

ST. MARY'S UNIVERSITY

FACULTY OF BUSINESS

DEPARTMENT OF MARKETING MANAGEMENT

ASSESSMENT OF TRANSPORT SERVICE: THE CASE OF

DERBA TRANSPORT COMPANY

BY:

SAMRAWIT BOGALE

JUNE, 2014

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ADDIS ABABA

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DERBA TRANSPORT COMPANY**

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

FACULTY OF BUSINESS

ST. MARY'S UNIVERSITY

DEPARTMENT OF MARKETING MANAGEMENT

**IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
DEGREE OF BACHELOR OF ARTS IN MARKETING MANAGEMENT**

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CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Transportation is the movement of persons or goods from one place to another. The need for the conveyance of goods arises from the fact that they are often produced in areas far from the place where they are needed. Therefore, it is needed to transport the goods from one place to another in order to satisfy some needs. Bardi, Edward; John Coyle and Robert Novack (2006) also further explained that Automobiles offer transport service with high flexibility and low capacity, but are deemed with high energy and area use. These automobiles are also the main source of noise and air pollution in cities while buses allow for more efficient travel at the cost of reduced flexibility. Road transport by truck is often the initial and final stage of freight transport. In addition (Site&Salucci 2009)explained that Freight Transport is primarily concerned with the movement of raw materials, of work in-process inventory, and of finished goods from supplier to consumer. It is also concerned with the movement of agricultural products and animals, new and used consumer products (back to suppliers), and waste to disposal and recycling plants. Freight movements utilize local, regional, national and international transport systems and are increasingly intermodal and multimodal. Indirectly, this theme is concerned with the organization and management of the supply chain and logistics services as they dictate the quantity and quality of freight transport demanded as well as the commercial relationships between shippers and transport service providers.

Freight Transport is primarily concerned with the movement of raw materials, of work in-process inventory, and of finished goods from supplier to consumer. Also, it is concerned with the movement to agricultural products and animals, of new and used consumer products back to suppliers and of waste to disposal and recycling plants. Freight movements utilize local, regional, national and international transport systems and are increasingly intermodal and multimodal. Indirectly, this theme is concerned with the organization and management of the supply chain and logistics services as they dictate the quantity and quality of freight transport demanded and then a true of the commercial relationships between shippers and transport service providers. (Site &Salucci 2009)

This study considers the transport service of Derba Transport Company. DerbaMidroc Cement and Derba Transport companies are the pioneer companies in the cement industry by providing door-to-door service to their customers in Ethiopia.

Derba Transport was established in April 2010 as part of DerbaMidroc Cement. It is a high pace growing company which owns more than 1200 employees and 1000 trucks. The main services provided by this company include distributing cement to DerbaMidroc customers all over Ethiopia; transporting raw materials into the cement producing plant; and providing transport services to private or government companies or agencies that outsource their transport activities to third parties.

It is a multi-site organization being operated from the head office in Addis Ababa and owns a main hauler site in Derba and several workshops throughout Ethiopia.

1.2. Statement of the Problem

Freight transportation is one of the largest elements in the logistics costs and can significantly influence the final selling price of the product and its profitability. Operating managers have a special responsibility in managing freight without sacrificing timelines of deliveries. The most common road vehicle is the automobile; a wheeled passenger vehicle that carries its own motor. Other users of roads include buses, trucks, motorcycles, bicycles and pedestrians. As of 2002, there were 590 million automobiles worldwide. Road transport offers a complete freedom to road users to transfer the vehicle from one lane to the other and from one road to another according to the need and convenience. This flexibility of changes in location, direction, speed, and timings of travel is not available to other modes of transport. It is possible to provide door to door service only by road transport. (Havaladar&Mcavale(2007)

In recent years, the cement shortage has contributed to the slow growth of the construction sector in the country. This shortage of cement made the management of cement procurement and distribution too difficult. It has been observed when individuals line up for days to acquire a single truck of cement for their construction purpose. In addition, people were required to get permission papers for purchasing Cement. In addition to these purchasing related challenges, the transportation of cement has been hindrance to the construction industry.

The Establishment of Derba Transport company has already played its role in stabilizing the cement market by offering its customers a door-to-door delivery service after they purchased the product.

This study have tried to assess the challenges the company is facing while delivering its products. From customers side, common challenges are: delayed delivery and early delivery (when the company delivers products before the due date);customers' inadequate storage; and customers' change of delivery

(unloading)point; Other challenges include unavailability of authorized personnel from company side, delayed order processing deliberately or undeliberately, theft during delivery, and system failure between head office and factory.

1.3. Basic Research Questions

In light of the above mentioned problems this study have tried to give answers to the following basic research questions regarding Derba Transport Company: In order to be able to provide a sufficient justification for answering this question the research have addressed the following basic research questions.

1. What are the factors that affect the transportation service in the case of company?
2. What are the challenges faced by the company during delivery?
3. What is the consumers' response on the transport service given by the company?
4. What measures can be taken in order to solve the above problems?

1.4. Objective of the Study

1.4.1 General Objective

The general objective of the study is to assess the transportation services provided by Derba Transport Company.

1.4.2 Specific Objective

The Following are specific objective of the Study:

- To indicate the factors that affects the transportation services.
- To identify the major problems that are created during product delivery.

- To clearly show the challenges faced by the customers and DerbaTransport Company.
- To suggest measures to be taken for solving the existing bottle necks in the transportation service of the company

1.5. Significance of the Study

The purpose of this research is to generate knowledge and give an over view for the management of Derba Transport Company and to provide relevant information on the subject matter. It also provides information on source, factor and impact of poor transportation service and helps the company to upgrade its operational system. The research findings can also initiate other researchers to make further study on transport related matter.

1.6. Delimitation of the Study

This study was delimited on transportation service of DerbaTransport Company is due to the fact that it is the pioneer to have cement factory as well as transport company which has three types of customers 1) Customers who buy Cement from factory 2) Customers who lease trucks for transporting their own goods 3) sister companies that transport raw materials from difference places into their own factory.

However, for this study, the student researcher focused mainly on the first scenario which is on customers that are buying cement from the company. Because, they are larger than the other two customers mentioned on the first paragraph. The subject only focuses on Freight transport only.

In order to increase accuracy of the study, the total sample size has been taken from specific areas which included Cement Customers 75%because large number of customers exist and lots transaction and complaints are raised from

them and 25% from Operation Manager & Dispatchers because due to their nature of work by meeting customers they are aware of what is going on in the company. In addition the student researcher believes that the above specified sample have addressed gaps identified on the statement of the problem.

1.7. Research Design and Methodology

1.7.1. Research Design

There are several ways of studying and tackling problem while conducting research. Application of appropriate research design leads the student researcher to the right finding and achieving the objective of the study. In this study descriptive research method is used, because, according to Malhotera (2006), the major objective of descriptive research is to describe something usually related to market characteristics or function.

1.7.2. Population and Sampling Technique

The population of the study comprise of the company's Operation Manager, Dispatchers and Customers of DerbaTransport Company. Since the sample frame is not available, non-probability sampling techniques is used. Among the non-probability sampling techniques, convenience sampling were used. Because in convenience sampling, the relevant respondents have been chosen by the student researcher. This is done for the purpose of selecting respondents that enabled to give an appropriate data of the research. In order to determine the sample size, the model provided by the Malhotera (2006) is used in this study. As general rule the total sample size are 200, because this study is related to problem solving.

1.7.3. Type of Data Collected

Both primary and secondary data are used in order to make the study complete and achieve its stated objectives. The primary data consists of data

from of Operation Manager, Dispatchers and Customers' response. The secondary data consists of company's published document.

1.7.4. Method of Data Collection

The data which is important for the study were collected using two methods, for the primary sources of data: preparing questionnaire for the customers and conducting interview with Dispatchers. For secondary source of data: books, company's published documents and other relevant information sources such as internet sources are used.

1.7.5. Data Analysis Method

In this study, both quantitative and qualitative data analysis techniques were used. Descriptive data analysis technique have been used to analyze the quantitative data. Qualitative data analysis techniques was used to analyze the interview response. Frequency distribution method was used to analyze the 200 sample respondents response and presented in percentage in order to get the total picture of data that was collected.

1.8. Limitation of the Study

It is known that working on the whole data would have given best result instead of sample data, but in this case time limitation has become one of the factor hindering from collecting larger data. Printing and related costs were also other factors contributed on limitation. Because in order to collect the total 200 questionnaires, it was necessary to print three pages per questionnaire which is more than the number of respondents.

CHAPTER TWO

LITERATURE REVIEW

2.1 An Overview of Transportation

Transportation is the movement of people, animals and goods from one location to another. Modes of transport include air, rail, road, water, cable, pipeline and space. The field can be divided into infrastructure, vehicles and operations. Transport is important because it enables trade between people, which is essential for the development of civilizations. Transportation, distribution, and logistics represents is a broad industry sector responsible for managing the flow of goods, information, and people between a point of origin and a point of consumption in order to meet the requirements of consumers. Major sub-sectors within the transportation industry include air, rail, water, and truck transportation, urban transit and ground passenger transportation, warehousing and storage, and motor vehicle repair. Logistics involve the integration of these sub sectors, including transportation, inventory, warehousing, material-handling, packaging information flow, and financial flow.(Bardi& others 2006)

Road transport is the mode of transport that our country relies on for both domestic as well as international transport services. Recognizing the importance of the road infrastructure, the Ethiopian government has launched the Road Sector Development Program in 1997 to address the 13 constraints of the low coverage of road network and standards. The network which was about 26,550 km at the beginning of Road Sector Development Program in 1997 has increased to 46,812 by the year 2010.(Fekadu 2013)

In road ways mode of transport all vehicles use the road ways travel from one point to another. There are various kinds of vehicles in this class. Some are motorized (like automobiles, trucks, buses, etc), and other is human or animal powered. Some are private vehicles while others are meant to move either a large number of people (public transport) or freight transport. (Bowersox&Closs 1992)

After seeing different definition of transportation let's see further what freight transport is; FreightTransport is primarily concerned with the movement of raw materials, of work in-process inventory, and of finished goods from supplier to consumer. It is also concerned with the movement of agricultural products and animals, of new and used consumer products back to suppliers and of waste to disposal and recycling plants. Freight movements utilize local, regional, national and international transport systems and are increasingly intermodal and multimodal. Indirectly, this theme is concerned with the organization and management of the supply chain and logistics services as they dictate the quantity and quality of freight transport demanded as well as the commercial relationships between shippers and transport service providers. Freight transport strategies have to consider a number of influences. They must recognize the increasing impact of emissions from this sector. These emissions have well recognized negative impacts on human health and environment. Even though Lorries form a relatively small part of the total number of vehicles, their impact on emission inventories is disproportionately large. Freight transport strategies must recognize the commercial importance of moving goods around and satisfying the transport demands from other economic sectors. This will require careful negotiation with interested parties and careful management of all transport modes and all possibilities for local sourcing. Freight transport strategies must reflect the importance of environmental and sustainable development objectives. (Site &Salucci 2009)

There are various kinds of transportation facilities, some are used by human-powered vehicles (such as cycles) while other are used by jet powered vehicles (like aircraft) some are used for handling stationary vehicles (like parking lots of ports) some are moved on land.

2.1.1 Various Types of Freight Transport

The following definitions of various types of multimodal transportation have been given by the World Bank Transport Anchor group in 2009.

Unimodal. If goods are transported by one mode of transport and one carrier and that carrier issues the transport document (e.g., bill of lading, air waybill, and consignment note). If there is more than one carrier for example, carriage from one port via another port to a third port with transshipment at an intermediate port one may issue a "through bill of lading" covering the entire transport. Depending on the back clauses of this through bill, the issuer may be responsible for the entire port-to-port transport or for only the part that takes place on his vessel.

Intermodal: The goods are transported by several modes from one point or port of origin via one or more interface points to a final port or point where one carrier organizes the whole transport. Depending on how the responsibility for the entire transport is shared, different types of transport documents are issued.

Segmented: If the carrier that organizes the transport only takes responsibility for the portion the carrier is performing itself, it may issue an intermodal bill of lading.

Multimodal: If the carrier that organizes the transport takes the responsibility for the entire transport, and issues a multimodal transport document.

Combined: If the transport of goods is one and the same loading unit or vehicle by a combination of road, rail and inland waterway modes.

2.1.2 Ethiopian Intermodal/Multimodal Transport

As per a research by Fekadu M Debela (2013) the intermodal/multimodal transport, in developing countries, due to lack of transportation infrastructures and regulatory impediments are jointly impacting economic development by conferring higher transport costs and delays rendering supply chain management unreliable, which needs to be improved. The Ethiopian federal road network gives good connectivity to all regional headquarters, main cities, ports and main international entry points. However, only about 30% of the rural areas are presently connected with all weather road and many of these roads are in poor condition.

Multimodal transport system is used in the country: human porter age, pack animals, trucks and ship or airplane in uncoordinated fashion. A pilot Intermodal transport is begun by Ethiopian Shipping Lines SC for import goods from foreign suppliers through the port of Djibouti up to dry ports in the country through one bill of lading, which has run successfully.

This has reduced the cost of delays, saved transport and warehouse charges and is able to provide prompt delivery of containerized goods. The service is expected to increase in the coming years. This service is better extended to include the transport and logistics segment from dry ports to customers. The Ethiopian Shipping Lines SC is in a better position to coordinate intermodal transport for import goods in the existing situations. Intermodal transport experience in the USA and Europe show that intermodal freight transport is cheaper than trucking for longer distance than 500 km and for large volumes

of goods transport and that it is more environmentally friendly. Ethiopian government is investing heavily to construct 10,000km of railway lines in the coming 10 years in different phases to interconnect raw material resource centers and production centers internally and to connect the country to global market through sea ports. It would be competitive to develop IT supported intermodal freight transport system and put in place efficient management system for the local and international supply chains of all goods of the country.

Availability and Utilization of vehicles are the key characteristics of efficient and effective management of the transport system. Vehicles are very costly and ideally should be available for 95% of the time and used for paid work over 80% of this available time. But due to many factors such as delays through bad roads, border delays, weighbridge checks, customs delays at roadside and at destination, poor scheduling for loading and unloading, road accidents, single driver operation and congestion all reduce utilization. According to the latest available transport authority data the dry cargo vehicle size in Ethiopia is about 65,534 of which 56,686 are public commercials and the remaining 8,848 private commercial vehicles.

2.1.3 Road Infrastructure in Ethiopia

Before seeing the road infrastructure in Ethiopia lets first discuss Logistics and Just-In-Time; Logistics is the detailed coordination of a complex operation involving many people, facilities, or supplies. In general term it encompasses many different strategies for product sourcing and production and distribution controls in order to reduce lead time (elapsed time between ordering a product and receiving it). Generically, techniques and concepts designed to achieve this aim are usually referred to as Requirement Planning Systems. Further, logistics has a crucial role to play in shaping each of the five prerequisites

outlined above, and if all this can be achieved then there is a variety of benefits. Among the most important are: better quality control opportunities for more rapid product innovation economies of scale lower total costs longer production runs Cooper (1994)

Just-in-time transport is a variant of RPS which has been widely adopted. In a very simple form it involves the removal of some processes which do not add value by reducing machine set-up times and improving the flow of material. Just-In-Time also reduces inventory levels to (in theory) zero by more frequent, but smaller deliveries. Cooper (1994) give several case studies of what Just-In-Time can mean to some companies. Clearly it can bring significant cost saving to companies accordingly, it has been seen by many as one of the most important and successful innovations in logistics in recent times.

However, the environmental costs are equally significant. For example, instead of one large vehicle delivering goods once a week, Just-In-Time means that smaller vehicles will deliver daily or in some cases several times a day. A result of this will be an increase in fuel consumption for the same quantity of goods moved. For example, if one vehicle carries 25 tones 100km this will use approximately 49 liters of fuel, whereas five smaller vehicles carrying 5 tons each will consume over three times this at 165 liters. In addition to being less energy efficient the use of more vehicles will also increase noise disturbance and visual intrusion. Clearly logistics and Just-In-Time in particular, have induced a modal shift towards the use of more road vehicles in the pursuit of greater company profitability at the expense of greater environmental exploitation. Indeed, Willeke (1994) notes that "These characteristics [flexibility, in response to market conditions] also make road transport particularly well able to fit into transport chains and combinations with complementary services (freight forwarding, warehousing, handling etc.). However, these service activities can only be developed and implemented because the technical potential of the vehicles is exploited by private, profit-oriented enterprises."

As per Fekadu (2013) the development of road system in Ethiopia has been generally progressing on the basis of highway and road sector development programs. Apart from urban roads and rural trails and footpaths, the present road system could be generally divided into three hierarchical functional classifications: the Federal, Regional and Rural roads. The length of Federal and Regional road network is about 46,812 of which 6,938 is asphalt/concrete surfaced. This is road network density of 0.57 km per 1000 of population or 41.4 km per square km of area. These values for the weighted mean of road density in all of Africa are 2.6 km per 1000 persons and density of 58km per 1000 square km. The trunk road network radiates from Addis Ababa to the regional cities with minimal of gridding. Often areas close by through air distance are hundreds of kilometers by road because one should pass through Addis Ababa. This makes agricultural freight transport within country from areas with excess produce to deficient areas often expensive. The federal road network gives good connectivity to all regional headquarters, main cities, ports and main international entry points. However, only about 30% of the rural areas are presently connected with all weather road and many of these roads are in poor condition.

2.1.4 Logistics Related Constraints in Ethiopia

Ethiopia is a landlocked country located in Eastern Africa bordering the Sudan, Eritrea, Djibouti, Somalia, and Kenya (Fig.1) with a land area of about 1.13 million sq. km and a population of about 82.8 million in 2009 (The Global Competitiveness Report, 2010), out of which only about 16 % live in urban areas. It has a tropical monsoon climate with wide topographic-induced variations. The country has wide topographic features varying between an altitude of 4,620 m above mean sea level (RasDejen) to about 120m below mean sea level (Denakil Depression) with a very difficult terrain (highlands

criss-crossed by numerous river valleys and the Great Rift Valley) which made the provision of transport facilities very expensive. Fekadu (2013)

Road transport is the mode of transport that the country relies on for both domestic as well as international transport services. Recognizing the importance of the road infrastructure, the Government has launched the Road Sector Development Program in 1997 to address the 13 constraints of the low coverage of road network and standards. The network which was about 26,550 km at the beginning of in 1997 has increased to 46,812 by the year 2010. Fekadu (2013)

The constraints associated with logistics system in Ethiopia could be characterized as follows: Fekadu (2013)

- a) Underdevelopment of logistics management system
- b) Inadequate fleets of vehicles (means of transport) for goods transport
- c) The market possibility of the country is hampered by poor logistics system
- d) Very high traffic accident (the highest in the world) in which contribution of goods transport is significant
- e) Congestion in cities and at inlets/outlets
- f) Lack of coordination of goods transport (which resulted in low load rate)
- g) Damage of goods and quality deterioration while in storage, packaging transporting, and post harvest loss in food items (up to 70%)
- h) Transport of animals (walking up to 10 days)
- i) No or little study has been made related to logistics
- j) Lack of Organization and management tools that are required to promote intermodal system

2.2 Level of Freight Service

The main qualitative attributes of a freight service are (1) transit time, (2) reliability of meeting expected times, (3) likelihood of loss, damage and theft, (4) availability of capacity, and (5) convenience of departure times and frequency of service. Their relative importance will vary from shipper to shipper depending on the international. Operators should be able to serve all types of traffic but tend to be specialized. Type of commodity being shipped internationally, its manner of shipment (e.g., refrigerated cargo space, in bulk, in container loads, less than container loads, or in small packages), and the frequency of shipment. In addition to freight charges, these attributes strongly influence the choices transport users make in deciding on a mode of transport. Better or greater levels of service usually command a premium freight rate. In order to review market services in the industry should assess the following attributes:

- Door-to-door transit time
- Reliability of meeting arrival time at destination
- Availability of capacity when required
- Frequency of service
- Freight rates (prices)
- Avoidance of damage or deterioration
- Avoidance of loss or theft
- Convenience of time of departure
- Communication with respect to problems.

For shippers of manufactured goods, freight rates and the reliability of meeting arrival times at destination in general are the most significant attributes. Avoidance of damage or deterioration, communication with respect to problems, and frequency of service are also important, but to a lesser extent than freight rate and reliability. For some shippers, service factors might outweigh price factors. Freight forwarders usually rank avoidance of loss or

theft first, followed by the freight rate and availability of capacity when required.

2.3 Factors affecting freight modal choice

Traffic Related

- Length of haul
- Consignment weight
- Dimensions
- Value
- Value Density
- Urgency
- Regularity of shipment
- Fragility
- Toxicity
- Perishability
- Type of packaging
- Special handling characteristics

Consignor-related

- Size of firm
- Investment priorities
- Marketing Strategy
- Spatial structure of production & logical systems
- Availability of rail sidings
- Stockholding policy
- Management structure
- System of modal/carrier evaluation

Service-related

- Speed (transit time)
- Reliability
- Cost
- Product care

- Customer relations
- Geographical coverage
- Accessibility
- Availability of special vehicles
- Monitoring of goods in transit
- Unitization
- Computing facilities
- Accuracy of documentation

In order to select best mode having defined a particular set of criteria for some goods it is obvious that certain traffic related or consignor related factors may restrict the use of a particular mode. Further, company policy may dictate that transport managers have to find the cheapest route. Conversely, the cheapest mode may not suit a particular firm because it may be slow or unreliable. It is usual, therefore for trade-offs to be made and the optimum combination of variables found. Typically, this involves cost, time and reliability. However, different authors found that transport managers attach high monetary value to the prompt delivery of goods to customers in the expectation that this will assist in maintaining the customers business. Developments in product sourcing, the location of manufacturing and distribution centers, the use of information technology, and last but by no means least, the development of logistics, has put enormous pressure on the transport system to deliver goods faster, on time, and cheaper; i.e. an environment particularly suited to road haulage which has a high degree of flexibility of supply making it possible to adjust (more rapidly than any other mode) to time, place and quantity requirements of client demands.

There are however a number of prerequisites in order for this concentration strategy to work: products must have a significant degree of commonality transport costs must be low relative to other resource costs (such as raw materials and storage transport must be reliable the company must have centralized marketing control.

A FREIGHT TRANSPORT PLAN

Planning is dominated by free market principles enshrined in deregulation and cabotage. Cabotage at a European level is the right to operate in any EU country on the same terms as a domestic haulier. This is intended to reduce the costs of road haulage and to encourage economic integration (Whitelegg, 1994). Deregulation is essentially freedom of entry to the market to encourage entrepreneurs to participate in providing road freight transport services unfettered by regulations other than safety and training matters.

Road haulage throughout Europe is characterized by a substantial amount of illegality which represents a major cost advantage to road that is not available to the severely regulated rail sector (Whitelegg, 1994). The existence of this problem has been confirmed by the European Union in the report of an enquiry into road freight transport. Lorry drivers and road haulers routinely ignore social regulations that control the number of hours per day that a driver can drive. Overloading, speed infringements, and mechanical defects add to European road safety problems and confer cost advantages on road haulers very little effort in a deregulated market goes into monitoring and control.

Transport is a large area of public spending where priorities and expenditures bear no relation whatsoever to any market of any description. Successive governments have decided that road freight is a national priority and have allocated investment priorities accordingly. This is not a market mechanism.

The demand for road freight is heavily influenced by the prevailing fiscal regime particularly fuel taxes and duties and infrastructure priorities. It is inconceivable that road freight could have grown to its present position of dominance without the road spending programme since the UK's first motorway opened in 1958. The period since 1959 has seen heavy expenditure on roads and a major cut in rail facilities and rail expenditures.

CHAPTER THREE

DATA PRESENTATION, ANALYSIS & INTERPRETATION

The data preparation, analysis and interpretation of the research are crucial and they need serious attention while processing as they have direct impact on the research's outcome. As it has been described in the first chapter, there hasn't been much alternative in giving transportation service than other type of services that serves as an input to conduct similar researches. The following data are collected from questionnaires distributed to the sales office and stopped being collected when the required number of sample size are reached. The company's different types of customers i.e Government Companies, Enterprise, Sister Companies, Individual Buyers and Private Limited Companies are analyzed below:-

Table (1): Year of the operation in the business and types of business

Item	Respondent	0-1 year	2-3 years	4-5 years	6-7 years	Above 7 years	Total	Total Percentage
1	Government Companies	-	-	9 (3.5%)	13 (7%)	1 (0.5%)	23	12%
2	Enterprises	-	5 (2.5%)	12 (6%)	8 (4%)	3 (1.5%)	28	14%
3	Sister Companies (treated as customer)	1 (0.5%)	2 (1%)	4 (2%)	2 (1%)	3 (1.5%)	12	6%
4	Individual buyers	9 (4.5%)	23 (11.5%)	10 (5%)	8 (4%)	2 (1%)	50	25%
5	Private Limited Co.	12 (6%)	9 (4%)	45 (22%)	15 (7%)	4 (2%)	85	43%
	Total	22	39	80	46	13	200	
	%	11%	20%	40%	23%	6%		100%

As indicated in the table 1 from the total respondents the private limited companies account for 85 (43%) and, individual buyers account for 50 (25%), enterprise buyers account for 28 (14%), government buyers account for 23(12%) and finally sister companies account for 12(6%). This implies that the company has focused on private limited companies and individual buyers rather than big companies like government and enterprises.

Item number 1 indicates that out of 23(12%) respondents from government companies 13(7%) of respondents have been in operation for 6-7 years, 9(3.5%) of respondents were in operation for 4-5 years and 1(0.5%) of respondent have been in operation for more than 7 years.

Item number 2 indicates that out of 28(14%) of respondents from enterprises 12(6%) of respondents have been in operation for 4-5 years, 8(4%) of respondents have been in business for 6-7 years, 5(3%) of respondents were in operation for 2-3 years and 3(1%) of respondents have been in business for more than 7 years.

Item number 3 indicates that out of 12(6%) respondents from sister companies 4(2%) of respondents have been in operation for 4-5 years, 3(1.5%) of respondents have been in operation for more than 7 years, 2(1.5%) have been in business for 6-7 years and 2(1%) 2-3 years, finally, 1(0.5%) of respondents responded that they have been in operation for 0-1 years.

Item number 4 indicates that out of 50(25%) of respondents from individual buyers 23(11%) have been in operation for 2-3 years, 10(5%) of respondents have been in operation for 4-5 years, 9(4.5%) of respondents have been in operation for 0-1 year, 2(1%) of respondents responded that they have been in operation for more than 7 years.

Item number 5 indicates that 45(22%) of respondents from private limited companies responded that they have been in operation for 4-5 years, 15(7%) responded that they have been in operation for 6-7 years, 12(6%) of responded

that they have been in operation for 0-1 years, 9(4%) responded that they have been in business for 3-4 years and 4(2%) responded that they have been in business for more than 7 years.

From the above paragraphs we can understand that most of the companies buyers are private limited companies and individual buyers among the others listed above in the table. Currently, the infrastructure is growing drastically which lead the usage of cement demand very high also getting transportation along with cement have decreased the hassle to find and work is done safely.

Table (2) presents the status of the respondents. They are categorized as company owner, manager, department manager, employee, and other.

Item	Status	Company Owner	Manager	Department Manager	Employee	Other
1	Government Companies	-	3(1.5%)	7(3.5%)	13(6.5%)	-
2	Enterprises	5(2.5%)	15(7.5)	8(4%)	-	-
3	Sister companies	-	-	10(5%)	2(1%)	-
4	Individual buyers	42(21%)	-	-	-	8(4%)
5	Private Limited Co.	19(9.5%)	7(3.5)	26(13%)	33(16.5%)	-
	Total	68	25	51	48	8
	%	34%	12%	25%	24%	4%

Table (2) shows the status of different companies that purchase cement (i.e or use company's truck to transport their cement) from Derba Transport Service out of the total respondents the higher number goes to company owners that account for 68(34%). This implies that most of private companies' purchases are done through the Company owners than other employees. Secondly, from

the respondents, department managers accounts for 51(25%) and employees account for 48(24%) more nearer to department managers, the managers accounts for 25(12%) and other from the numbers of respondents account for 8(4%).

Item number 1 indicates that from the total respondents government company's products purchased through employee accounts for 13(6.5%), department managers accounts for 7(3.5%) and managers account for 3(1.5%).

Item Number 2 indicates that from the total respondents within enterprisecategory, managers accounts for 15 (7.5%), department managers for 8(4%) and 5(2.5%) are made by company owners.

Item number 3 indicates that from the total respondents of sister companies department managers accounts for 10 (5%) and employees account for 2(1%)

Item number 4 indicates that from the total respondents of individual buyers, company owners accounts for 42(21%) and others account for 8(4%).

Item number 5 indicates that from the total respondents of private limited buyers, employees account for 33(16.5%), department managers account for 26(13%), company owners account for 19(9.5%) and managers represent 7(3.5%).

As per the interview with Operation Manager, he informed us that most of the time company owners or Managers visit their office or contact them to process their orders which gives an opportunity to meet sales people face to face.

Table (3): Frequency of purchase from the company

Cement Purchase /Trucks used to transport per month/	No of respondents	Percentage
1-2 Truck/month	55	27.5%
3-4 Trucks/month	77	38.5%
5-6 Trucks/month	40	20%
>7 Trucks/month	28	14%
Total	200	100%

Table (3) shows frequency of cement purchase (trucks used to deliver cement) from Derba Transport based on responses of respondents. From the total respondents 77(38%) responded that they buy 3-4 trucks per month. Secondly, 55(27.5%) of respondents responded that they buy 1-2 trucks per month. Thirdly, 40(20%) of respondents responded that they buy 5-6 truck per month and finally 8(14%) of them responded that they buy more than 7 trucks of cement per month from the company. From this we can understand that the customers of the Derba Transport purchase small number of trucks but with high frequency of transaction.

Table (4) briefly discusses about order delay, missing of products, complain reports to the company and solution to the given problems given by the company.

Respondent	Order delay	Missed products	Complain Reports	Solution	Other
Government companies	18(9%)	-	18(9%)	-	
Enterprises	28(14%)	-	19(9.5%)	-	
Sister companies	4(2%)	-	-	-	
Individual buyers	50(25%)	3	42(21%)	-	
Private Limited Co	84(42%)	-	55(27.5%)	-	
Total	184	3	134		
%	92%	1%	67%	0%	

Table (4) briefly discusses about order delay, missing of products, report to the company and solution to the given problems given by the company.

On this research, from the total respondents from private limited companies 84(42%) responded that their order have been delayed. From individual buyers, 50(25%), from enterprise buyers 28(14%),from government buyers 18(9%), and finally from sister companies response 4(2%) responded delayance of their order. As a service giving company, having such a big number of compliant is a red light which should alert the management to act urgently to improve the existing situation.

When we look at the number of reports made in order to complain for order delay from the total respondents of private limited companies account for 55 (27.5%), individual buyer account for 42(21%), enterprise buyers account for19(9.5%), government company’s account for 18(9%), and sister companies account for 0%.

Table 4 also indicates that from the responses to the questioner distributed to different types of customers of Derba Transport company and interview with dispatchers and managers, no solution is suggested (0%) to tackle the problems.. In the competitive market having this result of problem solution will be a disaster and might lead to failure as other competitors are coming into the market.

During the interview dispatchers admitted that sometimes orders are delayed purposely by giving favor to other companies for example if an order comes from Abay Dam all orders will be cancelled and trucks will be given to them at this time lots of customers complain but there is nothing they could do to fix.

Table (5): Frequency of Order delay

Item	Respondent	0-1 week	2-3 weeks	4-5 weeks	More than 6 weeks
1	Government companies	14(7%)	-	4(2%)	-
2	Enterprises	-	8(4%)	12(6%)	8(4%)
3	Sister companies	-	2(1%)	2(1%)	-
4	Individual buyers	2(1%)	5(2.5%)	32(16%)	11(5.5%)
5	Private Limited Co	4(2%)	15(7.5%)	36(18%)	29(14.5%)
	Total	20	30*	86	48
	%	10%	15%	43%	24%

From Table (5) we can understand that it takes up to 6 weeks or more to process the customers' orders. From total respondents 86(43%) of respondents responded that their order delayed for 4-5 weeks i.e Private Limited companies accounts for 36(18%), individual buyers account for 32(16%), enterprises account for 12(6%), government companies accounts for 4(22%) and sister companies accounts for 2(1%).

On second place 48(24%) of respondents responded that their orders have been delayed for more than 6 weeks. i.e private limited companies account for 29(14.5%), individual buyers account for 11(5.5%) and enterprise buyer account for 8(4%).

Thirdly, from the total respondents 30(15%) responded that their order have been processed for 2-3 weeks. i.e private limited companies account for 15(7.5%), enterprises accounts for 8(4%), individual buyers accounts for 5(2.5%) and sister companies account for 2(1%).

Finally, 20(10%) of respondents responded that their orders have been delayed for 0-1 weeks. i.e government companies account for 14(7%), private limited companies account for 4(2%) and individual buyers account for 2(1%). This indicates that even if the company has more customers than other suppliers this is the biggest question that should be emphasized and get resolution soon.

Table (6):- Price evaluation

Item	Respondents	Very high	High	Cheap	Very cheap	Moderate
1	Government companies	-	-	21(10%)		2(1%)
2	Enterprises	-	-	28(14%)		-
3	Sister companies	-	-	12(6%)		1(0.5%)
4	Individual buyers	-	-	43(21.5%)		7(3.5%)
5	Private Limited co.	-	-	81(40.5%)		5 (3%)
	Total			185		15
	%			92%		8%

From Table (6), we can see that only two out of five evaluation methods have been selected by respondents. From the total respondents 185(92%) of total respondents responded that the price offered by Derba transport is Cheap and 15(8%) responded that the price offered by Derba Transport is Moderate.

Item number 1 indicates that from the total respondents of government companies that responded to cheap price account for 21(10%) while 2(1%) responded that the price offered is moderate.

Item number 2 indicates that from the total respondents of enterprise, buyers responded as a cheap price account for 28(14%).

Item number 3 indicates that from total respondents of sister companies, those that responded price offered by the company as cheap accounts for 12(6%) while 1(0.5%) responded that the price is moderate.

Item number 4 indicates that from the total respondents of individual buyers, those who responded that the price offered by the company is cheap accounts for 43(21.5) while 7(3.5%) responded that the price is moderate.

Item number 5 indicates that from the total respondents of private limited companies, 81(40.5%) indicated the price is cheap and 5(3%) responded that the price is moderate.

Table (7): Factors that contribute for poor transport service

Items	Existing factors	No of respondents	Percentage
1	Dispatchers are not willing to perform their tasks	69	34.5%
2	Drivers are not willing to driver short distances	36	18%
3	They do not follow if drivers travel long distance	43	21.5%
4	Drivers demand incentive	32	16%
5	Other reasons	20	10%
	Total	200	100%

Table (7) indicates the factors that increase poor transport service given by the company. When we see the figures stated in the Table(7), 69(34.5%) of respondents suggested that dispatchers are not willing to perform their tasks. Moreover, 43(21.5%) of respondents responded that the company do not have trucking system to follow drivers route as scheduled. 38(18%) of respondents responded that drivers are not willing to drive short distances mostly in Addis Ababa and outskirts. 32(16%) of respondents responded that drivers are not willing to drive to the location they have been informed by the company unless they are given an incentive. The rest 20(10%) of respondents responded that they have different reasons than those mentioned in above table like the head office and factory don't have proper communication while processing a customer's order, orders are delayed purposely in order to get bribe from customers who wants the product early, trucks are trapped by mud, and some other reasons. During the interview made with managers they also accepted the above problems are occurring and creating customers dissatisfaction.

Table (8): Performance Evaluation

Evaluation Criteria	No of respondents	Percentage
Very Good	70	35%
Good	25	12.5%
Medium	88	44%
Poor	11	5.5%
Very poor	6	3%
Total	200	100%

Table (8) shows how respondents responded to the performance of the service given to them by the company. From the total respondents 88(44%) responded that the company service is "Medium", 70(35%) of respondents responded the performance is "Very Good", 25(12.5%) of respondents responded "Good", 11

(5.5%) responded that performance is “Poor” and 6(3%) responded that service performance is “Very Poor”. From the respondents response and interview with different dispatchers and managers there are so many factors contributed for delivering poor service like, absence of communication between departments, head office and factory, non-manageable driver’s behavior, corruption are the main ones.

CHAPTER FOUR

SUMMARY, CONCLUSIONS & RECOMMENDATIONS

The aim of this research was to achieve specific objectives which is to indicate factors that affected transportation service, challenges or problems that are created during delivery, show the challenges faced and measures taken to fix the stated problems by Derba Transport Company. The findings of this research have answered most of the points mentioned on the objective of the study.

4.1 Summary of the major Findings

- Based on number of sample respondents, the findings of this research the company's customers from private limited companies takes the biggest number which accounts 85 (43%) from which 45(22%) of them have 4-5 years of operational experience and individual buyers account 50 (25%) which 23(11.5%) of them have been operating for 2-3 years and the rest of respondents follow in smaller number.
- When we look at the status of respondents, the biggest number goes to company owners which account 68(34%) for which individual buyers take 42(21%) and department managers account 51(25%) from which 26(13%) of respondents are private limited companies.
- From frequency of customers' purchase, the highest numbers of respondents account for 77(38%) who buys 3-4 trucks per month, and 55(27.5%) who buys 1-2 trucks per month
- In this research from the total respondents, from private limited companies 84(42%) and from individual buyers 50(25%) responded that their order have been delayed due to so many reasons.
- Regarding number of reports concerning order delay made from private limited companies 55 (27.5%) and from individual buyers 42(21%) have

reported their problems. However, from the complaints reported to the company none of problems reported have got a solution.

- As per the findings on the research 69(34.5%) of respondents responded that dispatchers are not willing to perform their tasks. Moreover, 43(21.5%) of respondents responded that the company do not have trucking system to follow drivers route as scheduled.
- When we look at the evaluation 88(44%) of respondents responded that the company service is Medium, 70(35%) of respondents responded the performance is very good.

4.2 Conclusions

Based on the results found while this research was conducted, the following conclusions have been provided:

Factors that affects modal choice for freight transport are related to traffic conditions, consignment situation, and quality and level of services expected from the transport mode to be chosen.

In the transport service by Derba Transport Company, some of major problems indicated are order delayance, missing of product, less willing of dispatchers and drivers to perform their tasks effectively.

During this research, many gaps have been identified and listed below in order to enable the concerned body to find a better solution.

- Most of the company's customers are private limited companies and individual buyers and sales limited to 3-4 trucks per month.
- Company owners make most of purchases.
- Orders are processed very late because of giving priority to others and bribery problem.
- Complain reports doesn't get a solution.
- Dispatchers and managers do not perform their duty and do not control

- Based on performance evaluation criteria given, the highest number of respondents rated “Medium” which creates a big question mark to the company.

4.3 Recommendations

- The company should focus and work in finding huge companies who can buy bulk product of trucks per month along with little buyers of product.
- Due to the fact that company owners make the purchase they have the capacity to negotiate with staffs of the company and try to fasten their order. The company must build a system where head office and factory communicate online so that every order will be processed as per their order.
- In order to reduce customer dissatisfaction due to order delayance the company should work hard to install a GPS supported system which will help them track if customers order have been delivered as per scheduled and show the customers the status of their order.
- In the service industry customers should be treated equally not because they are known by any of the staffs or favored, this needs an immediate management attention to improve the level of customer service avoid order delayance.
- The major duty of a service giving company must be handling customers complaints in a proper manner rather than acting zero percent because two new potential competitors (National Cement and Dangote) are coming to the market with a full potential and energy.
- A company should have rules and regulation and hierarchy where everyone in the organization will follow but in this case authority of seniors are violated. This issue must be settled immediately because if a company shouldn't be able to control its own internal environment it is obvious that it will not be able to manage the external influence.

- As per the evaluation criteria given the company received a Medium rating, this implies that as a pioneer in the industry having this result is a shocking and it really needs to work hard. Due to the fact that two new entrants are coming the company should immediately set up a professional customer handling team and customer relationship management so that it will be ready to defend its market share otherwise it is obvious that whoever serves best will be chosen first.

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

Questionnaire to be completed by customers of Derba Transport Company specifically for Cement Buyers

This questionnaire is prepared for an academic purpose & for the fulfillment of first Degree at St. Mary's University in the department of Marketing Management. The objective of the study is to assess the extent of using transportation service from Derba Transport Company. Your response is very important for the success of the study and I would like to thank you for your cooperation.

In this questionnaire you will find two types of questions:

- a. For optional questions, please, respond by putting (X) on the box provided corresponding to your choice;
- b. For open ended questions, please, write the exact answer on the space provided;
- c. You are not expected to write your name

I would like to thank you in advance for spending your valuable time in filling the questionnaire, and supply the information from your own perspectives.

PART I- Respondents' General Information

1. Name of Company/Individual:
(Optional)

2. Year of operation (**Optional**) in the business

- | | | | |
|---------------------------|--|--------------|--|
| A. 0-1 Year | <input style="border: 2px solid red; width: 30px; height: 20px;" type="checkbox"/> | C. 2-3 Years | <input style="border: 2px solid red; width: 30px; height: 20px;" type="checkbox"/> |
| B. 1-2 Years | <input style="border: 2px solid red; width: 30px; height: 20px;" type="checkbox"/> | D. 3-4 Years | <input style="border: 2px solid red; width: 30px; height: 20px;" type="checkbox"/> |
| E. Other, please, specify | _____ | | |

3. Type of Business

- A. Government construction Companies C. Sister Companies
B. Enterprises D. Individual buyers
E. Private Limited Companies

4. Your status in the organization

- A. Company Owner
B. Manager
C. Department Manager
D. Employee
E. Other, please, specify _____

PART II- General Questions about the Transport Service given by the Company

5. How much Cement do you buy from the company :

- A. 1 -2 Truck/ month C. 5-6 Trucks/month
B. 3-4 Trucks/month D. More than 7 Trucks/month
E. Other, please, specify _____

6. Did you face any order processing delay with the company?

- A. Yes B. No C. I don't remember

7. If your answer for question No 6 is "yes", how long did the delay lasted?

- A. 0-1 weeks C. 4-5 weeks
B. 2-3 weeks D. more than 6 weeks
E. Other, please, specify _____

8. Did you face any problem when the company transported your products?

- A. Yes B. No C. I don't remember

9. If your answer for question No. 8 is "Yes", have you reported to the company?

- A. Yes B. No C. I don't remember

10. If your answer for question No. 8 is "Yes" to whom have you reported?

- A. Dispatcher C. Supervisor
B. Operation Manager D. I don't remember
E. Other, please, specify _____

11. Did your problem resolved after you reported?

- A. Yes B. No C. I don't remember

12. Do you have any problem after you placed an order to the company?

- A. Yes B. No C. I don't remember

13. If your answer for question No 11 is "Yes" which of the following is the problem?

You can select more than one alternative

- A. My order is processed very Late
B. My order is not processed at all
C. I was not allowed to change place of delivery
D. Other, please, specify _____

14. Which of the following problem does your company faced in relation to your order processing?

- A. They delivered very late which created problem in my construction
B. Their drivers are not willing to deliver the goods to the place I want to receive
C. They do not offload goods if I am not around.
D. Other, please, specify _____

15. Did you receive any missed products during delivery?

- A. Yes B. No C. I don't remember

16. If you believe that there is a problem in the transportation service, have you also noticed any improvement in mitigating or avoiding the problem?

- A. Yes B. No C. I don't remember

17. If your answer to question No.16 is "Yes", which major improvements have you observed? You can select more than one alternative

- A. Loss in cement have decreased
B. Delivery time have been improved
C. Drivers willingness have improved
D. Orders are processed quickly
E. Other, please, specify _____

19. Considering the transportation service you are getting from the company, how do you rate the price of the service?

- A. Very high C. Cheep
B. High D. Very Cheep
E. Moderate

20. Are there any gaps in the company that need attention to a give better transport service?

A. Yes B. No C. I don't know

21. If your answer to question No. 20 is "yes", where are the areas of the gaps? You can choose more than one

- A. Dispatchers are not willing to perform their tasks
- B. Drivers are not willing to drive short distances
- C. They do not follow if drivers travel long distance
- D. Drivers demand incentives from customers without knowledge of the company
- E. Other, please, specify _____

22. As a pioneer company, how do you rate the performance of Derba Transport Service?

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

23. What do you think is the solution to fix the current problem and increase their performance?

24. If you have other opinion more than the questions indicated above, please, indicate them in the following blank space.

APPENDEX II
St. Mary's University
Faculty of Business
Department of Marketing Management
Interview Checklist

This interview questions are prepared for the educational purpose to assess the transportation service given by Derba Transport Company. These questions will be given to be answered by the Operation Managers and Dispatchers of the company

1. What are the challenges the company is facing while giving the transport service?
2. What are the factors that affected the transport service?
3. What do you think is the causes of inadequate transportation service practice?
4. What is the consumer's response on the transport service given by the company?
5. Did you take any measure to fix the existing problems? If your answer is yes, can you mention some of them?
6. What is your future plan to improve the service performance of the company?
7. What is the role of the management on reduction of customer dissatisfaction while giving the transport service?

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Declarations

I the undersigned student researcher declare that this senior essay is my original work;prepared under the guidance of Yalew Gorfu and the source of materials used for manuscript preparation have been duly acknowledged.

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This paper has been submitted for examination with my approval as St. Mary's University Advisor.

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