos (2013) studied the distribution practices of MOHA beverage business. MOHA has used direct and indirect distribution through its own sales department, trucks, agents and subagents throughout the country, severally. Per his survey study, the (agent) indirect distribution of the corporate takes solely 50.1%, the direct distribution conjointly used 57.3% of the time, wholesalers' distribution was 3.1% and also the remaining percent was distributed by "other suggests that of distribution". The study more showed that, there's major distribution downside 50. 2% and most of the respondents weren't happy 62. 2% by the distribution strategy of the corporate too.

On the other hand hand, the Coca-Cola Company has its own distribution channels within which it works the regular distribution methodology by wishing on trucks and by the

network of affordable small Distribution Centres (MDC). The MDCs area unit Associate in nursing severally owned and surpass native entrepreneurs together with the areas of “Hard to reach”. The corporate has established a systematic method for assessing the requirement and locations for MDCs, recruiting house owners and operators, and providing help with fixing operations of a brand-new MDC.

Research conducted by Mwanza and Ingari, (2015) in Sub Sharan countries has shown that macro environmental factors like technological, social cultural, political and physical variables further as internal variables play necessary roles in influencing the channel structure and performance. Per economic channel theory, the “ideal” distribution system is one determined by exploring what the shoppers wish in terms of service outputs from the channel, what quantity they're willing to get a given service level, however the services is provided to them, and what the prices of the choice distribution channels area unit (Stern et al., 2006). As a result they argue that it is determined that distribution system most with efficiency meets the clients” needs and it is acknowledged that the channel strategy adopted by a firm ought to take a customer perspective and analyse the output from the business a part of the various distribution channels and relates it to the customers” prices and edges from the various levels of service output offered by the obtainable distribution channels (Cohen et al., 2003).

Sutton and Kellow (2010) assessed fifty leading firms in Federal Democratic Republic of Ethiopia, and in their own study they tried to describes the history and current capabilities of Ethiopia’s leading industrial firms (agribusiness, producing and construction) with the assistance of the companies” profiles. With reference to the distribution network practices of the 50s leading companies; their study represented most companies” distribution experiences. Except for the good thing about discussion, following companies” distribution practices area unit explained as “Better” practices of distribution. Ahadu P.L.C. (Within its completely different attached firms of the P.L.C., there exists wholesaling, personal marketing, marketing and distribution outlets); AQ Roses P.L.C. (Own sales and distribution network firms in Netherland); Cement Factories (Mugger and Mesebo) (Distribution agents and sales outlets); geographical area Holdings S.C (It has extremely developed distribution system and distribution outlets); Nas Foods (Distribution networks in nearly each zones of the country); Red Fox (Well established

distribution networks in international markets); and Sebeta Agro business (Different distribution channels to plug products: wholesale stores and direct delivery for bulk orders).

## **2.5. Research gap**

From the empirical analysis of literature reviewed by the researcher, it is possible to conclude that; generally, the result of conducted studies on the distribution channels practice was varied from one company to other companies and determinants factors are different across the companies based on their business types and this can be evidenced from the result of studies conducted by Tilahun (2010), Fikre (2010), Alemayehu (2010), Terefa (2014), Nega (2014) and Demeke (2014). All researchers mentioned above were tried to distinguish the distribution channels adopted by different companies in different business sector. But they don't try to examine the influence of distribution channels on sales performance. Hence, by giving consideration for the above research gap, this study focuses on what is essentially the influence of distribution channels on sales performance in Ethiopia evidenced from Gold water bottling Share Company.

## 2.5. Conceptual framework of the study

The underneath conceptual framework diagrammatically presents the cause-and-effect relationship between distribution channel practices (independent variable) and sales performance (dependent variable). Building on Coalition theory and dialogue theory, it is argued that the four dimensions of distribution channel management practices namely distribution channel objective, channel strategy, channel administration, and channel preference and effectiveness are said to have a positive impact on sales performance.

### Independent variable

### Dependent variable

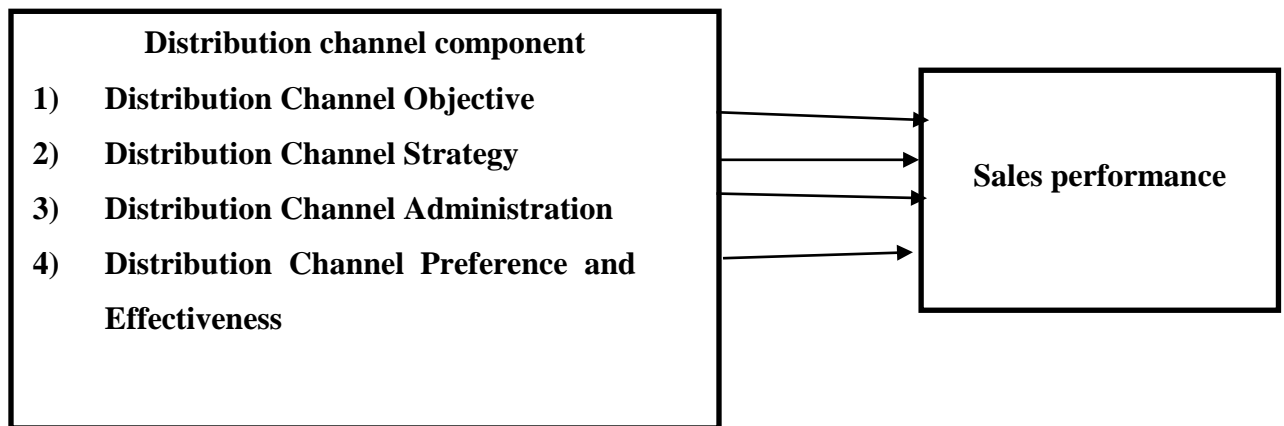


Figure 2. 2: Conceptual framework of the study

Source: Amen Haile: 2020



## **2.6. Research hypotheses**

A research hypothesis is a predictive statement capable of being tested by scientific methods that relates independent variables to some dependent variable (Kothari, 2004). It is a statement about the relationship between the dependent and independent variables to be studied.

1. H1: Distribution Channel Objective has a positive and significance effect on the sales performance of Gold water bottling Share Company.
2. H2: Distribution Channel Strategy has a positive and significance effect on the sales performance of Gold water bottling Share Company.
3. H3: Distribution Channel Administration has a positive and significance effect on the sales performance of Gold water bottling Share Company.
4. H4: Distribution Channel Preference and Effectiveness has a positive and significance effect on the sales performance of Gold water bottling Share Company.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1. Research Approach**

The researcher used quantitative research approach. Creswell (2003) described quantitative research involves the collection of data so that information can be quantified and subjected to statistical treatment to support or refute alternate knowledge claims. Williams (2007) also defined quantitative research as the process of collecting, analysing, interpreting, and writing the results of a study, additionally on this study, it is mentioned that quantitative research also involves data collection that is typically numeric.

Quantitative assessment offers a myriad of data collection tools including structured interviews, questionnaires, and tests. It is important when engaging in quantitative methodological design, sampling, analysis, and interpretation to ensure that those individuals involved are knowledgeable about, as well as comfortable with, engaging in quantitative design.

#### **3.2. Research Design**

Eskadar (2014) suggested that there several ways of studying and tackling problem while conducting research. Application of appropriate research design leads to the researcher to the right finding and in achieving the objective of the study. Vaus (2005) stated that research design is about to ensure that the evidence obtained enables us to answer the initial question as unambiguously. Moreover, obtaining relevant evidence entails specifying the type of evidence needed to answer the research question, to test a theory, to evaluate a programmer or to accurately describe the phenomena or in other words when designing research, we need to ask given this research question (or theory), what type of evidence is needed to answer the question (test the theory) in convincing way.

Dulock (1993) added Research designs are generally categorized into one of four groups depending on the purpose of the research: descriptive, correlation, and quasi experimental or experimental. However, there is no universal agreement or standard for categorizing research designs or for grouping them into a set number of categories. Each of these four

major types of research design has some generally agreed on characteristics that differentiate them from each other.

In this study the researcher applied both descriptive and explanatory research design. As Dulock (1993) explained descriptive research is to describe systematically and accurately the facts and characteristics of a given population or area of interest it is also provides an accurate portrayal or account of characteristics of a particular individual, situation or group these studies are a means of discovering new meaning, describing what exists, determining the frequency with which something occurs and/or categorizing information descriptive survey would be a questionnaire to request information. Moreover, the student researcher used an explanatory research design to unlock the cause-and-effect relationship between distribution channel management, dimensions of distribution channel management and sales performance.

### **3.3. Data Sources**

To conduct this study, both primary and secondary source of data were used. Pertinent data were collected from internal managers, supervisors, and sales personnel. External retailers who are customers to gold bottling water by questionnaires as source of primary data. Questionnaires paper were be distributed to managers, supervisors, sales personnel and retailers. The secondary source of data was be books, journal, company's website, and data through review of related literature review.

### **3.4. Target population, Sampling Size and Sampling Techniques**

#### **3.4.1 Target Population**

The target population of the study including the retailers which resale the product of bottling water geographically located in Addis Ababa, Ethiopia, and the company trade executives and sales personnel.

#### **3.4.2 Sampling Technique and Sample Size**

In our research study applied random sampling techniques for the target populations; for our study we are planning to make three sampling techniques based on their contributions and positions (i.e., internal managers =10, supervisors=50, sales personnel's=150 and retailers=500 and total target population was 710. The total sample size was 90 and assign the number of sample sizes for each stratum based on scientific calculation mention as below. Based on the formula Sample size per strata = (total population in the stratum / total target population X size sample) \*100 size. in our study the sample size calculation was shown below

Sample size percentage =  $(90/710) * 100 = 12.7\%$  this means in our study the 12.7% the population was participated.

Then for internal managers =  $0.127 * 10 = 1$  this means in our study for internal manager used only 0.127% of population, for supervisors =  $0.127 * 50 = 6$  this means in our study for supervisors used only 0.127% of population, for sales personnel's =  $0.127 * 150 = 19$  this means in our study for sales personnel's used only 0.127% of population and for retailers =  $0.127 * 500 = 64$  this means in our study for internal manager used only 0.127 of population then the result As per the above data and calculation the sample size of each stratum will be 1, 6, 19 and 64 accordingly respectively.

### 3.5. Reliability and Validity of Data Collection Instruments

As discussed previously, at the instrumentation section, all instruments to measure practice of distribution channel and sales performance were found reliable and valid in measuring the variables in previous study of Amen Haile (2020) as shown below the table.

Table 3. 1: Reliability statistics for each component of distribution channel

NO.	Distribution Channel Components	Cronbach alpha	Number of Items	Result
1.	Distribution Channel Strategy	0.85	8	Reliable
2.	Distribution Channel Administration	0.718	8	Reliable
3.	Distribution Channel Objective	0.708	5	Reliable
4.	Distribution Channel Preference & Effectiveness	0.704	5	Reliable
5	Sale performance	0.780	8	Reliable

Source: Amen Haile (2020)

To this end, to make sure the instruments employed in this research were free from errors, consistent and to check for stability of the measurement, questionnaire was tested before embarking on data collection to ensure its validity and reliability. Consequently, to ensure its validity, six experts on marketing management were requested to comment on the representatives and suitability of the questions in each sub-scale of the independent variables. They were also asked to comment on the wording of each statement (items). By doing so, the content validity and face validity were insured. Additionally, to ensure construct validity, literature, books and journal articles were reviewed. To this end, some adjustments were made on instruments without making significant change on the original tool. To check for reliability of the instruments, those 10 questionnaires distributed for pilot testing were used for reliability analysis; and sales performance instrument scored Cronbach's Alpha coefficient of 0.702. Furthermore, the assessment tool to measure distribution channel practice was reliable with Cronbach's alpha coefficient of 0.710.

### 3.6. Method of Data Analysis

According to Kothari (2004), data analysis is the computation of certain indices or measures long with searching for patterns of relationship that exist among the data groups.

Analysis, particularly in case of survey design, involves estimating the values of unknown parameters of the population and testing of hypotheses for drawing inferences. Analysis may, therefore, be categorized as descriptive and inferential analysis. In this regard, to describe the respondent's characteristics, descriptive statistics was employed and frequency distribution (percent), central tendency (mean) and dispersion (standard deviation) were used.

The study was used multiple linear regression analysis to test the statistical significance of the various independent variables (Distribution Channel Strategy, Distribution Channel Administration and Distribution Channel Objective) on the dependent variable (Sales Performance). And also, to test for the significance of the combined effect of the independent variables on dependent variable, ANOVA for regression was carried out. The following multiple linear regression model was used to fit the data.

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

Where; Y = is Sales Performance (SP)

X1 = is Distribution Channel Strategy (DCS)

X2 = is Distribution Channel Administration (DCA)

X3 = is Distribution Channel Objective (DCO)

X4 = Distribution Channel Preference and Effectiveness (DCPE)

$\beta_i$  = is the regression coefficients

### **3.7. Ethical considerations**

Based on the accepted ethical issues suggested by Saunders, et al. (2009), the privacy of participants was maintained, voluntary nature of participation and the right to withdraw partially or completely from the research process was granted and communicated, maintenance of the confidentiality of data provided by individuals or identifiable participants and their anonymity was secured.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

#### **4.1. Introduction**

This chapter provides a thorough analysis and discussion of the findings from questionnaire survey done to investigate the effect of distribution channel on sale performance in the case of Gold Water Bottling Company. The findings were described using descriptive statistics including mean, frequency, and percentage. The information was also presented using tables. The data was collected using structured questionnaire from 90 sales and marketing staff of the company. Because several respondents did not have enough time to complete the surveys, only 75 were returned and used for further analysis. As a result, 83.3% response rate was achieved, which is sufficient to accomplish the studies desired and expected outcomes. The collected data has been analysed and interpreted in this chapter. The reliability of the questionnaire and a summary of the sample profile are first provided, followed by descriptive statistics and correlation analysis was conducted. Lastly, the result of multiple linear regression analysis was conducted to test research hypotheses.

#### **4.2. Reliability Analysis**

To maintain reliability of the instrument and to make sure that the data collection tool provides consistent results, reliability analysis was conducted on the instrument employed in this research after full scale data collection. Reliability analysis was conducted to make sure the selected four dimension of distribution channel (Distribution Channel Strategy, Distribution Channel Administration, Distribution Channel Objective and Distribution Channel Preference & Effectiveness) and sales performance are reliable measures and to maintain internal consistency of the scale. The result presented in the following table as follows.

Table 4. 1: Reliability statistics for distribution channel and sales performance

NO.	Distribution Channel Components	Cronbach's alpha	Number of Items	Result
1.	Distribution Channel Strategy	0.83	8	Reliable
2.	Distribution Channel Administration	0.75	8	Reliable
3.	Distribution Channel Objective	0.76	5	Reliable
4.	Distribution Channel Preference and Effectiveness	0.75	5	Reliable
5	Sales performance	0.701	8	Reliable

Source: (own survey, 2023)

As illustrated in table 4.1, the components of distribution channel were tested for their reliability in measuring the effect of distribution channel on sales performance in Gold water bottling Share Company. Accordingly, they are found reliable with Cronbach's coefficient alpha score of 0.83 for Distribution Channel Strategy (DCS), 0.75 for Distribution Channel Administration (DCA), 0.76 for Distribution Channel Objective (DCO) and 0.75 for Distribution Channel Preference & Effectiveness (DCPE), and 0.701 for sales performance.

Scales with a coefficient Alpha between 0.70 and 0.80 are considered to have „good“ reliability and scales with a coefficient Alpha between 0.80 and 0.95 are considered to have „very good“ reliability. Therefore, based on the above test results, we can conclude that, all subscales of distribution channel scored an acceptable Cronbach's coefficient alpha and the instrument is found reliable for measuring the independent variable. Moreover, the 8 items company sales performance scale was tested for its reliability in measuring the sales performance of the GOLD water bottling Share Company, and found reliable with Cronbach's coefficient alpha score of 0.704. Similarly, this instrument was scored high Cronbach's coefficient alpha and the scale is found reliable.



### 4.3. Descriptive Statistics

#### 4.3.1. Demographic Data:

The respondents were also asked regarding their sex and, age in order to offer demographic details composition of a population under study.

Table 4. 2: Demographic background of respondents

Demographic Data	Demographic behavior	Respondents' Number	Percentage
Sex	Male	53	68.83%
	Female	22	30.57%
	Total	75	100%
Age	20 up to 30	26	34.67%
	31-40	17	22.67%
	41-50	12	16%
	Above 50	20	22.67%

Source: Own survey data 2023

The survey had a higher percentage of male respondents (68.83%) than female (30.57%), as indicated in the above table, indicating that the gender ratio of the study was not proportionate.

#### 4.3.2. Perception towards Distribution Channel Practices

To assess the existing practice of distribution channel in GOLD water bottling Share Company, four components of distribution channel were used and respondents were asked to rate their level of agreement. Descriptive statistics represents the transforming of raw data into a form that enable researcher to understand and interpret easily in terms of rearranging, ordering and manipulating data in providing descriptive information. The mean and standard deviation were calculated for independent variables (Distribution Channel Strategy, Distribution Channel Administration, Distribution Channel Objective and Distribution Channel Preference & Effectiveness) and dependent variable (Sales Performance). As described earlier, the questions related with both the dependent and independent variables were prepared using a Likert scale. That means, from each

perspective questions were prepared in the form of ordinal scale. In order to explore the perception of the respondents on every variable according to the response of the study, means and standard deviation for the independent and dependent variables were calculated. But, while making interpretation of the results of mean the scales were according to (Ali, 2010) as shown below in the table.

Table 4. 3: Interpretation of range of means values

Range of Mean Values	Level of distribution channel Practice
Less than 2.50	Very Low
2.50 – 3.20	Low
3.25 – 3.95	Moderate
4.00 – 4.45	High
4.50 – 5.00	Very High

Source: (Ali, 2010)

#### 4.3.3. Perception towards Distribution Channel Strategy (DCS)

Table 4. 4: Descriptive Statistics for DCS

CODE	Distribution Channel Strategy	N	MEAN	SD
DCS1	Our product is easy for customers to purchase	75	4.1	0.64
DCS2	There are various ways in which customers can access our products	75	3.1	1.10
DCS3	It is easy to transport the Daily products	75	3.1	0.79
DCS4	Our company has made good progress in understanding how to effectively design channels for distributing products	75	3.7	0.98
DCS5	We first analyse customer needs before deciding distributing products	75	3.7	1.00
DCS6	Our company deals with agents, wholesalers and other distributors respectfully and treats them well	75	3.8	0.96
DCS7	Our company deals with agents, wholesalers and	75	3.1	0.84

	other distributors respectfully and treats them well			
<b>DCS8</b>	Our pricing strategy give an opportunity to agents, wholesalers and distributors to do business profitably	75	3.9	0.88
	Aggregate DCS	75	3.5	0.62

Source: own survey, 2023

As shown in table 4.4, based on the statistical data and respondents' evaluation, the aggregate mean and standard deviation values for distribution channel strategy (DCS) are 3.5 and 0.62 respectively. This implies that the company's distribution channel strategy is positively and moderately treated by its sales and marketing employees. Item wise, 50% of the items of distribution channel strategy were perceived positively and moderately, also 38% of the items of distribution channel strategy perceived low and 12% of the items of distribution channel strategy were highly and positively perceived by the sampled employees. The overall distribution channel strategy is moderate level of practice.

#### 4.3.4 Perception towards Distribution Channel Administration (DCA)

Table 4. 5: Descriptive Statistics for DCA

<b>CODE</b>	<b>Distribution Channel Administration Items</b>	<b>N</b>	<b>MEAN</b>	<b>SD</b>
<b>DCA1</b>	There is good communication between the agents, wholesalers / other distributors and our company	75	3.8	0.83
<b>DCA2</b>	Our company frequently trains agents, wholesalers / distributors on customer management	75	3.2	1.01
<b>DCA3</b>	Our company prepares recognition programs for agents, wholesalers / other distributors who meet or exceed their sales targets	75	3.4	1.08
<b>DCA4</b>	Our company has made good progress in understanding how to manage the process of distributing products	75	3.4	0.96
<b>DCA5</b>	We organize periodical meetings with agents, wholesalers / other distributors to review distribution policies to protect distributors and retailers	75	3.4	1.04

<b>DCA6</b>	We share industry intelligence information with agents, wholesalers / other distributors to boost sales	75	3.7	0.95
<b>DCA7</b>	Our company offers sales support to strengthen the channel partner relationship with wholesalers and other distributor / retailers	75	3.7	0.93
<b>DCA8</b>	The way we manage the distribution channel has played a significant role in meeting the customer's needs	75	3.6	0.94
<b>Aggregate DCA</b>		<b>75</b>	<b>3.5</b>	<b>0.58</b>

Source: own survey, 2023

As shown in table 4.5, based on the respondents' evaluation, the aggregate mean and standard deviation values for distribution channel administration (DCA) are 3.5 and 0.58 respectively. This implies that the distribution channel administration practices were perceived by the sampled employees as positive and moderate. Item wise, the study indicated that 88 % of the items of distribution channel administration were perceived at moderate level and the remaining 12% of the items were perceived low by the sampled sales and marketing employees. In general, overall distribution channel administration is moderate level of practice.

#### 4.3.5. Perception towards Distribution Channel Objective (DCO)

Table 4. 6: Descriptive Statistics for DCO

<b>CODE</b>	<b>Distribution Channel Objective items</b>	<b>N</b>	<b>MEAN</b>	<b>SD</b>
<b>DCO1</b>	Focuses on supplying goods to large masses of customers	75	3.9	0.79
<b>DCO2</b>	Considers customers in different geographical areas	75	3.9	0.81
<b>DCO3</b>	There is enough consideration for a proper storing of products	75	3.9	0.92
<b>DCO4</b>	Customers satisfaction is considered as distribution strategy	75	3.4	0.76
<b>DCO5</b>	Company's distribution considers a cost reduction	75	3.4	0.79
<b>Aggregate DCO</b>		<b>75</b>	<b>3.9</b>	<b>0.65</b>

Source: own survey, 2023

As shown in table 4.6, based on the respondents' evaluation, the grand mean and standard deviation values for the distribution channel objective dimension were 3.9 and 0.65 respectively. From this, it can be inferred that the sampled employees positively treated the company's distribution channel objectives. In general, the overall distribution channel objective can be interpreted as moderate level.

#### 4.3.5. Perception towards Distribution Channel Preference and Effectiveness (DCPE)

Table 4. 7: Descriptive Statistics for DCPE

CODE	Distribution Channel Preference and Effectiveness items	N	MEAN	SD
DCPE1	Your company uses the shortest distribution channel	75	2.9	0.91
DCPE2	The channel member has its own effect on your price and decrease the sales volume	75	3.4	0.87
DCPE3	All distribution channels has their own value addition on the distributional activity	75	3.5	1.04
DCPE4	All distribution channels has their own value addition on the distributional activity	75	3.5	0.96
DCPE5	Do your company has a bargaining power to change the current distribution chain	75	4.0	0.85
	overall	75	3.3	0.72
	DCPE			

Source: own Survey 2023

As table 4.7 indicates that the aggregate mean and standard deviation values for the distribution channel preference and effectiveness dimension were 3.3 and 0.72, respectively. This shows that the sampled sales and marketing staff have positive and moderate level of perception towards the company's distribution channel preference and effectiveness. Item wise, 60% of the items of Distribution Channel preference and effectiveness were perceived moderate; 20% of the items perceived low and 20% of the items perceived high. Therefore, there is a moderate and positive perception towards the company's distribution channel preference and effectiveness dimension.

#### 4.3.6. Perception towards Overall Distribution Channel (DC)

Table 4. 8: Descriptive Statistics for Overall Distribution Channel (DC)

Code	Distribution Channel component	N	MEAN	SD
DCA	distribution channel administration	75	3.5	0.58
DCO	Distribution Channel Objective	75	3.9	0.65
DCS	distribution channel strategy	75	3.5	0.62
DCPE	Distribution Channel Preference and Effectiveness	75	3.3	0.72
DC	Aggregate Distribution Channel component	75	3.6	0.34

Source: own survey; 2023

As shown in the above table, the aggregate mean and standard deviation values for distribution channel components is 3.6 and 0.34. This implies that there is a positive and moderate level of perception towards the company's distribution channel practices. Dimension wise, the highest aggregate mean value is for distribution channel objective whereas the lowest one is distribution channel preference and effectiveness dimension.

#### 4.3.7. Perception towards Sales Performance (SP)

To assess the perception of the respondents towards sales performance of Gold Water Bottling Company, the researcher used eight items measured using a five-point Likert scale. To this end, the descriptive statistics for the dependent variable (sales performance) was discussed in the following section.

Table 4. 9: Descriptive statistics for sales performance (SP)

<b>CODE</b>	<b>Sales Performance Items</b>	<b>N</b>	<b>MEAN</b>	<b>SD</b>
<b>SP1</b>	Encourage purchase of large size unit	75	3.8	0.83
<b>SP2</b>	Generate trials among non-users	75	3.2	1.01
<b>SP3</b>	Encourage off season buying	75	3.4	1.08
<b>SP4</b>	Build brand loyalty& Equity	75	3.4	0.96
<b>SP5</b>	Increase the number of customers	75	3.4	1.04
<b>SP6</b>	Increase profitability	75	3.7	0.95
<b>SP7</b>	Increase competitiveness	75	3.7	0.93
<b>SP8</b>	Increase sales volume	75	3.6	0.94
	Aggregate for SP	75	3.5	0.58

Source: own survey (2023)

The result in table 9 summarizes the level of agreements of the respondents towards sales performance of Gold Water Bottling Share Company. The aggregate mean and standard deviation values for the company's sales performance for the last two years were 3.5 and 0.58, respectively. Item wise, the sampled respondents were asked about the extent to which company's competitiveness increased in the year 2020/21. The result of the study shows mean score 3.7 with standard deviation of 0.93. This implies that most of the respondents were strongly agreed on last year sales performance in increase of competitiveness. And they were agreed on the sales performance of the company on encourages off season buying with mean score of 3.56 and SD of 1.34. Respondents were also asked whether in the same year the company increase sales volume, increase the number of customer, and build brand loyalty and equity. They rate them with mean score of 3.23, 2.98 and 2.90 respectively (SD of 0.78, 0.90 and 0.77 respectively). This implies that most of the respondents were neutral on last year sales performance on increase of sale volume, the number of customer and in building brand loyalty and equity in the company. Lastly, the respondents were asked whether the company sales performance generate trials among non-users, increase profitability and encourage purchase of large size unit. They rate them with mean score of 2.35, 2.23 and 2.21 (SD of 0.74, 0.78 and 1.02) respectively. This implies that most of the respondents were disagreed on last year

sales performance of the company on generating trials among non-users, increase profitability and encourage purchase of large size unit product. Overall, the sampled respondents have positively and moderately (mean=3.5) evaluated the last two years sales performance of the company.

#### 4.4. Inferential Analysis

The subsequent section presented and discussed the relationship between distribution channel and sales performance of Gold water bottling Share Company. In this regard, the section covered the direction and magnitude of the relationship between the overall practice of distribution channel and sales performance as well as the relationship between the practice of components of distribution channel and sales performance of the company. Furthermore, the influence of distribution channel and its components on sales performance was also examined in the following section. Accordingly, inferential statistics (Pearson's Product Moment Correlation Coefficient and Linear Regression) were used to examine the relationship of those variables under study; and strength of correlation was interpreted through suggestion of Evans, et al. (2002) in the following pattern: 1.00 to 0.90 (very high correlation), 0.49 to 0.30 (Low correlation) 0.89 to 0.70 (high correlation) 0.29 to 0.00 (little if any correlation) 0.69 to 0.50 (moderate correlation)

##### 4.4.1. Correlation

To investigate the relationship between distribution channel and sales performance in more detail manner, the researcher also run correlation analysis between the four components of distribution channel and sales performance in the company and presented as follows.

Table 4. 10: Correlation of components of distribution channel and sales performance

Correlations						
		Sp	DCA	DCO	DCPE	DCS
SP	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	75				
DCA	Pearson Correlation	.650**	1			
	Sig. (2-tailed)	.000				
	N	75	75			



DCO	Pearson Correlation	.373**	.207	1		
	Sig. (2-tailed)	.001	.074			
	N	75	75	75		
DCPE	Pearson Correlation	.629**	.614**	.185	1	
	Sig. (2-tailed)	.000	.000	.113		
	N	75	75	75	75	
DCS	Pearson Correlation	.729**	.906**	.196	.590**	
	Sig. (2-tailed)	.000	.000	.092	.000	
	N	75	75	75	75	75

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

Source: own survey (2023)

As shown in the above table (table4.11), the correlation coefficient between distribution channel administration and sales performance ( $r = 0.65$ ,  $p < 0.05$ ) is positive and statistically significant, which implies that high sales performance is favourable a good distribution channel administration.

Likewise, there is statistically strong positive relationship between distribution channel preference and effectiveness with a value of Pearson correlation ( $r = 0.629$ ) meaning that an effective distribution channel preference leads to a high sales performance.

Similarly, there is a positive but low medium association between distribution channel administration and sales performance with a Pearson correlation value of ( $r = 0.373$ ). Furthermore, there is a strong and positive correlation between distribution channel strategy and sale performance ( $r = 0.729$ ). And enables the researcher to conclude that an effective and strategic distribution channel results a high performance in sale of gold water.

#### 4.4.2. Regression Analysis

##### 4.4.2.1. Assumptions of Multiple Linear Regression Analysis

In conducting multiple regression analysis using regression equation, as suggested by Field (2009), key assumptions should be met. Consequently, to perform the regression analysis involving multiple independent variables, the researcher must check for the variables have linear relationship, the data were normally distributed, homogeneity of variances, and there is no col-linearity between independent variables (to determine the separate influence of components of distribution channel).

##### A. Normality assumption

According to Field (2009), the assumption of normality is important in research using regression (or general linear models) and helpful to generalize the results of the analysis beyond the sample collected. Among several ways to check for the normality assumptions for simple linear regression analysis, it is advisable to inspect to see if a distribution is normal through a histogram and P-P plot (probability–probability plot). Therefore, to establish the validity of these assumptions, the researcher also checks for the normality through histogram.

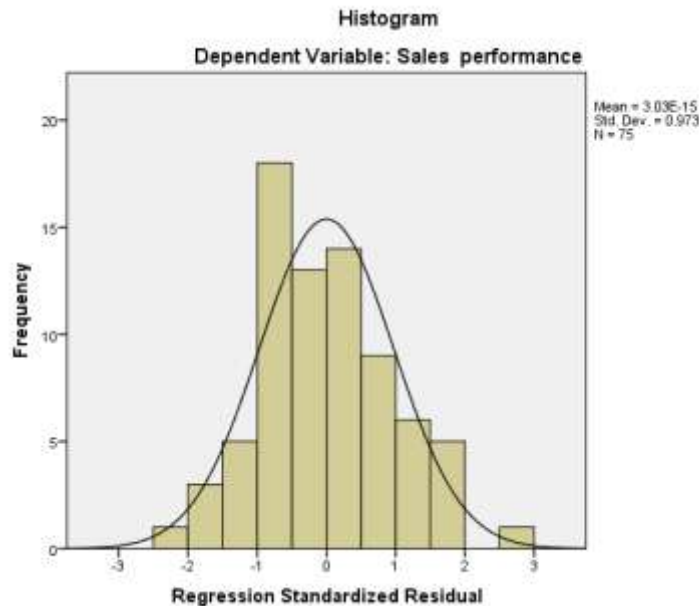


Figure 4. 1: Histogram for sales performance

Source: own survey 2023

As we seen in figure 4.5 the histogram is closely seeming bell shaped, which indicate a small deviation from the assumption and there are no extreme cases observed. Therefore,

the assumption of simple linear regression has been met and we can possibly assume that the model is accurate and can probably generalize to the population in the company.

## **B. Linearity assumption**

Since general linear model assume linearity, it is necessary testing for non-linearity. In this regard, the P-P plot shows the presence or absence of linear relationship between the independent and dependent variables. Since the dots approximately fall onto the expected line, it can be said there is a linear relationship between distribution channel practices and sales performance.

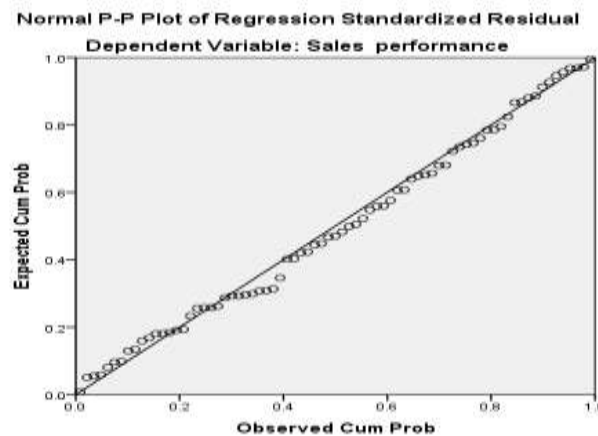


Figure 4. 2: Linearity assumption

Source: own survey 2023

The normal probability plot also shows that almost there are small deviations from normality in the independent variable. The straight line in this plot represents a normal distribution, and the points represent the observed residuals in the company. Therefore, in a perfectly normally distributed data set, all points will lie on the line (Field, 2009). Likewise, as we seen in figure 4.4, the dots are closely plotted to the straight line, which indicate a small deviation from normality and there are no extreme cases observed. Therefore, the assumptions of simple linear regression have been met

### C. Homoscedasticity assumption

Homoscedasticity is the extent to which the data values for the dependent and independent variables have equal variances. Based on the explanation by Field (2009), at each level of the predictor variables, the variance of the residual terms should be constant. This just means that the residuals at each level of the predictors should have the same variance, therefore checking for this assumption is helpful for the goodness of the regression model. In this regard, to plot the homoscedasticity analysis the researcher plots the standardized residuals, or errors (ZRESID) on the Y axis and the standardized predicted values of the dependent variable based on the model (ZPRED) on the X axis and the result is presented as follows

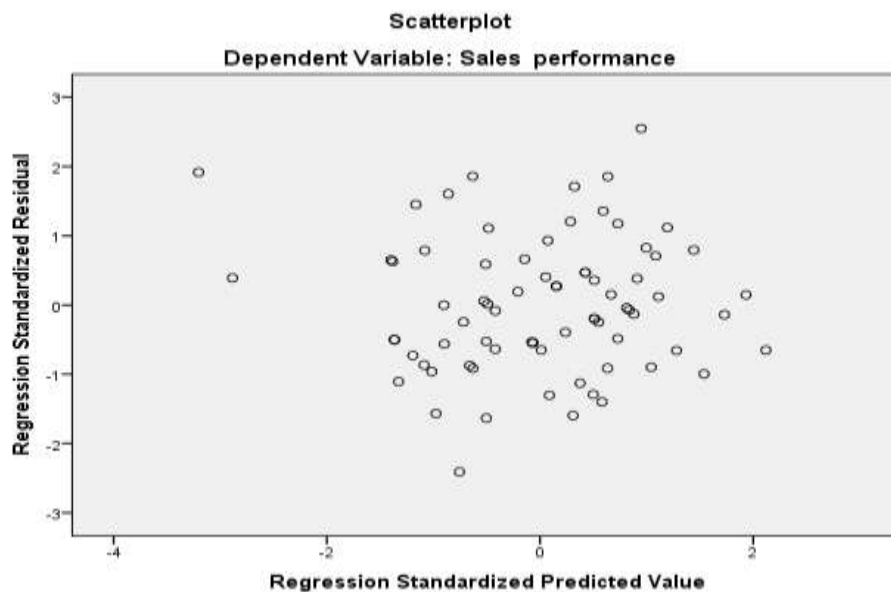


Figure 4. 3: Homoscedasticity for components of DC and SP

Source: own survey, 2023

Homoscedasticity helps as to check for the relationship under investigation is the same for the entire range of the dependent variables and lack of homoscedasticity is shown by higher errors (residuals) for some portions of the range, which can be seen on the scatterplot. In this regard, as Field (2009) describes, the graph of \*ZRESID and \*ZPRED should look like a random array of dots evenly dispersed around zero, if the assumption of homoscedasticity has to be met. Likewise, as shown in figure 8, the points are randomly and evenly dispersed throughout the plot and there are no obvious outliers on this cloud of dots which are spaced around zero in the company. Therefore, we can

conclude that the assumption of random errors and homoscedasticity have been met in the company.

#### **D. Multicollinearity assumption**

In multiple regression analysis, the regression coefficients become less reliable as the degree of correlation between the independent variables increases. Thus, if there is a high degree of correlation between independent variables, we have a problem of what is commonly described as the problem of multicollinearity. For multicollinearity not to be a problem, the VIF value should be  $<10$ , and tolerance value  $>0.10$ .

Table 4. 11: multicollinearity test

<b>Coefficients<sup>a</sup></b>			
	<b>Model</b>	<b>Collinearity Statistics</b>	
		<b>Tolerance</b>	<b>VIF</b>
<b>1</b>	(Constant)		
	Distribution Channel Administration	.169	5.909
	Distribution Channel Objective	.952	1.051
	Distribution channel preference and effectiveness	.613	1.631
	Distribution channel strategy	.177	5.636
<b>a. Dependent Variable: Sales performance</b>			

Source: own survey, 2023

As shown the table 4.15 the VIF values is less than 10. This indicates that there is no multicollinearity problem, i.e., the four dimensions of distribution channel practices are not strongly correlated. Hence, for this study multicollinearity is not a problem.

#### 4.4.2.2. Effect Analysis

Multiple linear regression was used to establish the correlation between the independent variables (Distribution channel Administration, Distribution channel objective, Distribution channel strategy, Distribution channel preference and effectiveness) and sales performance (the dependent variable) at Gold water. The analysis used the Statistical Package for Social Sciences (SPSS) version 23 to compute the measurements of the multiple regressions for the study. The goal of this analysis was to determine the magnitude to which sales performance is affected by independent variables by considering the R square value, beta coefficient, and P-value for the significance of the relation.

#### 4.4.2.3. Model Summary

Table 4. 12: (Model Summary) overall practice of DC as predictor to SP

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.798 <sup>a</sup>	.637	.617	.308
a. Predictors: (Constant), Distribution channel strategy, Distribution Channel Objective, Distribution channel preference and effectiveness, Distribution Channel Administration				
b. Dependent Variable: Sales performance				

Source: own survey 2023

As indicated in table 4.16, considering the influence of all predictors (DCS, DCA, DCO and DCPE), the overall model accounts for 79.8% of the variance in sales performance in gold water bottling Share Company. This means, 20.2% of the variance on sales performance is explained by other factors. In other words, components of distribution channel altogether account 79.8% of the variance in the sales performance within the company.

#### 4.4.2.4. Analysis of Variance (ANOVA)

ANOVA statistics were also used in the study to determine the regression model's goodness of fit. ANOVA is a statistical method for data analysis that is used to identify whether or not there are any significant differences between two or more groups or samples at a specific level of probability, according to Mugenda & Mugenda (2003). If the F-values of the regression coefficient associated with an independent variable are higher than the threshold F-values, that independent variable is said to be a significant predictor of the dependent variable. The table below presents the study's findings.

Table 4. 13: Analysis of Variance

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.485	4	3.121	32.853	.000 <sup>b</sup>
	Residual	7.126	75	.095		
	Total	19.611	79			
a. Dependent Variable: Sales performance						
b. Predictors: (Constant), Distribution channel strategy, Distribution Channel Objective, Distribution channel preference and effectiveness, Distribution Channel Administration						

Source: own survey, 2023

The above ANOVA table (table 4.17), help us to make sure the above model (on model summary table 4.21) is evidenced that the model is statistically predictor of sales performance because the p value is less than 0.00 in gold water bottling Company. Therefore, a significant amount of sales performance is influenced by the company practice in components of distribution channel which constitutes DCS, DCA, DCO and DCPE. Thus, components of distribution channel found statistically and significantly predict sales performance and it can be concluded as, the overall regression model is significant,  $F(4, 75) = 32.853$ ,  $p < 0.01$ ,  $R^2 = 0.798$ , in the company.

#### 4.4.2.5. Coefficients of Determination

Regression co-efficient indicates the direction of the relationship between dependent and independent variables. The results of this study are as shown in [Table 4.13](#).

Table 4. 14: Coefficients of determination

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.324	.347		.935	.353
	Distribution Channel Administration	-.071	.113	-.103	-.630	.531
	Distribution Channel Objective	.125	.039	.233	3.251	.002
	Distribution channel preference and effectiveness	.276	.082	.299	3.346	.001
	Distribution channel strategy	.598	.162	.586	3.689	.000
a. Dependent Variable: Sales performance						

Source: own survey 2023

Therefore, based on the finding of regression analysis the researcher investigates the causal relationship between the dependent and independent variable by fitting the estimated regression equation as

$$Y = 0.125X_1 + 0.276X_2 + 0.598X_3$$

Where Y= Sales Performance

X<sub>1</sub>= Distribution Channel Objective

X<sub>2</sub>= Distribution channel preference and effectiveness

X<sub>3</sub>= Distribution channel strategy



## 4.5. Discussion of the Regression Results

The ultimate objective of the research is to examine the effect of distribution channel practices on sales performance in Gold Water bottling Company. The regression result shows that there is a strong positive impact and insignificant effect of distribution channel practices on sales performance. The study's hypothesis testing was made based on coefficients ( $\beta$ ) and probability values (P). The values of the unstandardized beta coefficients ( $\beta$ ) indicate the effects of each independent variable on the dependent variable. Furthermore, the values of the unstandardized beta coefficients in the Beta column of [table 4.12](#) above indicate which independent variable makes the strongest contribution to explaining the dependent variable (sales performance) when the variance explained by all other independent variables in the model is controlled. Hence using those coefficient results, the proposed hypotheses for this study were tested as follows.

***H1: Distribution channel objective has a significance influence on the sales performance of Gold water bottling Share Company.***

From [table 4.23](#), the value of beta coefficient for distribution channel objective is ( $\beta = 0.125$ ,  $p = 0.002$ ) and this shows that distribution channel objective has positive and significant influence on sales performance of Gold water bottling Share Company. Therefore, the researcher accepts the hypothesis. This result consistent with the result of [amen \(2020\)](#).

***H2: Distribution channel strategy has significance influence on the sales performance of Gold water bottling Company.***

Multiple regression was performed using SPSS to test the hypothesis. The results show the overall fitness of the model described in the preceding paragraphs as well as the importance of each independent variable in affecting the dependent variable. The regression analysis revealed that sales performance is positively and statistically significantly affected by distribution channel strategy ( $\beta = 0.598$ ,  $p = 0.000$ ). Therefore, sales performance will be increased by 59.8% on average if the predictor variable (distribution channel strategy) goes up by one unit. As a result, the study does not disprove the research hypothesis.

From table 4.23, the significance value for distribution channel strategy is 0.000 which is less than p value of 0.05, which indicates that distribution channel strategy has a statistically positive significant effect on the sales performance of Gold water bottling Company. Besides, the value of beta for distribution channel strategy is ( $\beta = 0.598$ ) and this shows that distribution channel strategy has negative and significant influence on sales performance of Gold water bottling Share Company. Therefore, hypothesis H2 is accepted. And, this our result is fit with amen (2020).

***H3: Distribution channel administration has significance influence on the sales performance of Gold water bottling Company.***

From table 4.23, the significance value for distribution channel administration is 0.531 which is greater than p value of 0.05, which indicates that distribution channel administration has not a statistically significant influence on the sales performance of Gold water bottling share Company. Besides, the value of beta for distribution channel administration is ( $\beta = -0.71$ ) and this shows that distribution channel administration has negative and not significant effect on sales performance of Gold water bottling Share Company. Therefore, hypothesis H3 is rejected. And, the researcher results unfit with amen (2020). This is might be because of small sample size considered in the study or the context in which respondents understood this practice.

***H4: Distribution channel preference and effectiveness has significance influence on the sales performance of Gold water bottling Share Company.***

The above table revealed that the significance value for distribution channel preference and effectiveness is 0.001 which is less than p value of 0.05, which indicates that distribution channel preference and effectiveness has a statistically positive significant influence on the sales performance of Gold water bottling Share Company. Besides, the value of beta for distribution channel preference and effectiveness is ( $\beta = 0.276$ ) and this shows that a unit increase in distribution channel preference and effectiveness has resulted 27.6% increment in sales performance keeping other distribution channel practices constant. Hence, hypothesis H4 is accepted. And, this result is fit with amen (2020).

#### 4.6. Summary of the Hypotheses

The overall result of the hypotheses test was indicated in the table below.

Table 4. 15: Summary of the Overall Outcome

Hypothesis	Result	Reason
H1: Distribution Channel Objective has positive significance Effect on the sales performance of Gold water bottling Share Company.	Accepted.	$\beta = 0.125$ $p = 0.002$
H2: Distribution Channel Strategy has positive significance effect on the sales performance of Gold water bottling Share Company.	Accepted.	$\beta = 0.598$ $p = 0.000$
H3: Distribution Channel Administration has positive significance effect on the sales performance of Gold water bottling Share Company.	Rejected	$\beta = -0.71$ $p = 0.531$
H4; Distribution Channel Preference and Effectiveness has positive significance effect on the sales performance of Gold water bottling Share Company.	Rejected	$\beta = 0.276$ $p = 0.001$

Source: own survey, 2023

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATION**

#### **5.1. Introduction**

A summary of major findings, conclusions, recommendations and suggestions for further studies were presented in this chapter. Conclusions were drawn from the major findings and review of the literature. Implication and recommendations for further studies were included.

#### **5.2. Summary of Major Findings**

In this study, the researcher was interested in assessing the current practice of distribution channel and investigating its influence on sales performance at gold water bottling Share Company. Accordingly, to meet the research objective, the researcher collected data from all respondents; and analysed the collected data through descriptive and inferential statistics. By doing so, the following major findings were obtained.

The descriptive statistics result revealed that, gold water bottling company has adult workers who are a guarantee to attain a sufficient level of sale in the bottling sector, and a mean score for components of distribution channel ranges between moderate level of practice which indicates there is a good practice of distribution channel in the company enables it competitive in the industry. Investigating the relationship between overall practice of distribution channel and sales performance, the correlation coefficient result evidenced that, a positive and statistically significant relationship was found in gold water bottling Share Company with ( $r = 0.506$ ,  $p < 0.01$ ) between the two major variables mentioned (overall practice of distribution channel and sales performance). This means that, overall practice of distribution channel has statistically significant positive relationship with sales performance in the company. In examining the relationship between components of distribution channel and sales performance in the company, a positive and statistically significant relationship was found between DCS and sales performance ( $r = 0.892$ ,  $p < 0.01$ ) and but in other distribution channel component and sales performance were not statistically significant relationship. In investigating the effect of overall practice of distribution channel over sales performance, the simple linear regression analysis evidenced that, only 25.6% the variation in sales performance in the

company is explained by its overall practice of distribution channel, at Beta value of 0.707 ( $p < 0.01$ ). And overall practice of distribution channel a statistically significance, weak and positive influence on sales performance of the company. Furthermore, the multiple linear regressions also revealed that, 78.9% the variation in sales performance in the company is explained by the practice of the four components of distribution channel. And among the four components in the practice of distribution channel, DCS at Beta value of 0.743 and ( $p < 0.01$ ) respectively have statistically positive significant influence on the variation in sales performance in the company.

### **5.3. Conclusion**

The aim of this study was two dimensional; assessing the practice of distribution channel and investigating its influence on sales performance in gold water bottling Share Company. In the mean-time, the researcher raised and addressed specific research questions, which are: - „What is the nature of product distribution channel used by gold water bottling share Company?. What are the influences of product distribution channel components such as Channel Strategy, Distribution Channel Administration, Distribution Channel Objective and Distribution Channel Preference & Effectiveness) on sales performance of gold water bottling Share Company“ and „To what extent the key product distribution channel components are organized and practiced at gold water bottling Share Company. Accordingly, at the centre of these enquiries, the result is discussed in chapter four under each sub headings; and it is clear that, the research objectives of this study have been met and the research questions have been answered. Thus, based on the analysis, the following conclusions were drawn. During the investigation the researcher used both descriptive and inferential statistics and based on the findings of the research the researcher made conclusions by outlining the following points. As the results of the descriptive statistics depicted most of the respondents are not happy with each of the distribution channel components and practices of the company. This implies that the respondents are working with displeasure in terms of distribution channel strategy, distribution channel administration, distribution channel objective, and distribution channel preference and effectiveness of the company. From the result of the study, it can be concluded that most of distribution channel components are not properly implemented in the specific study area. Distribution channel strategies have a moderate

positive and statistically significant correlation with sales performance. The pre-model fitting assumptions (i.e., sample size, linearity, multi collinearity of the variables, and independence of residuals) of multiple regressions are met accordingly. Furthermore, the multiple linear regression analysis (The R square) implies that about 78.9% shows that the four distribution channel components (distribution channel strategy, distribution channel administration, distribution channel objective, and distribution channel preference and effectiveness) can determine the variation of the sales performance of gold water share Company. Therefore, the researcher can convincingly conclude that the distribution channel components have significant influence on sales performance of the company.

As far as the relative influence of an individual component of distribution channel on sales performance is concerned, the result of multiple linear regression coefficients shows that distribution channel strategy has the highest beta value which indicates the most dominant effect in determining the variation of sales performance. Generally, to address for the final markets end-to-end in an efficient and effective ways, working with distribution channel member of is a key marketing strategy. Therefore, for addressing greater market coverage and better sales performance through greater sales, determination and consideration of the above discussed distribution channel components have great influence on sales performance.

## 5.4. Recommendations

This study has demonstrated that the influence of distribution channel on sales performance in gold water bottling Share Company. Considering the findings and conclusions made above, the following possible recommendations are suggested as being valuable to the company for improving distribution channel activities to assure and improve the sales performance. The practices of all distribution channel components have to be enhanced at all point of sales, in order to increase sales performance. This can be enhanced and developed through the following:

- ✚ Gold water bottling Share Company should develop modern ways of distribution channel to satisfy the channel members and treat them as families so as to retain and attract more channel members for the purpose of sales maximization.
- ✚ The responsible employees of the company should approach the channel members politely, evaluate their performances periodically and give consultancy services to maximize company's sales volume.
- ✚ In order to improve the sales performance and to create strong future intimacy with the distribution channel members, the company should implement different strategies. Such as; making the product easy for customers to purchase and transport, creating different ways in which customers can access the product and pay for it in flexible ways, and setting goals and strategic discussions by including the lower levels of distribution channel members to analyse customers need and to treat them in respectful way.
- ✚ Distribution channel administration should have to be made continuously, to prepare a system to made good progress in understanding how to manage the process of distribution of products, to organize periodical meetings with agents, wholesalers and other distributors to review distribution policies to protect distributors and retailers, and to frequently train agents, wholesalers or distributors on customer management.
- ✚ The company should lead the distribution channel to meet the objectives for the channel members by focusing on supplying large masses of goods to customers, working on enough and proper storing of products, and, build the capacity of the channel members by promising further reward systems.

- ✚ The company should select appropriate and effective channels of distribution to bargaining power to change the current distribution chain, to has their own value addition on the distributional activity.



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**Appendix I:**  
**QUESTIONNAIRE**  
**St. Mary's University**  
**Graduate Program**  
**MA PROGRAM IN MARKETING MANAGEMENT**

This questionnaire is prepared by a graduate student at St. Mary's University in the field of Marketing Management. This questionnaire is designed to collect information for a study which is conducted in order to enable the researcher to assess the influence of distribution channels on sales performance in gold water bottling company. Your kind cooperation will help in getting reliable data and the result of the study will assist marketers in developing a better marketing strategy that can improve their existing offering and satisfy customers in a better way possible. I want to assure that the information you provide will be used only for the purpose of the study and will be kept confidential. Kindly try to answer all stated questions. Thank you well in advance for sparing 20 minutes from your precious time to participate in this study.

**Section I: General Information**

1. gender
  - A. male
  - B. female
  
2. Education
  - A. PHD
  - B. MBA/MS
  - C. BSC/BA
  - D. DIPLOMA
  - E. ANY OTHER PLEASE SPECIFY.....

## Section II: Distribution channel (DC)

### Distribution channel strategy

Use 1-Strongly disagree, 2-Disagree, 3-Moderate extent, 4-Agree and 5-Strongly agree

<b>Distribution channel strategy (DCS)</b>	1	2	3	4	5
Our product is easy for customers to purchase (DCS1)					
There are various ways in which customers can access our products (DCS2)					
Our company is flexible on methods of paying for the products (DCS3)					
It is easy to transport the Daily products (DCS4)					
Our company has made good progress in understanding how to effectively design channels for distributing products (DCS5)					
We first analyze customer needs before deciding distributing products (DCS6)					
Our company deals with agents, wholesalers and other distributors respectfully and treats them well (DCS7)					
Our pricing strategy give an opportunity to agents, wholesalers and distributors distributors to do business profitably (DCS8)					

### Distribution Channel Administration

<b>Distribution Channel Administration (DCA)</b>	1	2	3	4	5
There is good communication between the agents, wholesalers/other distributors and our company (DCA1)					
There is frequent trainings for agents, wholesalers / distributors on customer management (DCA2)					
Our company prepares recognition programs for agents, wholesalers/ other distributors who meet or exceed their sales targets (DCA3)					



Our company has made good progress in understanding how to manage the process of distributing products (DCA4)					
We organize periodical meetings with agents, wholesalers/ other distributors to review distribution policies to protect distributors and retailers (DCA5)					
We share industry intelligence information with agents, wholesalers / other distributors to boost sales (DCA6)					
Our company offers sales support to strengthen the channel partner relationship with wholesalers and other distributor/retailers (DCA7)					
The way we manage the distribution channel has played a significant role in meeting the customer's needs (DCA8)					

#### Company's distribution channel objective

<b>Distribution channel objective (DCO)</b>	1	2	3	4	5
Focuses on supplying goods to large masses of customers (DCO1)					
Considers customers in different geographical areas (DCO2)					
There is enough consideration for a proper storing of products (DCO3)					
Customers satisfaction is considered as distribution strategy (DCO4)					
Company's distribution considers a cost reduction (DCO5)					

#### Distribution channel preference and effectiveness

<b>Distribution channel preference and effectiveness (DCPE)</b>	1	2	3	4	5
Your company uses the shortest distribution channel (DCPE1)					
The channel member has its own effect on your price and decrease the sales volume (DCPE2)					

There is an optional and effective ways of distribution than what your company uses currently (DCPE3)					
All distribution channels has their own value addition on the distributional activity (DCPE4)					
Does gold water bottlingshare company can make a deal to change the current distribution chain (DCPE5)					

### **Section III: Sales performance (SP)**

To what extent distribution channels has influenced sales performance of your company?

Use 1-Strongly disagree, 2-Disagree, 3-Moderate extent, 4-Agree and 5-Strongly agree

<b>Sale performance (SP)</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Encourage purchase of large size unit (SP1)					
Generate trials among non-users (SP2)					
Encourage off season buying (SP3)					
Build brand loyalty& Equity (SP4)					
Increase the number of customer (SP5)					
Increase profitability (SP6)					
Increase competitiveness (SP7)					
Increase sales volume (SP8)					

**Thank you!**