

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

**AN ASSESMENT OF CHANNEL CONFLICT MANAGEMENT  
PRACTICES AND CHALLENGES ON ETHIO TELECOM INDIRECT  
CHANNEL DEPARTMENT**

**BY**  
**TIGIST ALI**

**JUNE 2013**  
**SMUC**  
**ADDISABABA**

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**BY**  
**TIGIST ALI**

**A SENIOR ESSAY SUBMITTED TO THE**  
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**APPROVED BY THE COMMITTEE OF EXMINERS**

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## **ABBREVIATIONS**



ET= Ethio Telecom

IDC= Indirect channel

DC= Direct Channel

SIM= Subscriber Identity Module

GSM= Global System for Mobile Communication

## **ACRONYM**

SAAZ= South Addis Ababa Zone

SWWAZ= South West Addis Ababa Zone

NAAZ= North Addis Ababa Zone

EAAZ= East Addis Ababa Zone

## **CHAPTER ONE**

### **INTRODUCTION**

## **1.1 Background of the Study**

Channel conflict exists when one channel member perceives another channel member to be acting a way that prevents the first member achieving its distribution objectives. Firms in one channel often compete strongly with firms in others channels this represents Horizontal conflict. Even with in the same channel, firms disagree about operating practices and try to gain control over member's actions this illustrates vertical conflict (Etzel, etal, 2006:406).

Furthermore, Saxena (2008:466) argued that, Channel conflict occurs largely due to financial and non-financial reasons. These in turn may be traced to the causes, Goal incompatibility, Role ambiguity and difference in preparation of the market. In addition the magnitude of conflict refers to the seriousness of conflicts. At times the conflict may not be of a magnitude demanding the manufacturer's attention. Channel conflict cannot totally eliminated but it can only be minimize. In any channel arrangements there can be Vertical, Horizontal and Multichannel level conflicts. This definition is useful to identify the types of channel conflicts to manage effectively and minimize the channel conflicts between channel members.

The present study is design to assess the managing of channel conflict and challenges in Ethio telecom, in the light of channel members. The introduction of telecommunications services in Ethiopia dates back to 1894, seventeen years after the invention of telephone technology in the world. It was Minilik II, the King of Ethiopia, who introduced telephone technology to the country around 1894, with the installation of 477 km long telephone and telegram lines from Harar to Addis Ababa (The capital city of Ethiopia).However the first Ethiopian pioneer of telephony was his cousin Ras Mekonnen who came back with telephone apparatus in 1889 after his visit of Italy. Gradually, the technological scheme was proved to contribute to the integration of the Ethiopian society when the extensive open wire line system was laid out linking the Ethiopian capital city with all the important administrative towns of the country.

Ethio Telecom was established by a council of ministries under Regulation number 197/2010, the company established as a public enterprises and governed by public enterprise proclamation number 25/1992 with the mission to provide different kinds of telecom services, developing and maintaining modern information and communication network infrastructure, to improve the

availability of information to the entire society. Due to the great number of customers, their characteristics' and diversity, interest, expectation and needs of customer also vary. Based on government policy ET is the only telecom service provider all over the country and this permits the company to work without the risk of competition from other organizations and rivals. Even if, there was not competition currently as telecom technology is dynamic in the current era, customers, as well as government and other stakeholders of the company expected more. Currently Ethio Telecomm has 6 Zonal offices in Addis Ababa & 13 regional offices and it has total Number of Employees around 9,000 /[www.ethionet.et/](http://www.ethionet.et/).

In building favorable and maintaining better relationship with customers and stakeholders such as distributors and retailers, the better marketing tool is considered to be well organized, sustainable and convenience distribution channel. Beyond this the company place mutual target for Five year Growth and Transformation Plan to increase the number of users with in all service domains, such as 40 million mobile customers, 3.05 million fixed line customers, Internet service users to 3.69 million and the rural telecom service cover to reach 100 per 5 km. Currently the actual coverage of customers are 45% of mobile, 25% of fixed line and .05% of internet users.

On top of this, Sherlekr (2004:370) defined the theory that of distribution channel indicate routes or pathway through which goods and services flow from producer to consumer. From this fact the student researcher will give special interest in management of channel conflict. Managing distribution channel is a vital work for the marketing manager. To cover the huge number of customers need throughout the country. Distribution channel can provide mutual advantages for ET regarding with revenue generating and build the market share for long term relationship with channel members since using only ET's Shops will not cover all the customer needs further more it will not be favorable interms of cost to establish and managing the shops.

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

All marketing channels have the potential for conflict and completion resulting from such sources as goal incompatibility, poorly defined roles and rights, perceptual differences, and interdependent relationship. Therefore Channel arrangements are up to the company, but there are certain legal and ethical issues to be considered with regard to practices such as exclusive dealing or territories, tying agreements, and dealers rights (Kotler, 2000:250).

Channel decisions tend to be relatively permanent which can not be easily and quickly changed. Even very large and financially strong companies would in severe financial strains and perhaps legal difficulties in changing channels. Consequently, compared to decisions about price, product in features, packing promotional efforts, and other marketing decisions those dealing with channels must be regarded as long term and capable of only gradual modification. Yet with the dynamic of the market place, channel decisions must constantly be re-evaluated for their fitness in the probable future environment (Sherlekar, 2004:370).

The channel manager as a leader would have been think and planned for the future direction of the company, if the government in case decides to open telecom service for competitors, ET then needs to stand strongly to be a winner. Besides the managers should have been changed the monopoly experience and work as a competitor company. In addition the indirect channel department (IDC) in ethio telecom which manages the distribution work is generating currently 90% of company revenue; indicating that the department is the cash machine of the company as well as supporting the countries' economy. Therefore as IDC the main means of revenue, if the managements lose their effort to manage and control channel conflicts, the company loses its image gradually, as a result it has an impact on overall performance. It is therefore important to understand the management of channel conflict in Ethio Telecom Indirect channel Department.

### **1.3 Research Questions**

To investigate the above mentioned issues the study tried to answer the following research questions.

1. What are the causes for channel conflicts in ET?
2. To what extent does the channel conflict affect the company performance?
3. What problem does the company face in managing its distribution channel?

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

### **1.4.1. General objective**

The principal objective of the study is to assess the managing of distribution channel conflict and challenges in Ethio telecom, with respect to channel members.

### **1.4.2. Specific Objectives**

In an attempt to answer the research questions stated above the specific objectives of the study are as follows.

- To identify the reasons of channel conflicts in the company.
- To investigate practical problems of the channel conflict and, how it affects the company performance.
- To investigate the challenges faced to manage the channel conflicts.

## **1.5. Delimitation of the Study**

**Area delimitation:** the study focus only on Ethio Telecom head quarter which is located in Addis Ababa. From the nature and diversity of ET customers the study tried to focus on South Addis Ababa Zone (SAAZ), South West Addis Ababa Zone (SWAAZ), North Addis Ababa Zone (NAAZ), and East Addis Ababa Zone (EAAZ) among six zonal offices in Addis Ababa. The selected zones are selected as a sample since there are different types of customers in particular zones and are a center of market in Addis Ababa.

**Time delimitation:** According to the company establishment the study tried to cover from year 2010-2012 G.C. ET had structured as a new company from ETC as of July 2010.

**Population scope:** The study tried to investigate the effectiveness of channel management of Ethio Telecom has given the emphasis to Distributers, Retailers and consumers. The topic focus on channel conflict management practice and challenges of ET on the area of the roles of Indirect channel department the management of channel conflict were taken as a major area to be covered in the study.

## **1.6 Significance of the Study**

The significance of the study to ET will be it can be used by ET to position and compare the outcome of the study with the actual distribution channel quality during the communication with the customers, as well as to see the implementation of distribution channel managements of marketing activities.

Further more the study can also have a theoretical implication that it may be used for teaching and training purpose among scholars in the meantime the researcher will gain a deeper understating about the topic under study and will have a chance to see what is really happening in ET. Moreover the researcher will also develop her skill in doing researches in the future while full filling her obligation at the same time to graduate.

## **1.7 Operational Definitions.**

**Ethio Telecom products**= SIM cards (1x, 3G and GSM SIM cards), voucher/scrachable cards, and mobile handsets.

**Indirect channel**= marketing channel, implementing distribution and sells in Ethio telecom products through distributors and retailers for end users.

**Direct channels**= marketing channel, selling products with in Ethio telecom shops for end users.

**Distributers** = whole sellers out lets, purchase Ethio Telecom products and sell to retailers out lets.

**Retailers**= they buy Ethio telecom products from distributers and selling to customers only.

## **1.8. Research Design and Methodology**

### **1.8.1 Research Design**

To carry out the study, descriptive type of research method was used. This helps to collect data effectively and also explain the implementation of channel conflict handling. In descriptive research the researcher gives the description of a certain phenomenon. It involves collecting the data to answer various questions regarding the phenomena. Descriptive study can be for much purpose e.g. a study can evaluate the success and failure of phenomena. In addition to this the main goal of this type of research is to describe the data and characteristics about what would be in the study.

### **1.8.1 Research Design**

This research was follow deduction approach & it was based on the existing literature review. The research purpose in this study was assessed as, descriptiveresearch method. This helps the reasercher to collect data effectively and also explain the implementation of channel conflict handling. In descriptive research the researcher gives the description of a certain phenomenon and it involves collecting the data to answer various questions regarding the phenomena and to evaluate the success and failure of phenomena.

## **1.8.2 Population, Sample Size and Sampling Technique**

### **1.8.2.1 Population**

In this study Ethio Telecom IDC Department Manager and Supervisors, Distributers, Retailers and Consumers were considered as participant of the study.

### **1.8.2.2 Sample Size and Sampling Technique**

Since the company had too many customers it is very difficult to obtain list of users. The student researcher used non probability sampling approach such as quota, convenience and judgmental sampling techniques. For the selection of distributers the student researcher used census and 12 distributers were members of the sample size, One Indirect Channel manager and 3 supervisors included in the study through judgmental sampling techniques. Besides quota were distributing proportionally among four zones. According to Maltohora proposition model 2007, for unknown number of population to determine the sample of respondent the researcher used the minimum size of total number of customers was 200. The total number of customers were included in this research study can be represented by N. The number of members for each zone included in the sample represent by n. The number of zones were included in the study was 4.

Therefore:  $N=200$

Number of Zones=4

$n=200/4= n=50$

to meet desired sample size 50 customers for each zone were selected using judgmental sampling techniques and convenient sampling method. The respondents were approached when consumers come to buy ET products from retailers shop.

Regarding with retailers the student researcher used probability sampling technique. Besides, the total number of Certified Retailers in the selected zones is about 204, based on the companies Retailers Data base of 2012. The student researcher used 30% of total population in order to conclude about the entire population through Systematic Random Sampling Approach. The total number of retailers would be included in this research study represented by N. The number of members included in the sample represented by n. The sampling fraction that used to select every members of sample size is represented by K.

Therefore  $N=204$   $K=N/n$

$n=30\%$  of total population

$n= 30\%$  of 204

$$n=60$$

$$K=204/60 \quad K=3$$

Every 3<sup>rd</sup> retailers would be selected as a member of sampling unit so that the desired sample size would be met.

### **1.8.3 Types of Data Collected**

In order to find sufficient and relevant information about the topic the student researcher used both primary and secondary data. The primary data for this study is going to be collected through questionnaire focusing only on Distribution channel; where the researcher was seek to assess the opinions of customers. The secondary data on the other hand, obtained from published documents and literatures, books from library, that are relevant to this study.

### **1.8.4 Method of data collection**

Close-ended Questionnaire used to collect primary data which is prepared in English and Amharic for the convenient data collection. The questioner includes demographic and socio-economic characteristics of the consumers and retailers, and their perception towards the distribution channel. Interview was held with Indirect Channel Department manager, supervisors and distributors.

### **1.8.5 Data Analysis Method**

Data analysis is all about giving meaning for the collected raw data in understanding manner. The responses collected from distributed questionnaires were analyzed by quantitative measurement method and computed in terms of frequency distribution and tabulated in the form of percentage. The responses gathered through interview were narrated. The student researcher also tried to indicate perception difference of the channel members on the same issue that was reflected on the questionnaire.

## **1.9 Limitation of the study**



The study was conducted in Ethio telecom situation, and may not be generalized in other service industries. And the other limitation where the student reasercher faced was from retailers to fill out and return the distributed questionnaires and from other end the constant intruption of power was the major issue that impacts on preparation of the paper.

### **1.10 Organization of the paper**

The study is presented in to four chapters. The first chapter consisting of background of the study, statement of the problem, objective of the study, significance of the study, delimitation of the study, operational definition, research design and methodologies, limitation of the study and organization of the paper. The second chapter presents on literature review which related with the subject matter from different sources about general theories and guidelines on distributions channel conflict managements and challenges. The third chapter deals with on the data presentation analysis and interpretation of the research study. The last chapter consists of summary, conclusion and recommendation based on the facts found on the research. Finally the lists of bibliography and sample questionnaire are attached.

## **CHAPTER TWO**

## **RELATED LITERATURE REVIEW**

### **2.1 Basic Concepts of Channels and Channel Conflict**

#### **2.1.1. Definition of Marketing Channel**

Marketing Channels are behind every product and service that consumers and business buyers purchase everywhere, yet in many cases, these end users are unaware of the richness and complexity necessary to deliver that might seem like everyday item to them. Usually combinations of institutions specializing in manufacturing, wholesaling, retailing and many other areas join forces in marketing channels. These deliver everything from mutual funds to books, from medical equipment's to office supplies, to end-users in both business and households.

#### **2.1.2 Definition of Channel Conflict**

Channel conflict is a situation in which one channel member perceives another channel member(s) to be engaged in behavior that prevents it from achieving its goals. The amount of conflict is to large extent a function of goal incompatibility, domain dispenses and deferring perception of reality (Stern, etal, 1996:306)

#### **2.1.3 Nature of Channel Conflict**

Few producers sell their goods directly to the final users. Instead most use intermediaries to bring their products to market. They try to forge a marketing channel or distribution channel a set of interdependent organizations that help make a product or service available for use or consumption by the consumer or business user(Kotler,etal : 2006,468). In addition, Coughlan, etal 2001, 238) suggest channel conflict occurs when one member of a channel views its upstream or downstream partner as an adversary or opponent. The key is that interdependent parties at different levels of the same channel, attempt to block each other. In contrast, competition is behavior in which a channel member is working for a goal or object controlled by third party such as customers, regulators or competitors competing parties struggle against obstacles in their environment conflicting parties struggle each other.

#### **2.1.4 Objective and Function of Distribution Channel**

Intermediaries participate in the work of the marketing channel because they both add value and help reduce cost in the channel at supply and demand side. They can thus be viewed as creating utility for end user. In particular they can create possession, place and time utility by having a product in their assortment. In certain place and at a certain time are all valuable to the target end user (Coughlin: 2001: 4)

(Stern, etal 1996:281), manufacturer, wholesalers and retailers as well as other channel members exist in channel arrangement to perform one or more of the following generic functions :- carrying of inventory ,demand generation or selling, physical distribution, after sales services and extending credit to customers. In getting its goods to end users manufacturer must either assume all these functions or shift some or all of them to channel intermediaries. Sales services and extending

## **2.1.5 Channel Structured Function**

### **2.1.5.1 Channel Structure**

Channel structure defines as the group of channel members to which a set of distribution tasks has been allocated. Channel structure also shows the number of channel levels Saxena (2002: 393), Kotler and Armstrong also shared the above idea in the same manner. Channel levels represent channel members who have a specific role to play. Thus, the structure of the channel will reflect the manner in which tasks among the members of the channel allocated (Rosenbloom, 1995:22)

### **2.1.5.2. Channel Functions**

Ramaswamy and Namakumari,(2002,385), Kotler and Armstrong, (2006:364) Sahu and Raut(2003:13), Saxena,(2002 ; 39 ) have showed many key function performed by channel member apart from the work of moving goods from producer to consumer. Kotler(2000,491 ) mentioned the key function of channel functions as listed below:-

Members of marketing channels perform of key functions:-

- They gather information about potential and current customers, competitors and other actors and forces in the marketing environment.
- They develop and disseminate persuasive communications to stimulate purchasing.
- They reach agreement on price and other terms so that transfer of ownership or possession can be affected,
- They place order with manufacturer
- They acquire the funds to finance inventories at different levels in the marketing channel.
- They assume risks connected with carrying out channel work.
- They provide for the successive storage and movement of physical products.
- They provide for buyers payment of their bills through banks and other financial institutions
- They oversee actual transfer of ownership from one organizations or person to another.

## **2.2. Developing Distribution Channels Network.**

Distribution decisions are critical in nature as they affect the viability of the firm and the product. These decisions affect the market share of the firm and hence great care has to be taken in selecting distribution alternatives. One of the important decisions that firms have to often take is regarding the number of channel levels required to serve a given market. Channel levels represent channel members who have a specific role to play. From as low as zero or in other words directly from manufacturer to the customer, one can have as high as 4 to 5 levels involved in distribution (Saxena, 2008:450 and 454).

### **2.2.1 Significance of Distribution Channel**

Kotler (2006:497) mentioned as companies use intermediaries when they lack the financial resources to carry out direct marketing, when direct marketing is not feasible, and when they can earn more by doing so. The most important function performed by intermediaries is information, promotion, negotiation, ordering, financing, risk taking, physical possession, payment, and title. A marketing channel system is the particular set of marketing channels employed by a firm. Decisions about marketing the marketing channel system are among the most critical facing management. One of the chief roles of marketing channels is to convert potential buyers in to

profitable orders. Marketing channels also represent a substantial opportunity cost. Marketing channels must just serve markets, they must also made markets.

### **2.2.2. Implication for Distribution Channel Management**

Effective channel managements call for selecting intermediaries and training and motivating them. The goal is to build a long term partnership that will be profitable for all channel members (Kotler, 2006:497)

## **2.3. An Analytical Frame Work for Channel; Design and Implementation**

Coughlan (2001:30) the marketing channel challenges for a particular products or services involves two tasks. Design the right channel and implementation process: Segmentation, positioning, targeting and responsive channel establishment or refinements, which together comprise the channel design process, and channel conflict issue, which comprise the implementation process. This frame work useful both for creating a new channel in a previously untapped market and for critically analyzing and refining a preexisting channel.

### **2.3.1 Channel Design**

The marketing channel challenge involves two major tasks: (1) to design the right channel and (2) to implement that design. The design step involves segmenting the market , identifying optimal positioning response to segments demands, targeting the segments on which to focus the channels efforts, and establishing ( in the absence a preexisting channel) or refining (in the presence of a preexisting channel) the channel to manage in the market place (Cuoghlan and et al 2003:30)

#### **2.3.1.1 Channel Design Segmentation**

The channel manager, segments are best defined on the basis of demands for the outputs of the marketing channel. It is important first to understand the nature of end users demand in order to design a well-working channel that meets or exceeds those demands. The most use full demand side insights for marketing channel design are not about what end users want to consume but about how end users want to buy and use the products or services being purchased (Cuoghlan and etal 2003:31).

Kotler and Armstrong (2006: 372) suggested that, marketing channels are part of the overall customer value delivery network. Thus, designing the marketing channel starts with finding out what target consumers want from the channel.

### **2.3.1.2 Channel Design Positioning**

After segmentation a market based on service output demands the channel manager should next define the optimal channel to serve each segment, and it is called positioning. An activity that helps to meet specific segment service output demands must be identified and channel structure must be developing for each segment. Beyond this decision, it is also necessary to decide the exact identify of the channel partner to use at each level of the channel (Coughlan and etal, 2003:33)

Furthermore, Kotler and Armstrong (2006:373) strength this idea by stating the company should identify its major channel alternatives in terms of types of intermediaries, the number of intermediaries and the responsibilities of each channel member.

### **2.3.1.3 Channel Design Targeting**

After dividing the market in to segments based on services output demand and defining a positioning strategy for each segment, the channel manager is equipped to decide what segments to target. Note carefully that this also means that the channel manager is now equipped to decide what segments not to target. Knowing what segments to ignore in one's channel design and management effort is very important, because it keeps the channel focus on the key segment from which it plan to keep profitable sales(Coughlan and etal, 2003:34).

Kotler and Armstrong, (2006:372) said that usually a company can identify several segment wanting different levels of services. Therefore the company should decide which segment to serve and best channels to use in each case.

### **2.3.1.4. Channel Design Establishing New Channel or Refine Existing Channels.**

Coughlan and etal (2001, 35) suggest that channel manager has identified the optional way to reach each targeted segment in the market and has also identified the bounds that might prevent the channel from implementing zero-based channel design in the market. If no channel exists currently in the market for this segment the channel manager should now establish the channel design that comes the closest to meeting the target markets demand for service output, subject to the environmental and managerial bounds constraining the design. If there is a pre existing channel in place in themarket, however, the channel manager should now perform a gapanalysis. The differences between the zero based and actual channels and the demand and supply constitute gaps in the channel design.

### **2.3.2. Channel Implementation**

Coughlan and etal, 2001:36-38 discuss about channel implementation briefly,

#### **2.3.2.1. Identifying Power Source**

Assuming that a good channel design is in place in the market, the channel manager's job is still not done. The channel members now must implement the optimal channel design and indeed must continue to implement an optimal design through time. The value of doing so might seem to be self-evident, but it is important to remember that a channel is made up of multiple interdependent entities companies' agents and individuals. But they may or may not all have the same incentives to implement the optimal channel design.

Incompatible incentives among channel members would not be a problem if they were not dependent upon each other. But by the very nature of the distribution channel structure and design, specific channel members are likely to specialize in particular activities and flows in the channel. If all channel members do not perform appropriately, the entire channel effort suffers.

#### **2.3.2.2. Identifying Channel Conflicts**

Channel conflict is generated when one channel member's actions prevent the channel from achieving its goals. Channel conflict is both common and dangerous to the success of distribution efforts. Given the interdependence of all channel members, any one member's actions have an influence on the total success of channel effort, and thus can harm total channel performance (Coughlan and etal, 2001:36)

Channel conflict can stem from differences between channel members goals and objectives (goal conflict), from disagreements over the domain of action and responsibility in the channel (domain conflict), and from differences in perception of the market place (perceptual conflict). These conflicts directly cause a channel member to fail to perform the flows that the optimal channel design specifies for them, and thus inhibit total channel performance. The management problem is twofold. First, the channel manager needs to be able to identify the source of channel conflict, and in particular, to differentiate between poor channel design and poor performance due to channel conflict. Second the channel manager must decide on the action to take if any to manage and reduce the channel conflicts that have been identified. In general channel conflict reduction is accomplished through the application of one or more sources of channel power (Coughlan and etal, 2001:36)

### **2.3.2.3. The Goal of Channel Coordination.**

Channels have been designed with target end user segment's service output demands in mind, and channel power will be appropriately applied to ensure the smooth implementation of the optimal channel design. When the disparate members of the channel are brought to advance the goals of the channel, rather than their own independent and likely conflicting goals, the channel is said to be coordinated. This term is used denote both the coordination of interest and actions among the channel members who produce the outputs of the marketing channel, and the coordination of performance of channel flows with the production of the service out puts demanded by target end users. This is the end goal of the entire channel management process. As conditions change in the market place, the channels design and implementation may need to respond; thus, channel coordination is not a one time achievement, but an ongoing process of analysis and response to the market, the competition, and the abilities of the members of the channel(Coughlan and etal, 2001:37-38)

## **2.4. A Paradigm of Channel Design Decision**

### **2.4.1. Recognizing the Needs of Channel Design**



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

- Developing a new product or product line. If existing channels for other products are not suitable the new product or product line, a new channel may have to be set up or the existing channels modified in some fashion.
- Aiming an existing product at a new target market.
- Making a major change in some other component of the marketing mix. For example a new pricing policy emphasizing lower prices may require a shift to lower price dealers.
- Establishing new firms, from scratch or as a result of mergers or acquisition.
- Opening up new geographic area.
- Meeting the change of conflict or other behavior as problems.

This list, although by no means comprehensive, offers an overview of the more common conditions that may require the channel manager to make channel design decision.

#### **2.4.2 Setting and Coordinating Distribution Objectives**

Having recognized that a channel design decision is needed, the channel manager should try to develop a channel structure, whether from scratch or by modifying existing channels, that will help achieve the firm's distribution objective efficiently.

Rosenbloom, (1995:22) pointed out that in order to set distribution objectives that are well coordinated with other marketing and firm objectives and strategy.

Channel managers need to perform three tasks:-

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

#### **2.4.3. Specifying the Distribution Tasks**

After the distribution objectives has been set and coordinated, a number of distribution tasks (functions) must be performed if the distribution objectives are to be met. The tasks may include

such as buying, selling, communication, transportation, storage, risk taking, financing breaking bulk, and other. (Rosenbloom, 1995:22).

#### **2.4.4 Developing Possible Alternatives Channel**

Having specified in detail the particular distribution tasks that need to be performed to achieve the distribution objectives, the channel manager should then consider alternatives ways of allocating these tasks. The allocation alternative (possible channel structures) should be in terms of the following three dimensions.

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

#### **2.4.5 Applying Selection Criteria**

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

According to Gupta, (1999:21), Etzel, (2004:400), Lamb and et al, (2004:387), Berkowitz and et al, (1994:429) and Rosenbloom, (1995:22) six basic categories can be formed in the analysis of alternative channel structures. These are:-

**Market Variables:** - all of modern marketing management including channel management is based on the underlying philosophy of the marketing concept, which stresses customers (market) orientation. Hence just as the products a firm offers, the prices it charges, and promotional messages it employees should closely reflect the needs and wants of the target market, so too should the structure of its marketing channels.

**Product Variables:** - product variables are other important categories to consider in evaluating alternatives channel structure. Some of the most important product variables are bulk product acceptance. Further, the degree of selectivity also tends to be higher for new products because a

more carefully selected group of intermediaries is more likely to provide, more aggressive promotion.

**Company Variable:** - the most important company variables affecting channel design are size, financial capacity, managerial expertise, and objectives and strategies.

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

**Intermediary Variables:** - the key intermediary variables related to channel structure are:-

Availability: - in a number of cases, the availability of adequate intermediaries will influence channel structure.

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

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

Environmental Variables: - Economic, social cultural, competitive, technology and legal environmental forces can have a significant impact on channel structure.

#### **2.4.6. Choosing the Best Channel Structure**

In theory, the channel manager should choose an optional channel structure alternative. Such a structure would offer the desired level of effectiveness in performing the tasks at the lowest possible cost. If the firms' goal is to maximize its long term profits, an optimal channel structure would be completely consistent with that goal (Rosenbloom, 1995:22).

In reality choosing an optimal channel structure, in the strictest sense of the term, is not possible. To do so would require the channel manager to have considered all possible alternative channel structure and to be able to calculate the exact pay of associated with each alternative structure in terms of some criteria (usually profit). The channel manager would there choose the one alternative offering the highest pay off, (Rosenbloom, 1995:22).

#### **2.5. Measuring the Effectiveness of Distribution Channel**

### **2.5.1. Factors Affecting Scope and Frequency of Evaluation**

Havalador and Cavale, (2007: 14, 39), and Rosenbloom, (1995:22) have identified four major factors affecting the scope and frequency of channel member evaluations. There are:-

**Degree of Control:** - the degree of control a manufacturer has over its channel members play a major role in determining the scope and frequency of its evaluations. If control is based on strong contractual agreements with channel members, the manufacturer is in a position to demand a great deal of information on channel member performance on virtually every aspect of channel members operations (sometimes including data on the principal's personal finance).

On the other hand a manufacturer that lacks strong market acceptance for its product and strong channel control based on contractual commitments can exert much less control over channel members. Furthermore, many channel members do not view the manufacturer's particular brand of product as of great importance to them, because the products in question many account for only a very small percentage of the channel member's sales.

**Importance of Channel Members:** -for the manufacturer who sales all of its output through intermediaries, the evaluation of channel member is likely to be much more comprehensive than for manufacturers who rely less on intermediaries. This is because the firm's success in the market is so directly dependent on the channel member's performance.

**Nature of the Product:** -Generally the more complex the product is the broader the scope of the evaluation, and vice versa. For example, a manufacturer of high volume products of low unit value requiring little after sales servicing may settle for routine sales data as the basis for an evaluation of channel members. On the other hand, a channel member is handling an expensive and complex machine tool requiring a high degree of after sales service is likely to be scrutinized by the manufacturer over a much broader range of criteria related to ultimate target market satisfaction.

**Number of Channel Members:** - For the manufacturer using intensive distribution channel member evaluation may be little more than a cursory «once over lightly » look at the current sales figures. Some manufacturers find it necessary to an evaluation by exception process

whereby a more thorough evaluation is reserved only for those channel members who show sales figures that are usually out line.

They have stated also, manufacturers using highly selective distribution find that their close working relationship with their channel members (the agreement of contract in operation with the channel partner) gives them access to a brand range of data enabling them to conduct very comprehensive performance evaluations.

## **5.2. Evaluation Parameter**

According to Havaldar and Cavale (2007:14) the performance of channel member has to be evaluated in the context of sales target achievement, coverage, merchandising and supporting all promotional activities.

**Table 1 = Criteria for Performance Evaluation**

Criteria for Evaluation	Popular Performance Measure
<ul style="list-style-type: none"> <li>• Sales Target Achievement</li> </ul>	<ul style="list-style-type: none"> <li>• Achievement of sales target</li> <li>• Market share achieved</li> <li>• Sales growth by period</li> </ul>
<ul style="list-style-type: none"> <li>• Inventory Management</li> </ul>	<ul style="list-style-type: none"> <li>• Average level of inventory maintained</li> <li>• Inventory turn over</li> <li>• Inventory of slow moving packs</li> <li>• Storage quality</li> </ul>
<ul style="list-style-type: none"> <li>• Selling Resource</li> </ul>	<ul style="list-style-type: none"> <li>• Number of sales people</li> <li>• Target achievement by each sales people</li> </ul>
<ul style="list-style-type: none"> <li>• Market Coverage</li> </ul>	<ul style="list-style-type: none"> <li>• Calls per day</li> <li>• Productive call per day</li> <li>• Support to new product launch</li> <li>• Support to promotion</li> </ul>
<ul style="list-style-type: none"> <li>• Back office Support</li> </ul>	<ul style="list-style-type: none"> <li>• Use of computers</li> <li>• Trained man power</li> <li>• Reports, Records.</li> </ul>

Rosen bloom, (1995, 465) have briefly discussed that, while there are many possible criteria for measuring channel member performance, most manufacturer use a combination of the following:-

#### **I-Sales Performance of Channel Members.**

Sales performance is unquestionably the most important and commonly used criteria for evaluating channel member performance. In examining the channel member's sales performance, the channel manager should be careful to distinguish between (1) the sales of the manufacturer to the channel members and (2) the channel member's sales of the manufacturer products to the channel member's customer. Whenever possible the channel manager should attempt to get sales data on their customers. If not, the manufacturer itself must keep data on sales, the channel manager should evaluate sales data in terms of the following

- Comparisons of channel member's current sales to historical sales.
- Cross comparisons of member's sales with those of other channel members.
- And comparisons' of channel member's sales with predetermined quotas

#### **II- Inventory Maintenance**

Maintain an adequate level of inventory is another major indicator of channel member's performance. Essentially, the manufacturer wants the channel member to live up to the inventory stoking requirements specified in the original agreements between the manufacturer and the channel member, Even if an agreements on channel member inventories were not originally formalized in a contract, maintenance of inventory is still an Important criteria for evaluation.

#### **III –Selling Capabilities**

While channel members overall sales performance offers a general idea of their sales capabilities, many manufacturers also believe it to be worthwhile to evaluate channel members sales capabilities more directly by appraisal their sales people. This can be done by keeping individuals sales people sales records.

#### **IV- Attitude of Channel Member**

Channel member attitudes towards the manufacturer and its products line should not underestimated as a criteria that can eventually affect sales performance, unfortunately, in practice channel member attitudes are usually not evaluated unless their sales performance is unsatisfactory.

The problem with this approach to evaluation of channel member attitude is of course, that attitudinal problems are addressed only after they have contributed to poor performance as reflected in sales data in order to spot negative channel member attitudes before they affect performance, attitudes should be evaluated independently of sales data.

#### **V- Competition**

Two types of competition should be considered when evaluating a channel member performance.

- Competition from other intermediaries, and
- Competition from other product lines carried by the manufacturers own channel members.

#### **VI- General Growth prospects.**

This focuses on the future prospects for channel member performance. Questions for evaluating channel member's growth prospects,

1. Does the channel members past performance indicates that sales of the manufacturers products are likely to keep pace with those projected from the channel member's region, district or trade area?
2. Has the channel members overall performance been keeping with the general level of business activity in the area?
3. Is the channel member organization expanding or showing signs of improvement in facilities, optimization and inventory maintained?



## **VII- Other Criteria**

Although considered carefully in the selection of channel member's financial status of channel members, their character and reputation and the quality of service offered by channel members to their customers are also an important criteria for evaluation.

## **CHAPTER THREE**

### **DATAPRESENTATION, ANALYSIS AND INTERPRETATION**

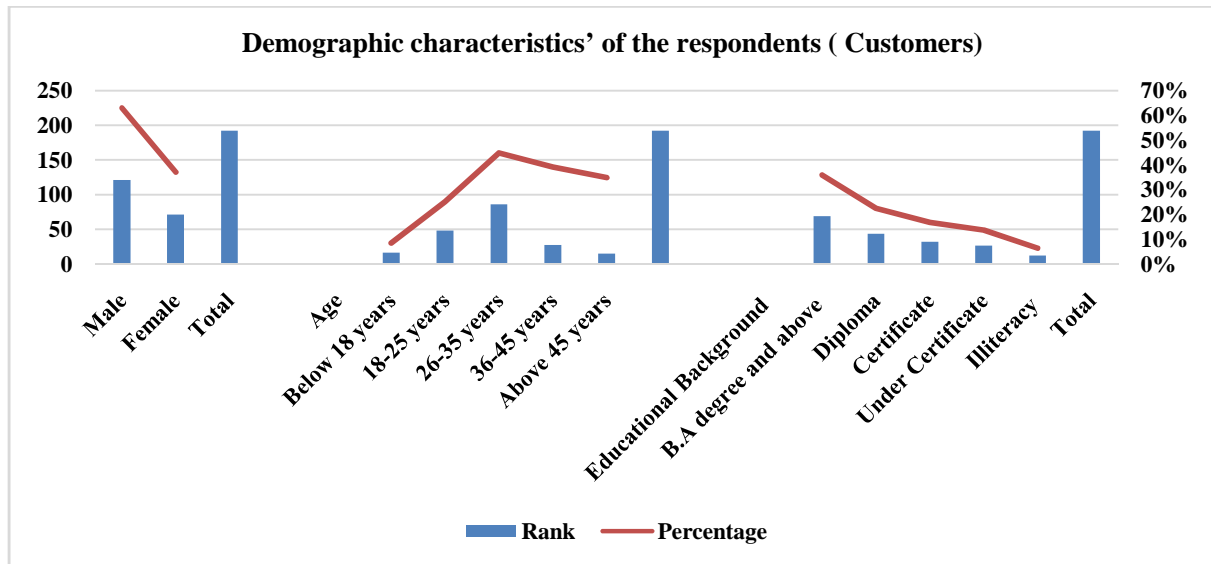
This chapter deals with the presentation, analysis and interpretation of the data gathered from interview check list and questionnaire. The questionnaire was distributed to customers and retailers. Interview was also held to Ethio telecom indirect channel manager, supervisors and distributors. Accordingly 200 questionnaires were distributed for customers out of whom 192 were completed and returned (a response rate of 96%). Besides, due to incomplete responses given on 3 questionnaire, and 5 of them were not returned. Totally 8 were disregarded, implying that 192 questionnaire were actually used.

While, 60 questionnaires were distributed for retailers out of which 54 were completed and returned (a response rate of 90%). The remaining, 6 questionnaires were unreturned and disregarded, implying 54 questionnaire were actually used.

This chapter has two parts, the first part deals with the general characteristics of the respondents and the second part deals with the analysis of the research findings.

### 3.1 General Characteristics' of Respondents

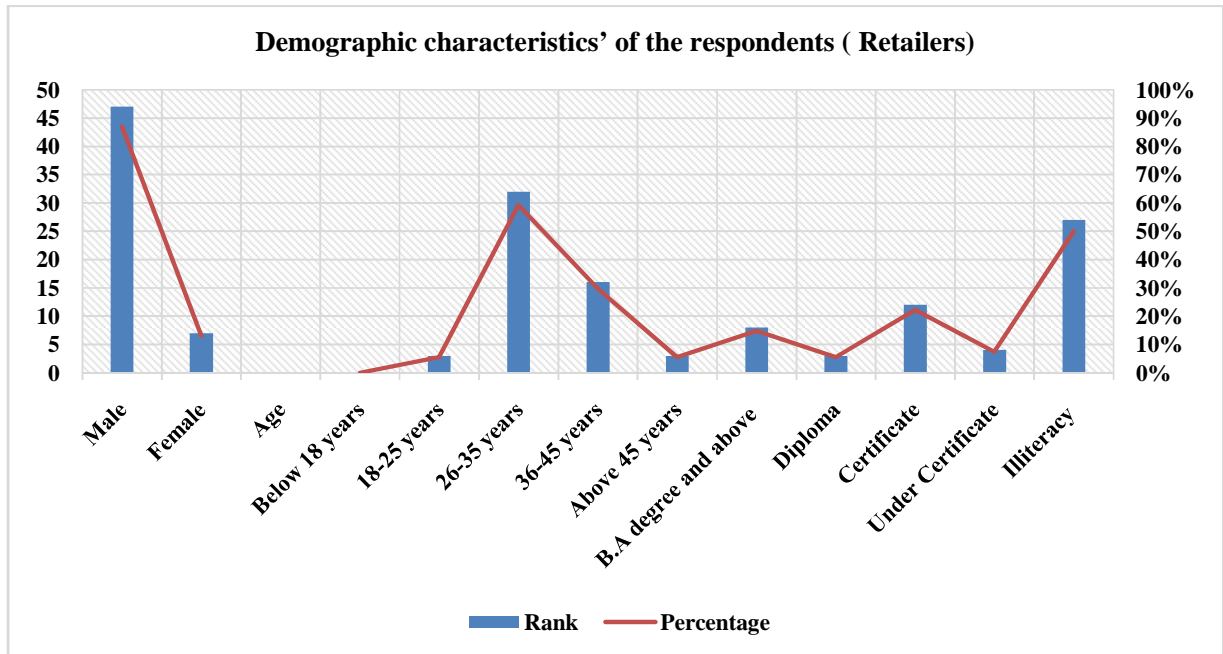
Figure 1: Below describes the demographic characteristics' of the respondents (customers) including sex, age and educational level.



Concerning gender distribution of the respondents 121 (63%) of customers male and 71 (37%) were female. In this part the study targets the consumers (end users) who buy Ethio Telecom products from retailers shop. As it is indicated in figure 1 , the total respondent's age found to be majority of customers 86(45%) fall between 26-35 years, followed by 48(25%), 18-25 years, 27(14%) 36-45 years and the remain 16(9%) and 15(7%) are below 18 years and above 45 years consecutively.

As depicted in the first bar chart majority of Customer respondents 69(36%) have a degree, followed by diploma 43(28%), 32(17%) are certificate, 26(13%) are under certificate and 12(6%) are elementary level and illiterate. High percentage of the consumers education level are in this study degree and diploma, so they might have appropriate knowledge about distribution channels activities and challenges happened if any case between channel members.

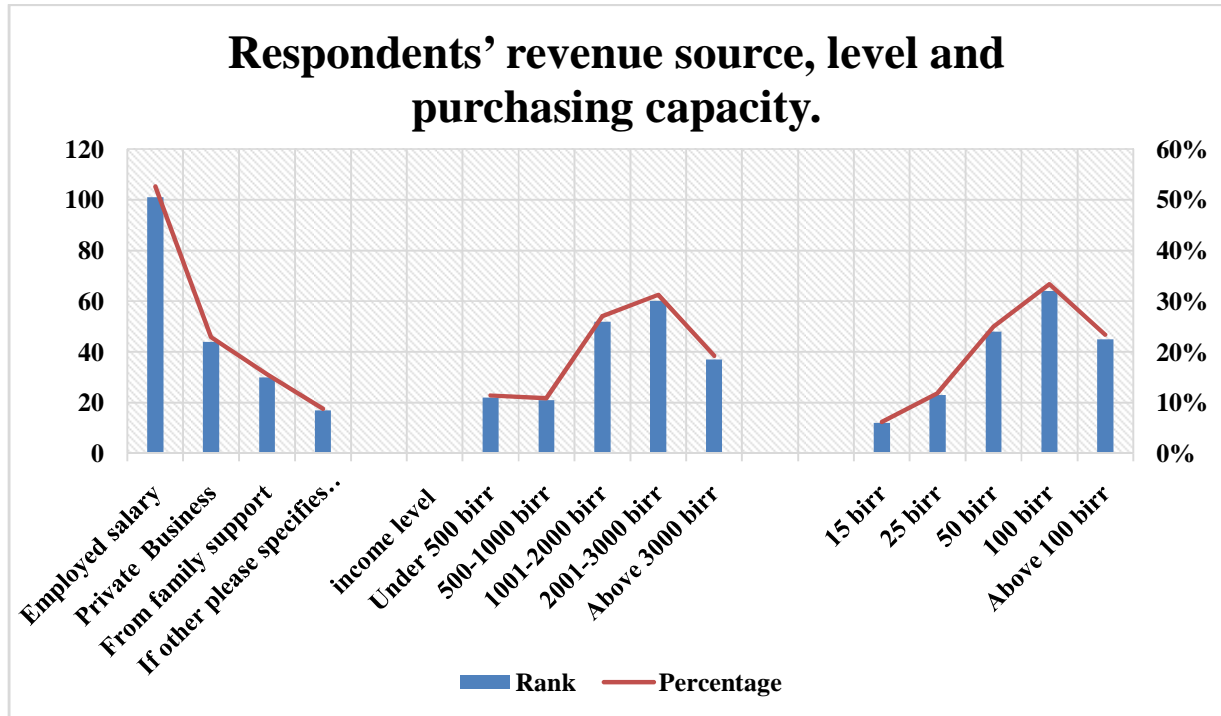
**Figure 2: Below describes the demographic characteristics' of the respondents (retailer) including sex, age and educational level.**



Concerning gender distribution of the respondents 47 (87%) of retailers male and 7 (13%) were female. In this part the study targets the retailers who sell Ethio Telecom products shop. Concerning age proportion between retailers as shown in figure 2 majority number are 32(59%), were between 26-35 years followed by 16(29%), 36-45 years the remain 3(6%) between 18-25 years and 3(6%) were above 45 years old implicating that majority number of respondents 48(88%) were between 26-45 years, regardless of the company's product all aged group retailers. There are no exceptions regarding age of retailers in selling the products.

Coming to retailers education back ground , as it is shown in the second chart majority number of respondents 27(50%) are illiterate and elementary level, 12(22%) have certificate, 8(15%) of them have B. A degree while 3(6%) have a diploma and the remaining 4(7%), 10<sup>th</sup> or 12<sup>th</sup> grade level. As the profile of respondents indicates majority number of respondents education level is either elementary level or illiterate, implicating that the retailers are only doing business through experience rather than supported by modern marketing knowledge.

**Figure 3: Below is describes the respondents' revenue source, level and purchasing capacity.**



Concerning the source of income of respondents to purchase the products, as indicated in the, majority of the figure above 101(53%) are employed and getting salary, followed by 44(23%) have a private business, while 30(15%) are getting money from family and the remaining 17 (9%) from other sources, such as from their working office given as a benefit package. Based on the above data majority number of respondents' source of income were the employed salaries. Therefore they might be very sensitive for any problems happened deliberately related with interest conflicts in the market.

In the same manner, the income level of respondents is described as majority of them, 60(32%) are between 2001-3000 birr followed by 52(27%) 1001-2000 birr, 37(19%) were above 3000 birr, the remain 22(11%) and 21(11%) are under 500 birr and between 501-1000 birr consecutively. Depend on the findings indicated in figure 3 the majority numbers of respondents were employed and their levels of income might be similar. Besides, it is clear that the purchasing power of individuals depends on their income level, even if the level of income of 22 respondents were minimum they can use the products at their capacity.

Coming to the amount of recharge cards used by respondents in a month, majority of them 64(34%) are recharging 100 birr voucher card for a month, followed by 48(25%) of them 50 birr, 45(23%) are recharging above 100 birr and the remaining 23(13%) and 10 (5%) used 25 and 15 birr consecutively. As Ethio Telecom is the only communication service provider the distribution channel system have been performed as consumers' oriented business. Similiarly the implication is that the society uses telecom services and products as a basic need.

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

This research tries to identify the nature of distribution channel used by Ethio Telecom and also tries to investigate the practical challenges faced by the company in managing the distribution channel. Moreover It also asses' companies' performance with particular references to distribution practices. Accordingly, various questions were posed to sample respondents. The result of the findings discussed in the following manner.

**Table 2: It indicates questions directly related to the study**

No	Items	Respondents	
		Rank	Percentage
1	How many years did use Ethio Telecom products?		
	A. Less than one year	14	7
	B. 1-3 years	24	13
	C. 4-6 years	60	31
	D. 7-8 years	59	31
	E. Above 9 year	<u>35</u>	<u>18</u>
	Total	<u>192</u>	<u>100</u>
2	Where did you find company's product?		
	A. From retailers shop		
	B. From Ethio Telecom shop	123	64
	C. From street vendors	37	19
	D. If other please specify it(Hotels ,Restaurants and from their office as benefit package)	19	10
		<u>13</u>	<u>7</u>
	Total	<u>192</u>	<u>100</u>
3	Did you found the company's products nearly as you want and in kind?		
	A. Always I found it	79	41
	B. Sometimes I found it	32	17
	C. Always I did not found it	5	3
	D. Sometimes I did not found it	<u>76</u>	<u>39</u>
		Total	<u>192</u>

As it is indicated in item 1 table 2, the respondents experience with Ethio Telecom products, 60(31%), 4-6 years, 59(31%) of them were using for 7-8 years followed by 35(18%), of the repsondants for above 9 years and the remaining 24(13%) and 14(7%) were using for 1-3 years and less than one year consecutively. All in all the implication is that 152(80%) respondents have above 4 years' experience with the ET products.

As it is depicted in table 2 of item 2 the purchasing place of respondents, majority of them 123(64%) are buying from retailers shop, followed by 37(19%), from Ethio Telecom shop, 19(10%) are buying from street vendors and theremaining 13(7%) are buying theproducts from others places such as Hotels, Restaurants and from their office as a benefit package. The over all

implication is that 160(83%) of the respondents are buying the products from company's direct and indirect channel shops i.e. From retailer shops i.e the last layer of distribution channel and near to end users, so the company's image reflection is depend on the retailers' relationship with end users.

As it is described in item 3 the same table, concerning the availability of products, majority the respondents 79(41%) are always finding the products as they need, 76(39%), sometimes they may not found the products as they need, while 32(17%), of them seems they find sometimes the products as they need and the remaining 5(3%) always find the products as they needed. It infers that the assortments of the products that found in the retailers shop are more or less good, but it is clear that there is still a gap between the customers need and stock retailers have.



**Table 3: Below indicates that questions related to companies product distribution system.**

No	Items	Respondents	
		Rank	Percentage
1	<p>How did you rate the company's distribution system as you are customers of Ethio Telecom products?</p> <p>A. Very good B. Good C. Moderate D. Poor E. Very poor</p> <p style="text-align: right;">Total</p>	<p>39 59 74 16 <u>4</u> <u>192</u></p>	<p>20 31 39 8 <u>2</u> <u>100</u></p>
2	<p>Did you face any problem when you want to buy the company products?</p> <p>A. Yes B. No</p> <p style="text-align: right;">Total</p>	<p>138 <u>54</u> <u>192</u></p>	<p>72 <u>28</u> <u>100</u></p>
3	<p>If for above question your answer is A="yes" what are the problems?</p> <ul style="list-style-type: none"> <li>• Voucher cards hidden number were deleted</li> <li>• In activate Sim cards</li> <li>• When recharging the amounts to sim card, transfers the message "the serial number is filled on other customer", but the retailer did not back the paid birr.</li> <li>• Forced to buy voucher cards without my interest due to the shortage of products.</li> <li>• When I want to buy sim cards their numbers are consecutives the retailers forced me to pay additional birr.</li> </ul> <p style="text-align: right;">Total</p>	<p>58 32 24 12 <u>12</u> <u>138</u></p>	<p>42 23 17 9 <u>9</u> <u>100</u></p>
4	<p>Did you face the price problem When you buy the products from different retailers?</p> <p>A. Yes B. No</p> <p style="text-align: right;">Total</p>	<p>137 <u>55</u> <u>192</u></p>	<p>71 <u>29</u> <u>100</u></p>

5	If for above question your answer is A=yes what is/are the problem(s) did you face regarding price difference		
	A. Increasing selling price above the original	95	69
	B. Decrease selling price under the original	15	11
	C. Negotiation with retailers	18	13
	D. If other please specifies it (forced the customers to buy without their interest.)	<u>9</u> 137	<u>7</u> 100
	Total		

Concerning distribution activity performance the respondent's reply as indicated in table 3 items 1, majority 74(39%) answered moderate, followed by 59(31%) good ,39(20%) very good and the remaining 16(8%) and 4(2%) rated poor and very poor one after the other. The findings point toward that the company distribution system is more or less good. But as the customers are the end users, they interact with retailers only; therefore it might be difficult to conclude that the overall distribution system performance is generally good depend on the interaction of customer with retailer only.

As it is indicated in table 3 of item 2 the respondents explained that the majority of them 138(72%), did face the problems when they want to buy the products, whereas 54(28%) did not face a problem. All in all the indication is that in buying ethio products and services customers are facing a problem from channel members (retailers).

In the same manner in item 3 of the same table ,the respondents explained that the type problems they faced when they buy products, 58(42%) of them indicated that deletion of voucher cards hidden numbers , 32 (23%), in active SIM cards, while 24(17%) used serial numbers of voucher cards by another customer, 12(9%) unavailability of denominations and the remaining 12(9%) were forced to paid additional birr to buy consecutives number of SIM cards. The finding denotes that end users are not getting appropriate service, even for the paid amount, this practice creates the lack of trust with the company products as well as affects company's image.

As it is describes in the same table item 4 the respondents described that the problems related with price differences, majority of them 137(71%), did faced the problem while 55(29%) did not,implying that price differences problem affected the relationship between retailers and consumers which are the part of channel members, therefore this need to considered as one of the factored that creates channel conflict in ET

Last but not the least indicated in item 5 of the same table the respondents reacted about the categorized price problem differences, from the total respondents 95(69%), are faced the price increase problem, followed by 18(13%), retailers negotiate with selling price, 15(11%),aresaid that encounter price discount and the remaining 9(7%) respondents replied that they forced to buy other denominations ,especially when there isa shortage of supplies and voucher card denominations.

**Table 4: Is indicated below questions related with customer handling.**

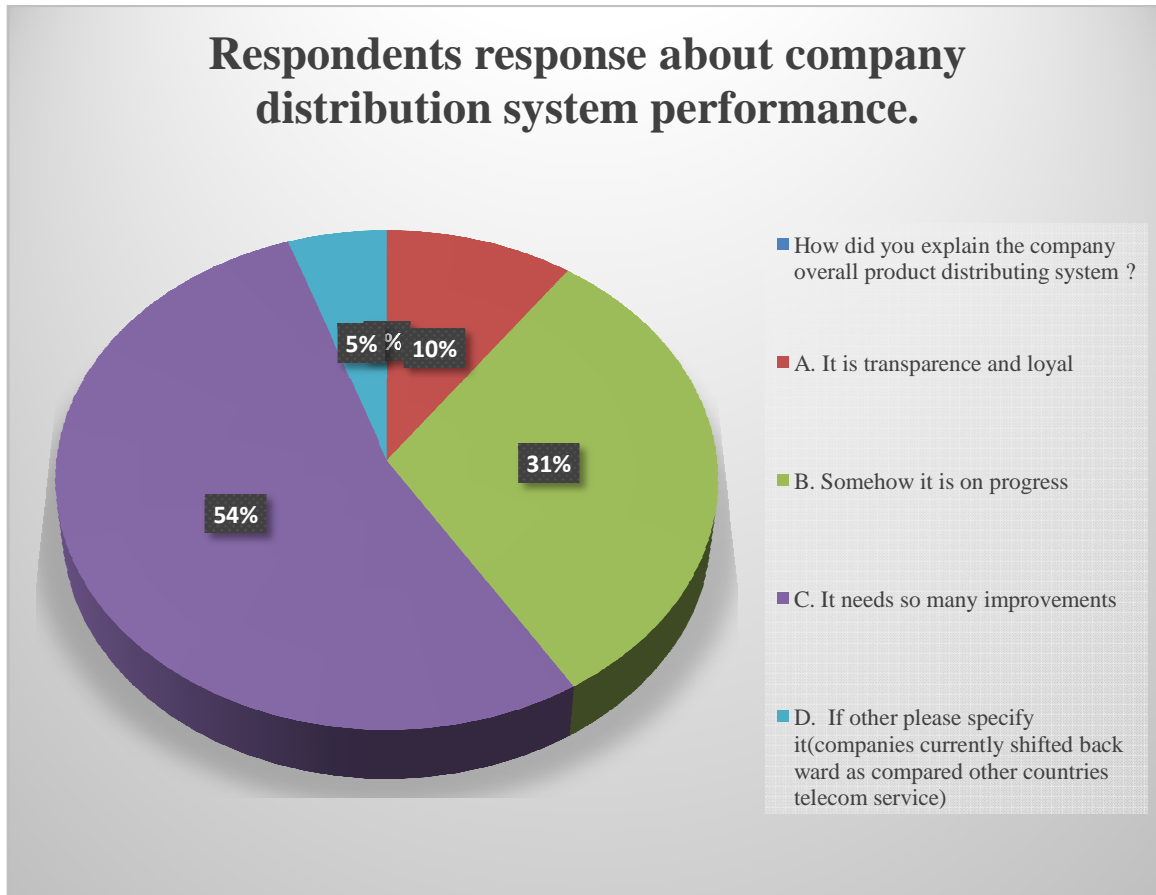
No	Items	Respondents	
		Rank	Percentage
1	When you want to buy the company products if there is some problems did you reported to company's concerned body?		
	A. Yes I was reported.	26	13
	B. No I did not reported	127	66
	C. No I do not think to report	30	16
	D. If other please specify it (calling to 994 service.)	<u>9</u>	<u>5</u>
	Total	<u>192</u>	<u>100</u>
2	If your answer for the above question Is A. "Yes I reported", how did you rate the Companies complain handling system?		
	A. Very good	6	23
	B. good	6	23
	C. moderate	11	42
	D. poor	3	12
	E. Very poor	<u>0</u>	<u>0</u>
	Total	<u>26</u>	<u>100</u>
3	If your answer for the above question is B. "No I did not report" what is your reason?		
	A. I don't know where I can report	27	21
	B. I do not expect any change from company	86	68
	C. problem of reporting time	9	7
	D. if other please specify it (when they call to 994 the line responses busy tone)	<u>5</u>	<u>4</u>
	Total	<u>127</u>	<u>100</u>

The first item in table 4 summarizes the reporting experiences of costumers when using ET products and services, among the total respondents 127(66%), of them indicated that they did not report, 30(16%) did not think to report at all, 26(13%), are reported, and the remaining 9(5%), of them explained that they tried to call on line service 994. All in all it can be concluded that majority number of respondents did not even bother to report their problems, which intrurn can creates an informationgap with in companies' distribution channel managements' and consumers leaving a big hole to solve the problems related with channel conflicts.

In the same way as indicated in item 2 of table 4 regarding companies' complaints handling out of 26 respondents (which reported their problems toward the company) 11(42%),are replied that the complaint handling system of the company is moderate, 6(23%)of them said very good, 6(23%)said good and the remaining 3(12%) indicated poor. From this it can be said that ET's practice in handling customers complaints is moderate, showing that the relationship between two parties can be highly affected by it and also can result customers at large may lack trust on ET.

The third item in the same table indicates responses of customers as to why customers did not report their complaint. Among 127 respondents 86(68%) who did not expect any change from company, 27(21%) of them said that they did not know where to report, 9(7%), of them said they don't have time to report and 5(4%) of them indicate that the line 994 is always busy. So the implication is that majority of the respondents for this specific study do not have trust on the company since there seems to be no responsible body to provide feedback regarding customers complaints.

**Figure 4: Below indicates that the respondents response about company distribution system performance.**



As it is indicated in Figure 4 the reply of respondants about the performance of distribution system, among 192 respondents 103(54%) replied that it needs so many improvements, followed by 60(31%), somehow it is on progress, 19(10%) were it is the transparency and loyal and the remain 10(5%) are responded that the company currently shifted back ward as compared from other countries telecom service. As the findings implied that 173(90%) of respondents have a negative opinion on the company distribution system, this may be attributed from different angles of customer dissatisfaction. The company channel members especially retailers are near to end users than others, so to build the company image channel managements need to be thighten and committed to bring the change.

**Table 5: It is indicates below the summarized respondents responses related with distribution channel, among 192 respondents 156 were give the answers remain 36 were did not.**

No	Items	Respondents	
		Rank	Percentage
1	Ethio telecom currently used distributer channels to cover customer need if you assume that there is other opportunities please describe it  <ul style="list-style-type: none"> <li>• It is preferable that the task could be handles within Ethio Telecom shops.</li> <li>• Currently the Ethio telecom distributors are investors, and they have huge capital, so why they invest on other fields, rather the task leave for small enterprises.</li> <li>• The system Ethio Telecom used currently is comfortable.</li> </ul>		
		72	46
		34	22
		<u>50</u>	<u>32</u>
		<u>156</u>	<u>100</u>
	Total		
2	How did you evaluate Ethio telecom product retailer's knowledge regarding with products and customer handling. Please discuss it.  <ul style="list-style-type: none"> <li>• They have not any idea</li> <li>• They try to convince the customers as much as possible but they have not any idea about products.</li> <li>• There is a gap of information between retailers and companies regarding with products they have not any knowledge except their profit and selling price.</li> <li>• Few retailers could have been encouraged their efforts to explained about the products</li> </ul>		
		63	40
		67	43
		21	14
		<u>5</u>	<u>3</u>
	Total	<u>156</u>	<u>100</u>

As it is indicated in table 5 item 1 the respondents explained the opportunities avialble otherthan using the distribution channels, 72(46%) of them responded thatit is preferable to use its shops, 50(32%) are indicated that they comfortable with the system currently being used, and the remaining 34(22%) are recommended that the small enterprises shall handle the business. In generall Majority of the respondents preferred that the services should be rather provided through Ethio telecom shops implying that the channel did not serve their interest and expectation.

Whereas the second item in table 5 shows the respondents regarding retailers knowledge regarding Ethio Telecom products. Out of all the respondents 67(43%) of them responded that retailers have no any idea, followed by 63(40%) of them said that retailers try to convince customers without any knowledge whereas 21(14%), explained there is a gap between the company and retailers regarding information about the products and the remaining, 5(3%) appreciated the retailers effort to create awareness for customers about products. As the findings imply that the company channel management should have been work strongly on training of the retailers because the retailers are the one who interact directly with end customers and are reflection of companies' performance.

**Table 6: It describes below the idea of respondents, among 192 respondents give the responses 151 the remain 41 were did not.**

No	Items	Respondents	
		Rank	Percentage
2.15	Please describe briefly if any you want to discuss about Ethio telecom distribution Channel. <ul style="list-style-type: none"> <li>• It is not clear how they organized the channel members.</li> <li>• There is no any accountability on the retailers when they change the selling price of products.</li> <li>• There no clear indicators those retailers are assigned legally or not.</li> <li>• Ethio telecom did not need any distributors since the products are sensitive for consumer the company itself should have distribute the products through its own shop direct to retailers.</li> <li>• Distributing the products through channels is good practice to cover the wide customers of products, but it need strong follow up and control mechanism by concerned body.</li> </ul>		
		28	18
		36	24
		24	16
		14	9
		<u>49</u>	<u>32</u>
<u>151</u>	<u>100</u>		
	Total		

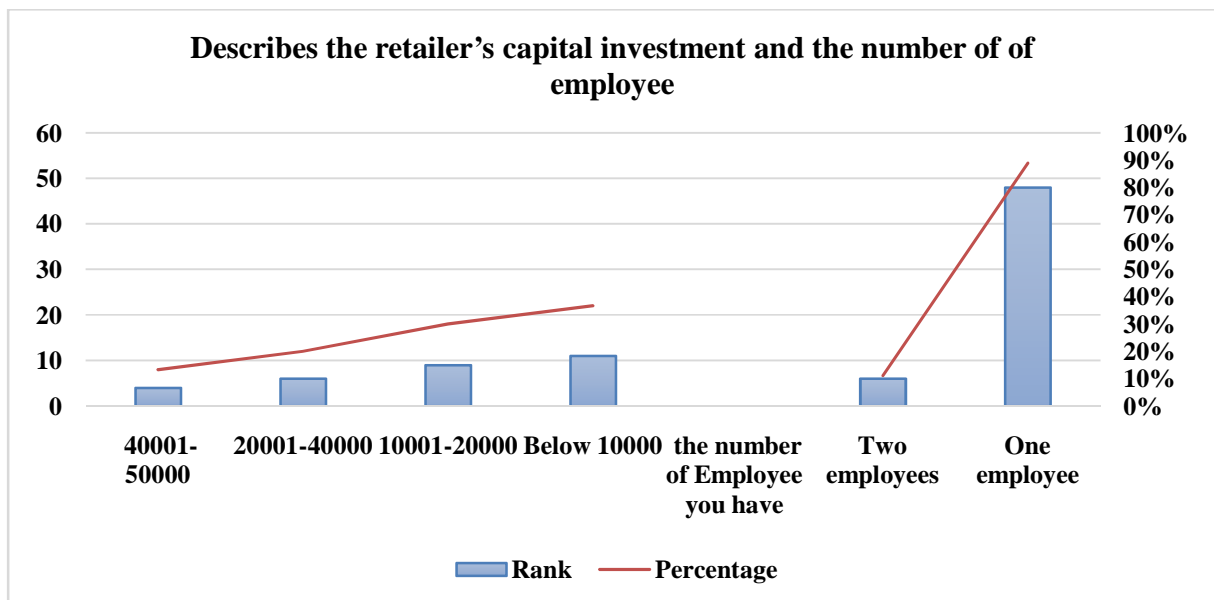
As depicted in table 8, majority number the respondents 49(32%), support the channels but they suggest it needs strong control and follow up, followed by 36(24%) are saying that there is no



accountability especially when it comes to price discount, while 28(18%), said that the assignments of channel members is not clear, and 24 (16%) said there is no indications for retailers delegation and the remaining 14(9%) saying distributors are not important for Ethio telecom products. From The findings of this study it is possible to say thatEthio’s distribution channel lost its loyalty and new stragey should be implimented in selling it’s products and services.

**This section deals with presentation, analysis and interpretations of retailer’s Repossns.**

**Figure 5: It describes the retailer’s capital investment and the number of employees.**



As it is indicated on chart above among 54 respondents 30 gave their responses, ,and majority number of them 11(37%) , indicated that their working capital is under 10000 birr followed by 9(30%) ,10001-20000, 6(20%) of them 20001-40000, and 4(13%) ,of them 40001-50000. The findings implied that the investment capacities of retailers islimited, so it is difficult to purchase excess product assortments in kind and quantity. Similiarly regarding the number of employees in retailers shop, 48(89%) of them have one employee (the shop owner himself as sales person), while 6(11%) have 2 employee (the shop owner and one sales person) implicating that the retail business is done usally by owners of shop in parallel with other business and this may in turn difficult form them to serve customers need properly.

## Section two: Questions related to the study

**Table 7: The experiences of respondents with Ethio telecom products**

S.N	Items	Respondents	
		Rank	Percentage
1	How many years did you sold Ethio Telecom products?		
	A. Less than one year	5	9
	B. One year	8	15
	C. Two years	15	28
	D. Above two years	<u>26</u>	<u>48</u>
	Total	<u>54</u>	<u>100</u>
2	How did you join with Ethio Telecom distributors?		
	A. Self-initiation and discuss with distributor	18	33
	B. Distributer interest then discuss with me	25	46
	C. Get information from others	11	21
	D. If other please specify	<u>5</u>	<u>9</u>
	Total	<u>54</u>	<u>100</u>
3	What is the base for your job relationship with distributor?		
	A. Written contract agreement	54	100
	B. Oral contract agreement	–	–
	C. If other, please specify	–	–
	Total	<u>54</u>	<u>100</u>

As it is indicated in item 1 table 7, the experiences of respondents with Ethio Telecom products , majority number 26 (48%) of them above two years followed by 15 (28%) ,were two years 8(15%) , one year and the remaining 5(9%) , less than one year. It implies that from the total numbers of respondents 41(76%) had connection with Ethio Telecom and distributors for two years and above, so during this period they could have mutual understandings and awareness about the distribution channel and challenges.

The second item in table 7 indicates that how the retailers could join with distributors, among 54 respondents 25(46%), by distributor interest, 18(33%) by their self-interest, the remaining 11(21%) through the information they got from other sources. The findings from respondents implies that the way to communicate with distributors as a retailer.

Concerning the base to begin the retailing activity with distributors, as indicated in table 7 item 3 all respondents 54(100%), were sign the written agreement with distributors. It implies that the retailers had served their interest and exercises their accountability with respecting the signed agreement.

**Table 8: Shown below the relationship of distributor and retailers.**

S.N	Items	Respondents	
		Rank	Percentage
1	How did you evaluate the distributor job performance during your relationship?		
	A. Very good	11	20
	B. Good	13	25
	C. moderate	18	33
	D. poor	9	17
	E. Very poor	<u>3</u>	<u>5</u>
	Total	<u>54</u>	<u>100</u>
2	How did you inform the company's distributor performance evaluation and suggestions?		
	A. Permanently provide any information	-	-
	B. Sometimes provide any information	11	20
	C. I did not inform any idea	43	80
	D. If other, please specify it	-	-
	Total	<u>54</u>	<u>100</u>
3	How did you feel about distributor response for your Suggestion?		
	A. Very good	-	-
	B. Good	<u>7</u>	<u>64</u>
	C. Moderate	4	36
	D. Poor	-	-
	E. Very poor	<u>11</u>	<u>100</u>
Total			

The first item in table 8 indicates that the respondents response about their distributors performance, majority of them 18(33%) answered by saying moderate, followed by 13(25%), good, 11(20%), very good and the remaining 9(17%) poor and 3(5%) are very poor. It is clear

that above 50% of respondents rated the distributor's performance as failure on average rank, implying that retailers are not happy about their distributors.

As it is indicated in item 2 table 8, in what frequency the respondents reported their findings about distributors' performance, 43(80%), of them did not report any findings and the remaining 11(20%), and said that sometimes they are informed. As we can see clearly the majority respondents did not communicate with their distributor's except during purchasing, indicating that there is an information gap between channel members, therefore it is difficult to identify the source of channel conflicts created between them.

The third item in the same table indicates that the respondents feeling with distributor response when they give the suggestions and information 7(64%), moderate 4(36%) were poor, the findings implies that the respondents might be discouraged even to communicate any information later.

**Table 9: It indicates that the company and distributors support for retailers activity.**

S.N	Items	Respondents	
		Rank	Percentage
1	How did support and motivate the company distributor managements during your sales activity?		
	A. Price discount	–	–
	B. Returned the unsold products	12	22
	C. Advertising support	23	43
	D. Credit facility	–	–
	E. If other, please specify (did not find any support from companies managements)	<u>19</u>	<u>35</u>
	Total	<u>54</u>	<u>100</u>
2	How did you evaluate the Distributer’s motivation for your contributions?		
	A. Very good	–	–
	B. Good	32	59
	C. Moderate	3	6
	D. Poor	19	35
	E. Very poor		
	Total	<u>54</u>	<u>100</u>
3	Have had the distributor provide its products properly in kind on time and with enough quantity?		
	A. Yes it provides enough kind and quantity on time	39	72
	B. Sometimes creates product shortage		
	C. No, it does not provide enough kind and quantity on time	15	28
	D. If other, please specify	–	–
	Total	–	–
		<u>54</u>	<u>100</u>

As it is indicated in table 9 item 1, the respondents answer for companies management support during their sales activity, 23(43%) responses companies provide the advertisement support for it products, 19(35%) of them did not found any support from companies managements and

12(22%) were returned the unsold products. It implies that company channel managements could not serve equally the channel members. Market follow up coverage is partially, that is why the respondents' response is different in the same product retailers of single company.

The second item in table 9 indicates that how distributors motivation for the retailers contribution in the defined business. 32(59%) of respondents response it is moderate and the remain 3(6%), poor and 19(35%) were very poor. The findings imply that the distributors' interest to motivate the retailers is insufficient. So even though the retailers have their profit margin on the face value of products, if the distributors motivated them they could do best.

As it is described in item 3 the same table, how distributors provide the products for retailers, the respondents response, 39(72%), provide enough quantity and in kind, 15(28%) were sometimes creates shortage. It implies that regarding with product supply; distributors sufficiently provide the products for retailers.

**Table 10: Indicates that companies support for retailers**

S.N	Items	Respondents	
		Rank	Percentage
1	Does Ethio Telecom or distributor trained about its product and distribution system before you start the job? A. Yes it gives the training B. No I did not train.		
		8	15
		<u>46</u>	<u>85</u>
		<u>54</u>	<u>100</u>
	Total		
2	Did you have the Archive to keep any sales and purchase document for company product? A. Yes I have B. No I haven't		
		32	59
		<u>22</u>	<u>41</u>
		<u>54</u>	<u>100</u>
	Total		

As it is indicated in item 1 table 10, it describes did Ethio telecom or Distributers trained the retailers about the products, the respondents responses that 46(85%) of them did not trained the rest 8(15%) were trained. It implies that majority of respondents sells the company products by their experience only, if the end users need any after sales service or description about the product, they could found any solution or idea from retailers.

In the second item the same table it describes that the retailers' document handling system, majority of them 32(59%) have an archive for their documentation and the remain 22(41%) did not. It implies that the majority numbers of respondents give attention for their purchase and sales documents of company products, it might be to protect them from risk, which can bearing in future.



**Table 11: Indicates that the retailers experience with market environment.**

S.N	Items	Respondents	
		Rank	Percentage
1	How did you observe the computation with other retailers for similar products of Ethio telecom?		
	A. Very High computation	-	-
	B. High computation	-	-
	C. Normal computation	47	87
	D. Low computation	7	13
	E. Very low computation	-	-
	Total	<u>54</u>	<u>100</u>
2	How did you see the relationship with other Ethio telecom product retailers?		
	A. Very good relationship	18	33
	B. Good relationship	23	43
	C. Moderate relationship	13	24
	D. Poor relationship	-	-
	E. Very poor relationship	-	-
	Total	<u>54</u>	<u>100</u>
3	To what extent you agree with the company's profit margin regarding your company get from retail activity?		
	A. Strongly agree	8	15
	B. I Agree	-	-
	C. Neutral	46	85
	D. Disagree	-	-
	E. Strongly Disagree	-	-
	Total	<u>54</u>	<u>100</u>

As it is indicated in table 11 item 1, the respondents describe the level of market computation. Majority number of them 47(87%), were normal computation and the rest 7(13%) were low computation. It is clear that market computation was not as such difficult for retailers.

In the second item table 11 indicates that the relationship between respondents, 23(43%) of them have good relationship, 18(33%) were very good relationship and the rest 13 (24%) were moderate (average) relationship. It implies that the relationship between respondents were in good condition. It has positive contribution for channel management activity.

As it is described in item 3 the same table the respondents answer their level of agreement regarding company's profit margin. Majority number of them 46(85%) responses, Disagree and remain 8(15%) of them were Agree. It implies that the respondents need to be increased the profit margin of products. Companies channel managements would have been checked its profit margin to answers the retailer's question.

**Table 12: It is indicates that summarized similar responses of respondents, among 54 respondents were 46 answers the questions and the remain 8 did not responded.**

S.N	Items	Respondents	
		Rank	Percentage
1	Please discuss any problems when you selling Ethio telecom products. <ul style="list-style-type: none"> <li>• The problems related with after sales service, such as the damaged voucher cards , unworkable mobile had sets</li> <li>• Information gap when Ethio telecom changed the selling price, knowledge gap of products feature</li> <li>• Sometimes the consumers need price discount from the face value</li> </ul>	23	50
		18	39
		<u>5</u>	<u>11</u>
		<u>46</u>	<u>100</u>
		Total	
2	How did you evaluate the companies or distributer support and problem solving method regarding your selling activity? Please discus briefly. <ul style="list-style-type: none"> <li>• Only companies' employee promised to solve the defined problems but still there is no any change.</li> <li>• Distributers sometimes collect the information's and any problems if it was happen in the market, but they did not support or solved any problems.</li> <li>• At this time the company's management did not give attention for its product retailers. Because there is not any competitor in this field so it not boring for Ethio telecom. Total</li> </ul>	11	24
		11	24
		24	52
		<u>46</u>	<u>100</u>
		Total	

As it is indicated in table 12 item 1 23(50%) of the respondents explained the problems happened on their retail activities such as, they could not give after sales service related with unworkable voucher cards, damaged mobile handsets, 18(39%) were the problems related with information gap such as selling price change, the products feature for example the new coming mobile hand

set, 1X, 3G services, the remain 5(11%) were explained the problems related with price discounts, some customers need the discount from face value.

In the same table item 2 indicates that the respondents evaluation regarding with company managements and distributors.11 (24%) of respondent's explained that the company employees promised to solve their problems but still no change,11(24%) were describes sometimes the company distributor visit their shop and collect information but there is no any solution, the majority number of respondents 24(54%) , were explained that as Ethio Telecom currently monopolized the communication field it does not bother for its retailers as well as end consumers. Generally the findings implies that the company performance on indirect channel distribution ranked very poor.

### **Interview Responses**

The researcher alsoheld interviews with Ethio Telecom Indirect channel Managers, supervisors and distributors. The respondents were explained deeply the strong and weak part of channel managements. The findings of the interview for the questions raised during the discussion summarized in short under here .According to the Indirect Channel Manager explanation about the selection criteria of distributors so that the criteria's to select as distributor are Business experience, License, Financial requirements and creditworthiness and human resources factors. As the manger mentioned about the company distribution channel performance, up to now Ethio Telecom haven't done performance measurement in terms of coverage area, expected sells figure in the future. Regarding retailers the company did not have any information as to which retailers performing good or bad, their location and related information. Currently the managements observe a lot of misconducts done by distributors in terms of price and territory violation.

As it is explained by the manager the company currently is unable to manage and coordinate its channel members in the best way. On the other hand, according to different authors definition, to measure the effectiveness of distribution channel there are four factors, Degree of control, Importance of channel members, Nature of products and Number of channel members. The company who sale its product through intermediaries the evaluation of channel members is likely much more comprehensive. This is because the firm success in the market is so directly depend on the channel member's performance. Havalador and Cavale (2007:14, 39) and Rosebloom,

(1995:22). It implies that to minimize the existing channel conflict the company has to review the overall channel performance considering all aspects. Usually the company focuses on the revenue generated from channel but other issues should have been considered in addressing the issues.

Regarding the interview held with supervisors they explained briefly about the existing channel conflicts cause and the performance of companies channel management to solve the problems. Furthermore as they explained the cause for channel conflicts between members is price war between distributors and the territory violations that arises from some distributor's practices of selling Ethio telecom products out of their given territory. With regard to price war some distributors are selling ET products with a discounted price which is much lower than ETs selling price. Due to this retailers are not willing to buy from distributors who selling products with official Ethio Telecom price. Besides such practices are resulting in creating illegal card sellers/dealers who are selling products with lower price door to door bases and as a distributor as well. Therefore, from the explanation of respondents it is clear that the existence of such causes are creating conflicts among channel members.

Concerning the company channel management's performance to solve the existing channel conflicts supervisors explained that in general the company is not in a good position in managing the channel properly. There are frequent problems in the channel like price war; territory violations, hoarding the products and create product shortage deliberately etc. But the company is not finding a long lasting solution as well. Furthermore, as different authors' argument, Channel conflict occurs largely due to financial and non-financial reasons. These in turn may be traced to the causes, Goal incompatibility, Role ambiguity and difference in preparation of the market. In addition the magnitude of conflict refers to the seriousness of conflicts. Channel conflict cannot totally eliminate but it can only be minimize. Saxena (2008:466). From the authors argument we can understand that channel conflicts cannot completely avoid, but as the company address the causes of existing conflicts and implement the reliable channel managements it can minimized and solved the problems.

Regarding with the interview held with company distributors they explained in detail about Ethio Telecom channel management performance and the problems they faced when they did their task. Besides the distributors response in general the company's management didn't have an experience to work with intermediaries, even the company is not loyal and haven't respect for the signed agreements with distributors, and there is not accountability. Although they have been with ET for two years on distribution task as their observation the company major target was only to generate revenue. Besides this the company's management is partial for private and national distributors (Ethiopian post office and Hidssie Telecom Share Company), the profit margin for distributor is not attractive, in addition to this most of the time ET didn't consider distributors as business partners when they want to impose policies and procedures. Therefore, from the distributor's explanation it is clear that Ethio Telecom hasn't the organized frame work to manage its distribution channel.

## **CHAPTER FOUR**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

The general objective of this study to explore the managing of channel conflicts and challenges in Ethio Telecom. For this particular study, the sampling unit were Ethio Telecom product consumers and retailers, who lived in selected area of Addis Ababa, South Addis Ababa Zone (SAAZ), South West Addis Ababa Zone (SWAAZ), North Addis Ababa Zone (NAAZ) and East Addis Ababa Zone (EAAZ) Questionnaire and interview were used to collect primary data and 192 consumers and 54 retailers were selected to respond to the questionnaire. Moreover, the student researcher has made interview with Ethio Telecom Indirect Channel manager, supervisor, and distributors. On the basis of the findings of the study the following conclusions and recommendations.

#### **4.1. Summary of Major Findings**

- ❖ With regard to gender distribution of customers 121(68%) of the respondents are male while the rest 71(32%) are female. Besides retailers 47(87%) of them are male the rest 7(13%) female.
- ❖ Concerning age wise majority of customer's respondents 176(91%) are above 18 years old. Regarding with retailers 51(94%) fall between 26-45 years old.
- ❖ Regarding educational level most of the customer respondents 144(81%) were above certificate level, while retailers 31(57%) were under certificate level.
- ❖ Regarding the customers experience with Ethio Telecom products majority of the respondents 154(80%) had above a year's experiences with Ethio Telecom products.
- ❖ With regard to customers specific location to buy Ethio Telecom products most number of respondents 160(83%) were buying from retailers and Company shops.
- ❖ Concerning product availability as customers need majority of the respondents 155(80%) were found the products as they need and in kind.
- ❖ Regarding the customers rating companies' distribution system majority of the respondents 133(70%) rated the system were good and moderate.
- ❖ With regard to the problems when customers need to buy companies product majority of the respondents 138(72%) face the problem. Accordingly 114(82%) of the above

mentioned respondents were explained the problems related with the quality of company products.

- ❖ Concerning the price problem most of the respondents 137(71%) did face the problems related to price differentiation. Accordingly 110(80%) of them mentioned that they faced price increasing and decreasing problems.
- ❖ Regarding the customers problem reporting experience 157(82%) of respondents did not reported any problem for concerned body. Accordingly 26(13%) of respondents reported the existing problems and 23(88%) of them rated the companies complain handling system were more or less good.
- ❖ With regard to the respondents why they did not reported the existing problems majority of them 113(89%) did not expected any change from company and did not know the reporting office.
- ❖ Concerning companies distribution system performance 163(85%) of respondents rates the system as on progress but it need so many improvements.
- ❖ Regarding company distribution channel the respondent's assumption if there were other opportunities majority of them 122(72%) seems to prefer Ethio Telecoms shops.
- ❖ With regard to measure the retailers knowledge with company products 151(97%) of respondents explained that the retailers have not any Idea about the products.
- ❖ Concerning the respondent's general implication about Ethio Telecom distribution channel majority of them 137(90%) explained that the channel current problems such as no accountability, no indicators for company retailers and the channels need strong follow up and control mechanism.
- ❖ The respondents experience with Ethio Telecom products selling task 41(76%) of them had two and above years experience's.
- ❖ With regard to distributors job performance 31(58%) of respondents rated as poor and moderate.
- ❖ Concerning with distributors job performance reporting experience majority of the respondents 43(80%) of them did not inform any idea for distributors.
- ❖ Regarding with distributors responses for the reported retailers suggestion all 11(100%) of the respondents rated as moderate and poor.



- ❖ Concerning company motivational tool or supporting mechanism for retailers majority of respondents 35(65%) of them describes companies give the advertisements support and return the unsold products.
- ❖ With regard to distributors motivation for retailers majority of the respondents 51(94%) rated as moderate and very poor.
- ❖ Regarding with on job training for retailers majority of respondents 46(85%) of them did not trained about Ethio Telecom products.
- ❖ Concerning company profit margin for retailers majority of respondents 46(85%) of them responded as they did not agree.
- ❖ With regard to the problems existed when retailers selling the company product 41(89%) of respondents explained the problems such as damaged voucher cards and mobile handsets, information gap between Ethio Telecom and channel members ,knowledge gap about product features.
- ❖ Regarding with companies or distributors support for retailers to solve any problems happened on their selling activity 35(76%) of respondents explained that both distributors and company management did not support and solve any problems.

## 4.2 Conclusion

Based on the major findings the following conclusions are drawn.

- As it is found in research the experience of channel members with Ethio Telecom products had long period relationship. Most of customers prefer retailers shop to by the products. Therefore it is logical to conclude from the research findings that even if there are so many problems had with companies marketing channel, due to luck of other opportunities the end users were going with ET Direct or Indirect Channel Shops. Furthermore ET, since it is monopolized company did not bother to take the appropriate action to solve the problems.
- As the research findings showed that the company distribution system have so many unsolved problems such as price differentiation, problem of product quality, inactive voucher and SIM cards in retailers shop, retailer's poor knowledge about the product features. Besides more than 71% customers and 89% of retailer respondents explained the existed problem in the channel. As the interviews held with Indirect Channel Department Managers also implicate that there are a lot of problems to be solved and agrees that the company fail to manage and coordinate its channel member in the best way. However the manager also mentioned that efforts are on the way to make necessary correction. From the findings it is rational to conclude that, even the intermediaries have a vital role to reach the products for end users, company channel managements currently it is weak to manage and coordinate the channel members in solving the problems together.
- As it is found in the research the channel members have not experience to report any findings for concerned body. As the respondents indicated they did not expected any change from company managements. Since the company fail to manage its cannal members properly, there must be on reserved effort to properly coordinate the task. Unless appropriate action taken on time, it will create a gap between end customers, channel members and the company itself. Therefore it is rational to conclude that ET doesn't have the viable channel conflict management practice.

- Marketing channels are preferable to meet the company's objective beyond to cover the ultimate end users interest. The channel management's main task would have been focused on the company's target. On the other hand from the research findings implies it is logical to conclude that the gaps between companies and channel members were very wide. On top of this (Cuoghlan and etal 2003:31), discussed briefly how the well working channel are meet those end users interest,' the channel manager, segments are best defined on the basis of demands for the outputs of the marketing channel. It is important first to understand the nature of end users demand in order to design a well-working channel that meets or exceeds those demands. The most use full demand side insights for marketing channel design are not about what end users want to consume but about how end users want to buy and use the products or services being purchased.
  
- Finally according to the research findings company channel managements have a lot of unsolved internal and external problems. In this regard attention should be given to channel members and the internal employees under Indirect Channel department. Therefore it is logical to conclude that the integrated and committed staffs are strongly work on developing trust between companies and channel members and built the company's image towards meeting company's objectives.

### **4.3 Recommendations**

The channel management practice and activities were of Ethio Telecom well interpreted, summarized and concluded. Based on conclusion drawn the student researcher had forwarded the following recommendations.

- ❖ Even if Ethio Telecom channel managements practice maintaining the image of Ethio Telecom in the minds channel members and customers were at moderate level, the activities and programs that aimed to get the attention of target channel; must be well implemented. In building mutual understanding between Ethio Telecom and its channel members.
- ❖ The indirect channel department must focus on internal problems of companies. In order to changes the problems the IDC should facilitate different meeting between two parties' managers and supervisors. Not only the focus on internal staffs but also the IDC department shows focus on channel members, distributor's retailers and customers, to improve mutual understandings.
- ❖ The relationship between the company and channel members must improve by doing different activities that facilitate their relationship like meeting, channel members day and others. The consistent and transparencies interaction with in department staffs and channel members were eliminate the causes of channel conflicts.
- ❖ In making tools available to accept information and handling channel members questions Ethio Telecom must implement easily accessible tools to get feedback. Tools like suggestion book, Information desk that facilitate face to face communication, free calling centre identical for distributors and retailers. Information both positive and negative have the impacts to dig out and identify the source of problems, the identified problems were partiality solved.
- ❖ To minimize the existing channel conflicts the company has to review the overall channel performance considering all aspects. The comprehensive alternative mechanism should developed incorporating all members of channel, the company distributors and retailers. Besides the company has to strong work on developing trust between members of channel, that can be possible to grow partnership relationship with each other.

- ❖ Restructuring the department within the company empowering channel supervisors, incorporating financial institutions, cooperatives and other organizations in to the channel as much as possible there by the company can reach every single customers all over the country. By doing so the company can minimize the risk of channel conflicts and dependency on distributers and can even perform in better way than the exiting channel.
- ❖ Finally currently governments and societies expected more from ET, with regard to supported the country economy as well as communication services. On top of this IDC is the main revenue source for Ethio Telecom. Therefore channel managements have triple responsibilities, Governments plan and interest, society's uncovered demand and the internal employee's job dissatisfaction complain. So based on the findings from this research the student researcher recommended that, avoiding the monopoly experience from ET managements and working as a competitor company is the prime opportunities for Ethio Telecom.

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# Appendices

# **St Mary's University Collage**

## **Business Faculty**

### **Department of Marketing Management**

#### **Questionnaire to be filled by Customers**

#### **Dear respondent**

The purpose of this questionnaire is to gather information to conduct or research on Ethio telecom Chanel conflict management practice. This information will be used only for academic purpose and fulfillment of BA Degree in Marketing Management. All information you provide to our study will be kept strictly confidential and shall be used only for academic purpose.

Thank you very much for your active cooperation.

#### **Section one:** Demographic profile

Direction: Please put in circle your choice.

1.1. Gender                      A. Male                      B. Female

1.2. Age

A. Below 18 years

B. 18 – 25 years

C. 26 – 35 years

D. 36 – 45 years

E. Above 45 years

1.3. Educational Background

A. B.A Degree

B. Diploma

C. Certificate



D. Under certificate

E. Literacy

1.4. What is your source of income to buy communication service?

A. Employed salary

B. Personal Business

C. From family support

D. If other please specify it \_\_\_\_\_

1.5. What is your income level?

A. < 500 birr

B. 500 – 1000 birr

C. 1001 – 2000 birr

D. 2001 – 3000 birr

E. Above 3000

1.6. What is the amount used for recharge card for your mobile service in one month?

A. 15 birr

B. 25 birr

C. 50 birr

D. 100 birr

E. Above 100 birr

**Section Two:**

**Questioner related with Ethio Telecom products & service**

2.1. How many years did used Ethio telecom products?

A. Less than 1 year

B. 1- 3 years

c. 7 -8 years

D. Above 9 Year

2.2. Where did you found companies product

- A. From retailers shop
- B. From Ethio telecom shop
- C. From street venders
- D.If other please specify \_\_\_\_\_

2.3. Did you found the company's products nearly as you want and in kind?

- A. Always I found it
- B. Sometime I found it
- C. Always I did not found
- D. Sometimes I did not found

2.4. How did you see the company's distribution system as you are customers of Ethio Telecom products?

- A. Very good
- B. Good
- C. Moderate
- D. Poor
- E. Very poor

2.5. Did you face any problem, when you want to buy the company's product?

- A. Yes
- B. No

2.6. If for No 2.5 Question your answer is **A= yes** please specify the problems—

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2.7. Did you face the **price** problem when you buy the products from different retailers?

- A. yes
- B. no

2.8. If for No 2.7 your answer is **A. yes** what is the problem did you face regarding price difference.

A. Increase sailing price above the original

B. Decrease sailing price under the original

C. Negotiation with retailers

D. If other please specify it \_\_\_\_\_

2.9. When you want to buy the company's product. If there is some problem did you reported to company's concerned body?

A. Yes I was reported.

B. No I did not reported

C. No I do not think to report

D. If other please specify it \_\_\_\_\_

2.10. If your answer for question No 2.9 is **A. yes** I reported. How did you see the companies complain handling system?

A. Very good

B. good

C. moderate

D. poor

E. Very poor

2.11. If your answer for question No 2.9 is **B. No I did not report** what is your reason?

A. I don't know where I can report

B. I do not expect any change from company

C. problem of reporting time

D. if other please specify it \_\_\_\_\_  
\_\_\_\_\_.

2.12. How did you explain the company over all products distributing system, as you are the customers of Ethio telecom?

A. It is transparence and loyal

B. Somehow it is on progress

C. It needs so many improvements

D. If other please specify it \_\_\_\_\_

2.13. Ethio telecom currently used distributer channels to cover customer need if you assume that there is other opportunities please describe it \_\_\_\_\_

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2.14. How did you evaluate the Ethio telecom product retailer's knowledge regarding with products and customer handling. Please discuss it.

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2.15. Please describe briefly if any you want to discuss about Ethio telecom distribution channel.

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***Thank you!!!***



Diploma Graduate \_\_\_\_\_  
Certificate holders \_\_\_\_\_  
10<sup>th</sup> or 12<sup>th</sup> completed \_\_\_\_\_  
If other please specify -----

**Section Two**

**Questions Directly related to the study. Please put in circle your choice.**

- 2.1. How many years did you retail ET products?  
E. < one year  
F. One year  
G. Two years  
H. Above two years
- 2.2. How did you join with Ethio Telecom Distributers?  
E. Self-initiation and discuss with distributor  
F. Distributer interest then discuss with me  
G. Get information from others  
H. If other please specify -----
- 2.3. What is the base for your job relationship with distributor?  
D. Written contract agreement  
E. Oral contract agreement  
F. If other, please specify -----
- 2.4. How did you evaluate the distributor job performance during your relationship?  
F. Very good  
G. Good  
H. moderate  
I. poor  
J. Very poor
- 2.5. How did you inform the company's distributor performance evaluation and suggestions?  
E. Permanently provide any information

F. Sometimes provide any information

G. I did not inform any idea

H. If other, please specify it -----

2.6. How did you feel about distributor response for your Suggestion?

F. Very good

G. Good

H. Moderate

I. Poor

J. Very poor

2.7. How did support and motivate the company distributor managements during your sales activity?

F. Price discount

G. Returned the unsold products

H. Advertising support

I. Credit facility

J. If other, please specify -----

2.8 How did you evaluate the distributor's motivation for your contributions?

F. Very good

G. Good

H. Moderate

I. Poor

J. Very poor

2.9 Have had the distributor provide its products properly in kind on time and with enough quantity?

E. Yes it provides enough kind and quantity on time

F. Sometimes creates product shortage

G. No, it does not provide enough kind and quantity on time

H. If other, please specify -----

2.10 Does Ethio Telecom or distributor trained about its product and distribution system before you start the job?

- A. Yes it gives the training
- B. No I did not train.

2.11 Did you have the Archive to keep any sales and purchase document for company product?

- C. Yes I have
- D. No I haven't

2.12 How did you observe the computation with other retailers for similar products of Ethio telecom?

- F. Very High computation
- G. High computation
- H. Normal computation
- I. Low computation
- J. Very low computation

2.13 How did you see the relationship with other Ethio telecom product retailers?

- F. Very good relationship
- G. Good relationship
- H. Moderate relationship
- I. Poor relationship
- J. Very poor relationship

2.14 To what extent you agree with the company's profit margin regarding your company get from retail activity?

- F. Strongly agree
- G. I Agree
- H. Neutral
- I. Disagree
- J. Strongly Disagree



2.15 Please discuss any problems when you selling the Ethio telecom products.

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2.16 How did you evaluate the companies or distributor support and problem solving method regarding your selling activity? Please discuss briefly.

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***Thank you!!!***



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**St. Mary's University College**

**Faculty of Business**

**Department of Marketing Management**

**Interview Checklist for Managers only.**

1. What criteria did you use for selecting distributors?
2. To what extent the existing distributors enough to distribute the company products?
3. How did you measure the distributors and retailers performance on the channel management practice?
4. How did you measure the company satisfaction regarding with the performance of existing distributors and retailers?
5. If not satisfied, did you discuss the problem with them?
6. How did you manage the sales quota for distributor and retailers?
7. How do you communicate them and how often do you collect feedback from them?
8. To what extent you keep sales data on their performance and how did evaluate them?
9. What kind of motivational tools do you use to make them work hard?
10. What kind of support do you provide for channel members supervisors?
11. How did you explain the company channel management system to resolve the conflicts between channel members?
12. To what extent did you involve channel member in new coming communication products?

### **Interview Checklist for Supervisors.**

1. What is your supervision work on your distribution channel members?

2. How did you look the company channel management performance on the existing distribution channel?
3. How frequently did you visit and supervisor the distributors and retailers out let?
4. To what extent did you get feedback from your supervision work?
5. How did you manage any complaint of retailers or customers regarding the Ethio telecom products?
6. What are the cases to create channel conflicts between the channel members?
7. What is your observation on the performance of channel members to resolve the conflicts between them?
8. What is the companies' motivational tool to encourage the channel members?
9. What is the companies' motivational tool to encourage the supervisors' job performance?
10. Please discuss any other points you want to raise about the channel conflict management practice and challenges of the company.

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**Department of Marketing Management**

## **Interview Checklist for Company Distributers**

1. When did you join as a distributor with Ethio Telecom?
2. What is the base of requirement for your job relationship with company?
3. How many years did you distribute Ethio Telecom products?
4. How did you evaluate the company job performance during your relationship?
5. What is the way of communication to exchange your idea and information with company?
6. How did you feel about company response for your Suggestion?
7. How did support and motivate the company managements during you distribute its product?
8. Have had the company provide its products properly in kind on time and with enough quantity?
9. To what extent Ethio Telecom trained about its product and distribution system before you start the job?
10. How did you observe the computation with other distributers for similar products of Ethio telecom?
11. To what extent you agree with the company's profit margin regarding your company get from distribution activity?
12. How did you evaluate the companies support and problem solving method regarding your distribution activity? Please discuss briefly.
13. Please explain any problems when you distribute the Ethio telecom products.

### **DECLARATION**

I, the undersigned, declare that this senior essay is my original work; prepared under the guidance of Ato Zellalem Tadesse sources of material used for the manuscript have been duly acknowledged.

Name Tigist Ali

Signature\_\_\_\_\_

Place of submission St. Mary's University College

Date of Submission 18/10/2005 (25/06/2013)

#### **ADVISORS DECLARATION**

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

Name Ato Zellalem Tadesse

Signature\_\_\_\_\_

Date \_\_\_\_\_