

Assessing the Challenges of Indirect Distribution Channels: The case of Ethio telecom

Department of Logistics and Supply Chain Management



Assessing the Challenges of Indirect Distribution Channels: The Case of Ethio telecom

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Channels: The Case of Ethio telecom

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**Addis Ababa University College of Business and Economics
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Statement of Declaration

I, Getachew Bante, hereby declare that the study entitled ‘Assessing the Challenges of Indirect Distribution Channels: The Case of Ethio telecom is my original work and has not been presented for degree in any other universities and that all sources of material used for the project have been duly acknowledged.

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Acronyms and Abbreviations

CAAZ	Central Addis Ababa Zone
DC	Direct Channel
EAAZ	East Addis Ababa Zone
EPS	Ethiopian Postal Service Enterprise
ET	Ethio Telecom
ETC.....	Ethiopian Telecommunications corporation
IDC	Indirect Channels
NAAZ.....	North Addis Ababa Zone
POS	Point of Sales
RSD	Residential Sales Division
SAAZ	South Addis Ababa Zone
SIM	Subscriber Identification Module
SWAAZ	South West Addis Ababa Zone
VC	Voucher Card
WAAZ	West Addis Ababa Zone

Abstract

The purpose of this study is to Assessing the Challenges of Indirect Distribution Channels: The Case of Ethio telecom based on assessing the prior experience of distributing the physical voucher card and SIM card on territory confined bases, basic challenges of distribution channel, main reason for terminating of distribution agreement, the level of conflicts of channels in the distribution activities and support of information system on distributors. In light of this objective, the study employed descriptive research and simple random/probability sampling design employed based on the nature of the target population. Consequently, the study selected a sample of 99 individuals or respondents from 252 populations. The data analyzed on quantitative basis using descriptive statistics. The analysis and finding shows the basic challenges that affect the distribution channel in distributing voucher cards and meeting their targets in SIM card sales like the shorter time in sales, consideration of distribution task as a secondary business, lack of distributors capacity in finance and skill and delay in on-time delivery. The distribution agreements were terminated due to lesser commission to distributors, lack of demand based allocation of voucher cards, less profit for distributors/sub distributors. Lack of motivation and support from Ethio telecom to its channel dealers, special treatment for national distributors, lack of enough demand and penalty on contract violation is applied only on distributors are the main reason for conflicts of channels in the distribution activities. Lack of support for distributors to manage their orders and the system to support distributors and low level of IT knowledge of distributors to implement the system are challenges on distribution activities. Basing on the study, the researcher recommends the Ethio telecom and Distributors should have maintain automated distribution system, provided the credit facility and training, support for distributors, maintain penalty on contract violation for both distributors and Ethio telecom, maintain equal treatment for all distributors and considering the distribution task as a primary business.

Keywords: Challenges of distribution channel, Effective distribution channel, Sales.

CHAPTER ONE

INTRODUCTION

This chapter aims to give some highlight about the research topic and discuss on research problem, research questions and objectives for carrying out the study.

1.1. Backgrounds of the study

The channel of distribution is a system that helps bringing products from manufacturer to final customer (Zikmund&Babin 2010). Companies use distribution channels to ensure that their product is reach customers at the right time and convenient location. Distribution channels involve intermediary organizations that help in a process to deliver products to end customers.

Many companies do not sell their products directly to end users. In mass production and consumption industries in particular, many manufacturers rely on distributors, representatives, sales agents, brokers, retailers or some combination of these intermediaries to distribute their products (Hughes and Ahearne, 2010). These intermediaries perform a variety of functions and constitute a marketing channel, that is also referred to a trade channel or distribution channel (Kotler and Keller, 2008). The importance of channel intermediaries has grown in recent years, largely due to increased size, improved level of product knowledge, technical competence, specialization and various other factors (Kalafatis, 2000).

As stated by David Sanderson, (2005) today many companies rely on indirect sales channels to provide additional sources of market share and revenue that normally are not attainable with a direct sales force. These channels, if well managed, can provide expanded market share in existing markets, open new markets and be cost effective without a large investment.

The formulation and implementation of appropriate distribution strategies is a key to success, in terms of maximizing sales and profits for product-focused companies. Unfortunately, many of these companies often fail to establish or maintain the most effective distribution strategies, which in most cases militate against their business fortunes.

It is estimated that two thirds of telecommunications services are sold through an indirect channel. According to American national performance index and many carriers are taking advantage of this growing and successful trend, further increasing, the complexity and dynamic nature of the industry. This transformation has taken place gradually over a few years on all technologically advanced markets including Europe and the United States. Even though the two markets present similar levels of sophistication in terms of actors, purchasing Power etc. the development of these markets has taken two different routes both technology-wise and related to market structure and competition. While in the European mobile phone market handset manufacturers utilize a wide range of marketing and through distribution channels to reach the end customer, the mobile operator dominance over the distribution network in the United States forces handset manufacturers to cooperate with the Operators who constitute the only major sales channel (Nokia 2010).

According to Strydom (2015), the majority East African countries telecom service and goods are owned by the government as monopoly and hence no need to worry about competitive advantage. However, the company needs to have an effective distribution channel for two main reasons.

The first reason is that the company needs to adopt customer relationship marketing perspective to serve its downstream channel members including the end customers effectively so that negative company image and associations would not be built.

The second reason is that channel members and the end users will not shift business relationship to potential competitors when the market will be open for competition in the future.

Following the above statement, it is supported by Nehmya T. (2014) who is stated that Likewise, Ethio telecom service and goods provision on distribution marketing and through distribution channels to reach the end customer cannot be said that current distribution channels have performed to the level that meets industry and stakeholders' expectations because there are many chaos in the channels, especially in the indirect channel, as the researcher's experience in Ethio telecom's indirect channel can serve as an unproven and mere clue about the channels' inefficiency.

Ethio telecom is a sole telecom operator in Ethiopia established as a public enterprise on December 1st, 2010, as per the Council of Ministers Regulations No. 197/2010 and aims to provide next generation network services based on a world class standard information technology services and to build a competent next generation network-based workforce with appropriate knowledge, skill, attitude, and work culture.

During transformation out of 13 structured divisions, Residential sales division the one that has been given the objective to accomplish intensive distribution and sales of Ethio telecom commercial products using its departments.

Indirect channel department is responsible to select the distributors and implement the distribution activities depending on Ethio Telecom and Distributors agreement. Accordingly distributors are joining Ethio telecom market in all regions and Zones. During 5 years implementation some challenges have been faced by the company and its distributors that the researcher has tried to investigate them. (Distributors annual progress report Ethio telecom- IDC 2014/2015).

According to Mulugeta (2015), he has been claimed that in Ethio telecom, some distributors do not implement the agreement. During that time Ethio telecom obliged to follow the corrective course of action it believed and that has negative influence.

Finally, the distributor's termination and less addressability of telecom products are the main issue to have attention for the required solutions. He also stated on almost all distributors responded to the study as that they are not accepted the sub distributors implementation. Then it needs critical attention to have solution. That is why the researcher wants to assess the Challenges of Indirect Distribution Channels: The Case of Ethio-Telecom.

1.2. Statements of the problem

Distribution strategies are often used for convenience offering of products for customers purchase on the spot without much shopping around (Sandra 2013). The sole owner and the intermediaries need to agree on the terms and responsibilities of each channel member. They should agree on price policies, conditions of sale, territory rights, and the specific services to be

performed by each party. It must define each channel member's territory, and it should be careful about where it places new resellers (Kotler and Armstrong, 2011).

Distribution Channels have become the most important component of marketing today and are receiving increased attention. Channels are not only adding value to products and services, but also create customer and shareholder value, brand equity and market presence for a company. For most service organizations, consumer marketing and industrial marketing firms, the distribution channel, or inter organizational network of institutions, comprising of agents, wholesalers, distributors, and retailers play a significant role in the flow of goods from producers to consumers (Lambert et al, 1998).

The reason why the researcher selected this type of issue -assessing the challenges of indirect distribution channels: The case of Ethio-telecom is that the marketing channels of telecom company distributors are different from those in conventional goods distributors.

Researcher saw different knowledge gaps on distributor delivery channel of the monopoly provider of telecom service in Ethiopia. Current partner programs and lists are no longer fully applicable on this new market, and a need for new Dealerships, to reach the market best way possible.

As per the experience of staffs of Ethio telecom supervising the indirect channel, the distributors tend to cluster on regional and urban distribution to compete for the potential urban to rural markets and almost none of them opened sales outlets in rural areas as required. Distributors are not responsive to retailers' and end users' service requirement as presented in empirical literature past study conducted and it showed the reasons for the poor stake collection of distributor.(Ethio telecom Mystery shopping and annual sales reports 2014/15).

Even though Ethio telecom established and avails desired requirements, but it faces challenges that affect company performance – example due to ineffective channel management, company lost its prospective customers and revenue, channel conflict, most of distributor leave the business and other challenges. (Ethio telecom Mystery shopping and annual sales reports 2014/15).

The researcher has seen and conducted assessment of the challenges of indirect distribution channels on physical voucher card and SIM card distribution in meeting the company's core objective. The problem statement was asked what the major challenges that distributors/sub-distributors face during distribution activities and assessing why Distributors exit from the business and do not consistently achieve/meet monthly target that affect the performance of indirect channel distribution of Ethio-telecom.(Ethio telecom Mystery shopping and annual sales reports 2014/15).

1.3. Research question

The research settles the following specific research questions:

1. What is the prior experience of distributing the physical voucher card and SIM card on Territory confined bases?
2. What are the basic challenges that affect the distribution channel in distributing voucher cards and meeting their targets in SIM card sales?
3. What is the main reason that distributors are terminating their distribution agreement?
4. What is the level of conflict of channels in the current market of VC and SIM distribution?
5. What is the level of Information technology support for inventory and order management?

1.4. Objective of the study

1.4.1. General objectives

The overall objective of the study was to assess the challenges of indirect distribution channels in Ethio-telecom in meeting the company's core objective.

1.4.2. Specific objective

1. To assess the prior experience of distributing the physical voucher card and SIM card on territory confined bases?
2. To assess the basic challenges that affect the distribution channel in distributing voucher cards and meeting their targets in SIM card Sales
3. To assess the main reason that distributors are terminating their distribution agreement
4. To assess the level of conflicts of channels in the distribution activities

5. To assess how Information system supports the distributors on visibility of inventory for JIT on sales order.

1.5. Scope of the study

IDC department of Ethio telecom has 18 Area IDC sections over all the country (12 Regional in regions and 6 Zonal in AA). ET uses three level/layer i.e. distributors, sub-distributors and retailer. Based on this, to assess and address the challenges of indirect distribution channel from the overall regions and Zones as well as all levels was difficult for reasons such as time, budget and the very scattered nature of the channels. With these reasonable factors, the researcher decided to cover Ethio telecom distributors and sub distributors those found in Addis Ababa Zones as well as IDC Employees including the higher officials.

The study does not incorporate Enterprise Division sales outlets because it is more of a retail business mainly focusing on providing retail sales and after sales services to key enterprise customers than mass distribution business like residential sales division does.

1.6. Significance of the study

Findings from this study will assist researchers or academicians to provide a good understanding of the challenging factors that affect the practices of indirect channel sales through distributors and it also benefits the Ethio telecom in providing clue on the challenging factors in its distribution channel.

Though this research is for an academic purpose, the researcher's interest is to contribute to his employer's attempt to solve distribution channel challenges. So, managements of IDC of Ethio telecom will benefit from this research in the first place in getting the challenges of distribution channel to meet the company's ambitious sales target, to satisfy its customers, and to build the company's brand image and protect it from negative associations.

To scholars interested to further inquire on the subject can also make use of this distribution channel research endeavor for other related inquiries. The study can also help as a stepping stone for those who would like to carry out further exploration in the area of challenges of distribution channels for other companies.

1.7. Limitation of the study

A study of this magnitude cannot be possible without limitations. The very scattered nature of the population/target group (distributors, sub-distributors and zonal offices of Ethio telecom) of the research was the main challenge factor during the distribution and collection of questionnaires. Some of the respondents might not have been willing to reveal true information needed for the study for fear of any adverse repercussions. This was solved through explanation of the benefit of the study to the respondents and allowing the respondents to administer the questionnaires themselves. The researcher also assured the respondents that the research was only for academic purposes and all the information obtained will be treated with outmost confidentiality. The study used questionnaires for data collection, which were left with the respondents to be collected later after they were complete. The problems associated were loss of questionnaires, incomplete questionnaires and failure to give information. They were overcome by continuous follow up and by providing the questionnaires.

1.8. Definition of terms

Distribution: One of components of marketing mix that in simplest task transfer the product from the production place to the purchase place to the customer. In other words, the main task of distribution management is placing the goods in hand of potential customers at the right time and place. (Roosta, A. Venus, D. Ebrahim, Abdul. ", 2009)

Physical distribution - means coordination of the information and goods flow among the involved parties of the channel, in the way that the goods are available in the right places, at the right time, in the right quantities, and in a cost-efficient manner (Fer-rell& Hartline 2011, 265).

Channels - are well-organized structures of buyers and sellers that bridge the gap of time and space between the manufacture and the end customer (Doole& Lowe 2012).

Distribution channels: A collection of affiliate organizations and individuals that place product or service to end-customers. Distribution channels connect the goods producers and customers to each other. Intermediaries form the components of the distribution channel.

Indirect distribution channel- A chain of intermediaries through which a product moves in order to be made available for purchase by a consumer. An indirect channel of distribution

typically involves a product passing through additional steps as it moves from the manufacturing business via distributors to wholesalers and then retail stores. It involves not only physical movement of goods, but also location of plants, warehousing (storage), transportation, inventory quantities, etc. (Cateora & Graham 2007, 453).

Distribution Chain: Shall mean the Distributor's system of organization for sales of Ethio telecom Products through its wholesale, sub-distribution and retail outlets. The Distributor is entitled to have Sub distributor or not based on its own option, for scratch cards and yimulu (e-to pup). In case of SIM card, Handset and Dongles the Distributor shall not allowed to use Sub Distributor. The Distributor, Sub Distributor and Retailers may involve in retail activities of SIM card, Handset/apparatus and Dongles. (Ethio telecom internal Document)

Distributors – Shall mean a legal person or a natural person trader authorized to sell and distribute Products of Ethio telecom through its distribution chain, (Ethio telecom internal Document)

Sub-distributors – Shall mean natural or legal person, which have entered into contractual relations with the Distributor with the goal of distributing, promoting and selling of Ethio telecom Products and Services through own outlets and its retailers, in the assigned territory. The Sub Distributor may involve in retail activities of SIM card, Handset/apparatus and Dongles. (Ethio telecom internal Document)

Retailers - Natural or legal person, which have entered into contractual relations with the Distributor and/or Sub Distributor with the goal of selling in retail bases to end users only and promoting products and services of Ethio telecom in the assigned territory. (Ethio telecom internal Document)

Voucher cared - Shall mean a card carry a concealed code and containing certain amount of prepayment denominated in Ethiopian birr. The concealed code becomes visible by scratching off. (Ethio telecom internal Document)

SIM cards - A subscriber identity module or subscriber identification module (SIM) shall mean a chip card which, when inserted in a handset/dongle, ensures access to telecom Services and allows identification of the network user for GSM, CDMA and WCDMA networks.

(Ethio telecom internal Document)

Customer/end user: Legal entity or physical person that uses/purchases the products and/or services of Ethio telecom from the Distribution Chain, with no intention for further reselling.

Territory: Relevant territory or geographical area within Ethiopia, where the Distributor and/or its Distribution Chain is entitled to perform its activity. The Distributor shall under no circumstance be allowed to operate outside this territory be it directly or indirectly by engaging third parties; doing so shall be considered as a fundamental breach of contract (Ethio telecom internal Document)

Price violation: means selling of any product different from the price set by Ethio telecom. (Ethio telecom internal Document)

Territory violation: Selling of any product out of the area assigned to the distributor, the sub distributor and the retailer. (Ethio telecom internal Document)

1.9. Organization of the study

The research has been organized in the following way: The first chapter gives a brief introduction of the research paper. It consist Background of the Study, Statement of the Problem, Research Question, Research Objectives, and Significance of the Study, Scope of the Study, Limitation of the Study, Definition of Terms, and Organization of the Study. The second chapter supports the paper with both theoretical and empirical literatures. The research methodology has been explained in detail at the third chapter with a support of research design and method of data analysis.

CHAPTER TWO

REVIEW OF RELATED LITRATURE

2.1 Theoretical Literatures

Distribution Channels have become the most important component of marketing today and are receiving increased attention. Channels not only add value to products and services, but also create customer and shareholder value, brand equity and market presence for a company. For most service organizations, consumer marketing and industrial marketing firms, the distribution channel, or inter organizational network of institutions, comprising of agents, wholesalers, distributors, and retailers play a significant role in the flow of goods from producers to consumers (Lambert et al, 1998). It is not common among producers to sell their products directly to the end users. A number of intermediaries, who form a marketing channel called distribution/trade channel, operate between such producers and the end consumers. (Kotler and Keller 2006)

2.2. Distribution channel management

According to Wirtz (2007), Distributional channel management is a marketing strategy which is used to attract the customers' attention to different distribution channels and to offer them the goods or services they produce and provide. The customers are given the possibility to select, among a variety of non-similar channels, the distribution channel management which gives them sufficient information on the goods or services to be bought.

Coughlan et al. (2006) believes that manufacturers, intermediaries and end-users are the key members of any distribution marketing channel management. Any member of the marketing channel other than the manufacturer and the end-user is referred to as intermediary. Generally speaking, intermediaries can be whole seller, retailer or specialized intermediaries. A wholesale intermediary does not sell to individual consumer end-users, but it sells to other intermediaries such as retailers or business end-users. Nowadays, hypermarkets, category killers, mass merchandisers, department stores, convenience stores, buying clubs, franchises and online

retailers are called retail intermediaries, who sell directly to individual consumer end-user. Specialized intermediaries are not involved in the business represented by the goods or services sold, but instead, they perform a specific flow in the distribution marketing channel management. Consumers can also be classified as a member of a marketing channel as they perform channel flows like other channel members.

Bucklin et al. (1997) is on the idea that with any change in a manufacturer's business strategy toward distribution marketing channel management on selling, the relationship between manufacturer and any intermediaries can be affected. Multi-channel distribution strategies can have many benefits for manufacturers, the four most important of which are as following:

Gaining much more insight into the end-users' shopping patterns and needs, better utilization of excess manufacturing capacity when existing distribution marketing channel management are over-loaded, focusing more on target markets and improving the company's overall competitiveness and being beneficial especially for manufacturers with broad product lines, as a single distribution channel is unlikely to be optimal for all range of their products. (Webb 2002).

2.3. Distribution Channel design

Customer first chooses a channel (let say a call center) to start an interaction with a firm. The chosen channel, provides the customer with information and services that the customer needs. It also creates a link between the customer and other parts or channels of the company. Unlike the static structures and flows of traditional marketing systems, multichannel marketing systems are characterized by such a real time alignment between the customer and different channels in a firm. Marketing channels decision need to evaluate every aspect of the Design of its marketing channel. According to Nunes et al, 2003, stated as, demand generation, inventory storage, distribution of goods, providing credit to buyers, after sales service, product modification and maintenance are some of the functions that a channel performs. The channel member also called as an intermediary is a member of the distribution channel excluding the manufacturer and the consumer. Intermediaries come between these two and perform one or more of the above functions. Thus an enterprise, in planning its marketing complex, must pay considerable attention to the decisions of product distribution (Rasa Gudonaviciene& Sonata Alijosiene, 2008).

Channel structure can be seen in two ways namely vertical and horizontal structures (Stern et al, 2001).

2.3.1. Vertical structure - vertical structure refers to number of sales levels i.e. length of channel. Vertical structure of a channel can be zero level (direct sales), two level, three level, and so on.

2.3.2. Horizontal Structure – horizontal structure refers to breadth and depth of a distribution channel. Channel Breadth (intensity): This refers to number of intermediaries per level. A distribution channel can have a form of universal distribution, selective distribution, exclusive distribution or sole distribution at a level. Channel Depth: This refers to types of intermediaries per level. Specialty shop, Discounter, and etc at a level are examples of intermediary types (channel depth).

Universal distribution/ Intensive distribution - It is a multi-channel approach which is about using two or more different channels to distribute goods and services, to distribute from as many outlets as possible to provide location convenience and to serve wider reach. Selective distribution: It involves appointing several but not all retailers which is characterized in better control and better reach. Whereas Exclusive distribution: It is about limiting the distribution to only one intermediary in the territory.

2.4. Levels of Distribution Channels

Manufacturer and the final customer constitute part of distribution channels. A number Intermediary used during the show of channels according to the vertical structure mentioned above: Channel "zero level", which is also called direct marketing channel is composed of one manufacturer and the final consumer. Channel "level one" involving an intermediary such as a retail sales. Channel "level two" has two Intermediary and channel "level three" has three Intermediaries. From the perspective of producers whatever the number of intermediaries is more, information about the final consumer and controls on them are more difficult. Sometimes companies use multichannel systems, Multi-channel marketing system is a system that in it company uses two or more marketing channels to reach different market segments according to market share at the same time. The number of distribution channels depends on to a variety of markets. Each of the markets requires special conditions in their distribution.

Sometimes a variety of different brands of a product from a manufacturer has different distribution methods. This is for creating excellence for the labels that are distributed through special channels. A clock can be sold through supermarkets, and also through jewelry. Normally it is expected that distribution channels cause movement and transfer the goods from producer to consumer. But recently the reverse channel distribution has great concern. Recycling processes are a good example of the reverse channel. In this process, the waste is sent back to the manufacturer. In some countries, in addition to beverage vending machines, other machines return some of drink prices in case of returning empty cans. This gives entrepreneurs the opportunity that with management and recognizing the final consumer achieve interesting points in this regard. (HAMID SAREMI, 2014).

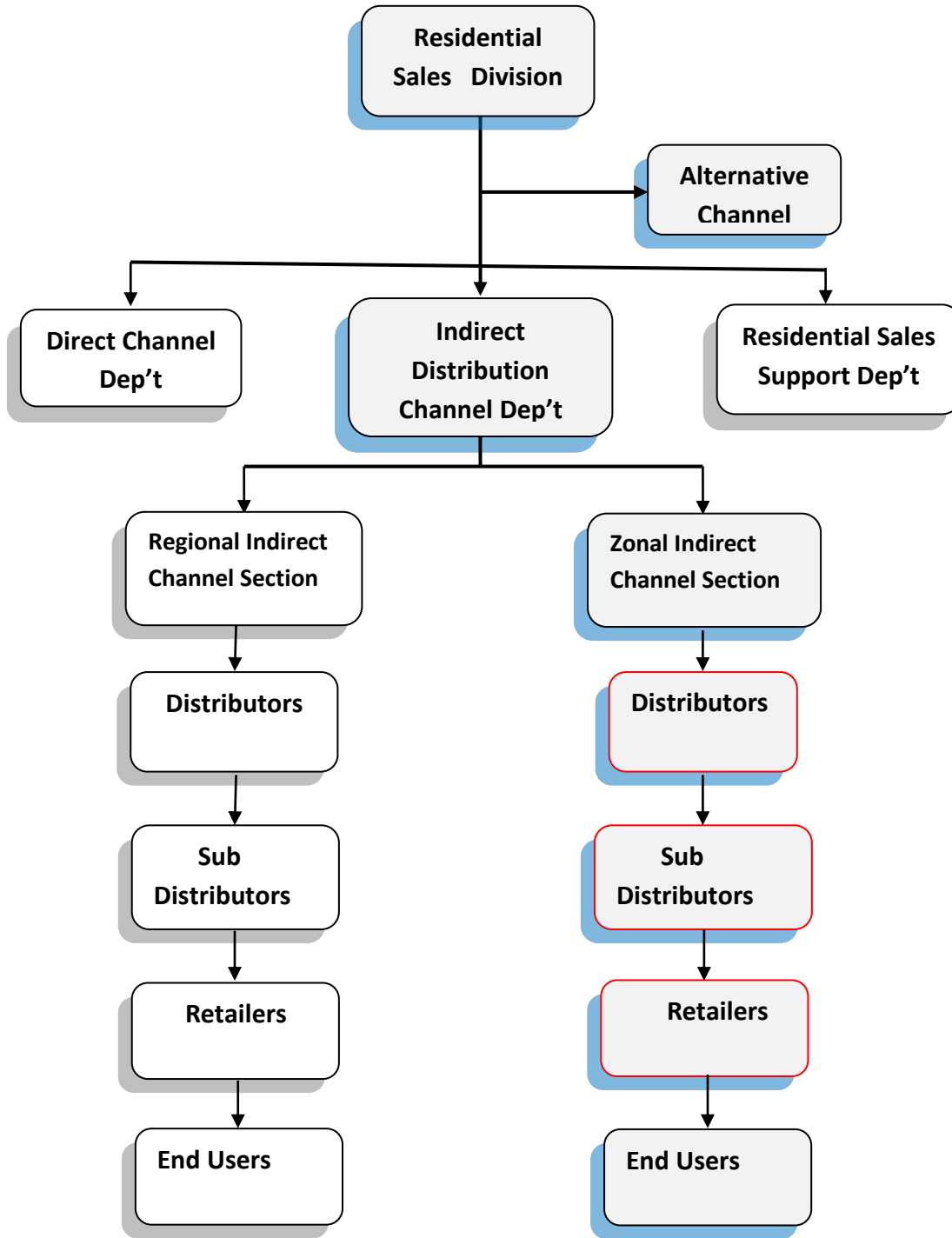


Figure 2.1 Structure of Residential sales Division with the levels of channels of distribution (Source: ET internal document – 7 May 2015)

2.5 Distributor Dissatisfactions

Companies can design their distribution channels to make products and services available to customers in different ways. Each layer of marketing intermediaries that performs some work in bringing the product and its ownership closer to the final buyer is a channel level. Distribution channels are more than simple collections of firms tied together by various flows. They are complex behavioral systems in which people and companies interact to accomplish individual, company, and channel goals. Some channel systems consist of only informal interactions among loosely organized firms. Others consist of formal interactions guided by strong organizational structures. During formal and informal distribution system Sole Company and distributors have agreement on price and supply conditions, territory divisions and rewards. Due to fail to fulfillment the agreements sole companies search for alternative ways, then distributors lost their jobs and make them dissatisfaction. Conflicts are rising for tertiary breaching, price violation, intermittent supply and lack of performance rewards, then following disagreement and fail the partnership relationship. Based on this condition they often disagree on who should do what and for what rewards. Such disagreements over goals, roles, and rewards generate channel conflict (Kotler and Armstrong, 2011).

Channel Conflict is a state of opposition, or discord, among the organizations comprising a marketing channel.

When Conflict Is Desirable?

Conflict is usually thought to be dysfunctional, to hurt a relationship's coordination and performance. Although this is generally true, opposition actually makes a relationship better on certain occasions. Indeed, a certain amount of conflict is even a desirable state. This is functional (useful) conflict.

Achieving Channel Cooperation

Success Strategies in Channel Management involves managing conflict to increase channel coordination. Channel Cooperation, achieved via effective cooperation among channel members, is the desired antidote to channel conflict; it is best achieved when all channel members regard themselves as components of the same organization.

2.6. Channel regulation and violation

The need for regulation varies depending on the conditions of the marketplace. While the design of the regulatory framework may differ, certain critical elements should be included in an effective regulatory framework, such as the functional aspects of the regulatory authority; decision-making processes; accountability; consumer protection, dispute resolution and enforcement powers. Consideration and proper implementation of these features are key elements for creating an enabling environment for development of the sector and for increased consumer welfare. In case of breach any of obligations in the regulation that agreed up on the contractual agreement the consequence of channel violation, and it might be settled by the Parties amicably through negotiation or termination the agreement and operation (ITU 2009).

2.7. Telecom marketing distribution channel theory

According to Mohr et.al. (2005), the problems with marketing of these new and innovative products are three fold. These are market uncertainty, technological uncertainty and competitive volatility. How these three overlap and affect each other.

2.7.1. Distribution uncertainty on Market

When introducing new and innovative products and processes to the market there will always be uncertainties of how the market will react. The market uncertainty stems from, according to Mohr et al (2005), five sources: Current consumer needs, Future consumer needs, industry standards, Rate of innovation spread and Potential market size is very interesting for telecom distributor and buyer too.

First, there are consumer worries and uncertainties of what needs the new technology will address. It may be very clear to the developer exactly what this new technology can do, but unless the consumer understands and wants it, the product itself will not sell. To address this problem one needs to inform the customer of what the product or innovation can do for them. Secondly, there's the problem with industry standards. If an industry standard hasn't been set, customers are often reluctant to invest in this new technology, in fear of it becoming obsolete. The emergence of a universally accepted standard takes a lot of time. This is represented, in management literature, as the "dominant design" concept. According to Utter back (1994):

Thirdly, there's always uncertainty of what the market will want and need in the future. Customers today might want something that the customers of tomorrow will find obsolete or unnecessary.

2.7.2. Technological Uncertainty

Uncertainties also arise about the technology itself. In this case Mohr et al formulates five sources for this uncertainty: Product function, Delivery time table, Quality of service, unforeseen side-effects and Threat of new technology.

The first factor that gives rise to technological uncertainty is the issue of whether or not the product actually fulfills its promises. There have been many problems in the past and the present where early adopters of new products have faced problems with the functionality, especially in the computer industry where glitches and errors seem to have become part of everyday life.

2.8. The Current Implication of distribution management in Africa

Based on Stardom, (2015), stated the telecom channel distribution, there is different constraints which is aligning to the delivery of telecom goods and services on distributor though the place they addressing in. The following determinant factors are Current Implication for indirect distributions channel in Africa.

- I. Distributor Culture:** In order to obviate educational problematic for distributor, distribution identity differentiation criteria can be designed by telecom service and goods providers, similar to conventional environments to offer products online. Also, proper publicity can enforce raise of knowledge among customers, even the uneducated ones. In doing so, the government has a very crucial role that should not be over- looked (Nunes et al, 2003).
- II. Distribution time management:** Time of delivery is a significant issue. If we fail to confront the issue, it will pose problem for telecom goods shoppers on the right time. To resolve the problem it is recommended that telecom material delivery be done through postage; warehouses must be established in proximity. Also, the conventional system could be differentiated from distribution system in order to avoid waste of time. Another solution could be the establishment of a quick delivery service.

III. Internet knowledge and technology using knowledge: As pointed out, distributors overall Internet knowledge in Africa is big nominal factors which is affecting in efficacious on online shopping and delivers the goods and material of telecom to be delivered within days in today market. To improve distributor's knowledge, the use of media or websites can have a relevant contribution. The other solution is to facilitate the shopping process for online shoppers.

2.9. Challenges of indirect Channel Management in the telecom Industry

In recent years, there has been a growing body of evidence that the spread of ICT (information and communications technologies) can have substantial benefits for economic development. The growing use of the Internet and email through mobile phone for many people and organizations, revolutionized the speed and ease of communications, both within their own countries and, especially, across international borders. The high-tech industry, such as telecom like physical voucher card and SIM distribution, ICT and mobile subscription with its volatility, poses new challenges to channel management. As discussed Earlier in the "Telecom Marketing Theory" section, high-tech industries are faced with three Uncertainties: Market, Technology and Competition. Sahadev et al (2004) mentions five telecom Characteristics that affect channel management and can be divided amongst the three uncertainties:

2.9.1. Shorter product life cycle

As the product passes through each stage in the life cycle is being adopted by different consumer segments on physical voucher card and SIM distribution. Each segment in the curve consists of groups of customers whose responses to marketing stimuli are different (Sahadev et al (2004) As high-tech products pass through each stages of the life-cycle rapidly, the customer profile need to be adjusted accordingly, as well as the channel structure. As described earlier, innovators and early adopters are those that believe that the technology is bound to change our lives for the better and therefore a marketing approach that focuses on the innovative technical features is to be preferred (Sahadev et al, 2004).

As the product moves to the growth stage and the majority starts to adopt the new technology, marketing and channel structure needs to put less emphasis on the innovative features and

instead focus on economic benefits. As the technology matures, the performance to price ratio will show a declining trend (Smith et al, 1999), and thus leading to a need to, on a regular basis, deal with issues related to sharing of marketing costs in channel Dealerships. High levels of cooperation and trust between the manufacturer and distributor are key factors when trying to achieve the required amount of agility and synchronization. The goal is to have the entire channel system act in unison like a single organization (Sahadev et al, 2004).

2.9.2. Lack of well-established technological product standards

Well-established industrial standards help reduce buyer uncertainty and thereby help manufacturers and distributors to convince customers (Moriarty and Kosnik, 1989). In the absence of well-established standards, customers tend to spend more time and effort in the search process (Cyert and March, 1963).

Consequently, the marketing task will involve greater customer education and distributors' ability to learn and gather knowledge is crucial for the success of high-tech products (Ryans and Shanklin, 1984).

2.9.3. Uncertainty about product functionality

McKenna (1991) says that to command the customers when they are facing uncertainties, like product functionality, switching cost with the replacement of products, installation and maintenance costs, one must focus away from selling products and instead turn towards creating relationships. This is only possible if the manufacturer–distributor relationship work like a single organization, sacrificing short-term losses for long-term gains. Trust and cooperation in the Dealership are key factors to achieve success.

2.9.4. Lack of IT support for visibility of inventory

Distribution managers would appear to favor a climate of communication case, whereas subordinates in the distribution function would prefer information management of cooperation. Communication and cooperation will announce sales distribution effectiveness (Hughes and Ahearne, 2010). Effective IT supports visibility of inventory channels serve targeted customer segments, maximize sales, minimize cost and provide companies a sustainable competitive advantage (Nehmya, 2014). To align the conceptual framework with the research objectives,

distribution channels have challenges to have effective distribution because, lack of information technology and communication. Most problems that have been faced are violation of the regulation by other distributors on price and territory.

2.10. Supplier to Distributor relation ship

The firm's sales force and communications decisions depend on how much persuasion, training, motivation, and support its channel Dealers need. Super salespeople are motivated from within they have an unrelenting drive to excel. Some salespeople are driven by money, a desire for recognition, or the satisfaction of competing and winning. Others are driven by the desire to provide service and build relationships on organizations that buy products from hundreds of telecom product and resell them to their customers. They provide a convenient means of purchasing the products of many manufacturers. Many distributors are national, with several warehouses and sales offices. Some are international and they usually centralize their buying processes and leverage their sales volume to obtain the lowest possible prices from manufacturers (Strydom, 2015).

They grant discounts on individual products based on the overall levels of business their customers do with them. They usually provide faster delivery, and better terms and conditions than the manufacturer. Distributors are usually the largest channel organizations, and the ones with the most money.

2.11. Background of Ethio-Telecom

The introduction of telecommunication in Ethiopia dates back to 1894. In those years, the new technological scheme contributed to the integration of the Ethiopian society when the extensive open-wire line system was laid out linking the capital with important administrative cities of the country. Ethiopia became a member of International Telecommunication Union (ITU) in 1932. Most of the telecommunication network, however, was completely destroyed during the Italian Fascist aggression Later on Ethiopia developed its telecommunication facilities all over again. When the Imperial Telecommunication Board of Ethiopia was established by Proclamation 131/53 in 1953, it was granted full provision of administrative and financial autonomy.

The major objectives of the Board were: to undertake the expansion of telecommunication services in the nation, to represent Ethiopia at all International for regarding telecom activities (except military communications), to allocate and construct communication frequencies, and to train the required personnel. In order to achieve its objectives, the organization had undergone through section development programs. Even though the institution had been granted full autonomy by the above proclamation, the right of the organizational had been violated during 1975, when it was reorganized and renamed as” Ethiopian Telecommunications Service” and in 1981, the organization was renamed again as “Ethiopian Telecommunications Authority”. Finally, in 1996 it was established as a corporation “Ethiopian Telecommunications Corporation”, (www.ethiotelecom.net.et/).

Ethiopian Telecommunications Corporation restructured and established to Ethio telecom as a sole telecom operator in Ethiopia in the form of a public enterprise on December 1st, 2010, as per the council of ministers Regulations No. 197/2010.

During transformation out of 13 structured divisions, Residential and Marketing sales division was the one that has given the objective to accomplish intensive distribution and sales of Ethio telecom consuming (Commercial) product using 4 departments. Indirect channel department is responsible to select the distributors of physical voucher card and SIM distribution and implement the distribution according to Ethio Telecom and Distributors agreement. Accordingly distributors are joining Ethio telecom market in 12 region and 6 Zones, the number of distributors exist in each region according to potential market given from Central statistics agency (CSA). During the past years implementation some problems have faced by the company and we will try to investigate them. Such as, Distributors are terminated due to unable to run the company product distribution as per Ethio telecom regulation, distributors are violating Policy, rule and regulation and they got penalized according to the agreement, inconsistency to achieve/meet monthly target. (Ethio telecom 2013/14 distributors report).

2.12. Empirical literature gap

In the European telecom SIM card, physical voucher card, handset distribution can be distributed by using a wide range of marketing through distribution channels to reach the end customer. The mobile operator dominance over the distribution network in the United States forces handset

manufacturers to cooperate with the sales operators. (The Mobile economy 2014, GSMA Intelligence; cited on www.gsma.com).

According to Strydom, (2015) enumerated that the majority of East African countries telecom service are owned by the government as monopoly and hence no need to worry about competitive advantage and, the company needs to have an effective distribution channel for two main reasons.

The first reason is that the company needs to adopt customer relationship marketing perspective to serve its downstream channel members including the end customers effectively so that negative company image and associations would not be built. The second reason is that channel members and the end users will not shift business relationship to potential competitors when the market will be open for competition in the future.

But following to the above statement, supported by Nehmya (2014) who has stated that Likewise, Ethio telecom service and goods provision on distribution marketing and through distribution channels to reach the end customer cannot be said that current distribution channels have performed to the level that meets industry and stakeholders' expectations because there are many chaos in the channels, especially in the indirect channel, as the researcher's experience in Ethio telecom's indirect channel can serve as an unproven and mere clue about the channels' inefficiency. Ethio telecom is a sole telecom operator in Ethiopia established as a public enterprise on December 1st, 2010, as per the council of ministers Regulations No. 197/2010. The company aims to provide next generation network services based on a world class standard information technology services and to build a competent next generation network-based workforce with appropriate knowledge, skill, attitude, and work culture (Ethio- telecom annual report 2005;cited by Mulugeta Adebash 2015).

According to Mulugeta (2015),in Ethio telecom some distributors do not implement the agreement. During that time Ethio telecom obliged to follow the course of action and it believed that it has negative influence and they try to improve it. The researcher saw different knowledge gaps on distribution delivery channel of the monopoly addressing telecom service in Ethiopia. Current partner programs and lists are no longer fully applicable on this new market, and a need for new Dealerships, to reach the market best way possible.

As discussed in the above Mulgeta A. (2015) and Nehmya T. (2014) carried out the study on factors affecting Indirect Channel Distribution of Ethio Telecom in terms of motivation system for distributors, number of staffs assigned in Ethio telecom on collection of CAF and level of channel. However study done by them did not address the experience on distributing the physical voucher card and SIM card on Territory confined bases, the reason for terminating distribution agreement, the level of conflict on distribution of VC and SIM and level of Information technology usage on distribution of VC and SIM card. Thus, this study tried to evaluate factors that challenging Indirect Channel Distribution of Ethio Telecom such as experience on distributing the physical voucher card and SIM card on territory confined bases, the reason for terminating distribution agreement, the level of conflict on distribution of VC and SIM and level of Information technology usage on distribution of VC and SIM card.

CHAPTER THREE

RESEARCH DESIGN AND RESEARCH METHODOLOGY

3.1. Research Approach

Researchers apply two types of research approaches, namely qualitative and quantitative approach (Saunders et.al, 2007). Most researchers argue that, the best method to use for a study depends on the purpose of the research, research data and the accompanying research questions. In this regard, the purpose of this research to assess the challenges of Indirect Distribution channel in Ethio telecom system; hence the study has employed quantitative approach and collected quantitative data through self-developed questionnaire. Questions are designed to be understood and interpreted the same way by all respondents; having this the researcher found out and analyzed the challenges of Ethio telecom indirect channel distributions through its distributors and recommend the way of minimizing the challenges.

3.2. Research Design

This research follows the principle of applied research as it aims at finding a solution for an immediate problem facing an industrial/business organization. (Abdurazak, Berhanu and Matiws, 2014)

Research design refers to a set of methods and procedures that describes research variables. Research can be classified as descriptive, explanatory and predictive research (Saunders, Lewis and Thornhill, 2007). This research has used descriptive type of research since it attempts to assess the challenges of distribution channel in the case of Ethio telecom. Adams et al. 2007 explain the three classification of research is that explanatory research is describe the phenomena as well as explain why behavior is the way it is; descriptive research is used to describing the phenomena.

The research has designed and presented to determine the objective of the study under the descriptive research method that helped the researcher on analyzing and finding out the

challenges of Ethio telecom indirect channel distributions through distributors and recommend the way of solution.

3.3. Data Source and type

There are two types of data, namely primary and secondary data. A researcher might use either both or one of the types of data depends on the research type and data collected by researcher (Saunders et.al, 2007). For this research purpose primary data collected through standardize questionnaire. Primary data are originated by a researcher for the specific purpose of addressing the problem at hand (Malhotra and Birks, 2006). The sources for primary data in the case of this study from Distributors, sub distributors and Employees of Ethio telecom IDC department.

This research has used secondary data from journals, company publication and other publicized documents. According to Adams et al. (2007) secondary data is data collected by someone else and there is a great deal available to researcher from books, libraries and on the web. This data also might be serving as reference and guide the focus of clarify research question.

3.4 Population and Sample

3.4.1 Population of the study

The full set of cases from which a sample is taken is called the population (Saunders et.al, 2007). There are ninety nine distributors, about seven hundred sub distributors and two hundred forty five IDC employees as a general population.

The total target population for the study was two hundred fifty two, of which thirty eight are mega distributors (including the two National distributors i.e. Ethiopian Postal Service and Hidassie Telecom SC), one hundred forty six are sub-distributors, thirty three are staffs & twenty seven POS Coordinators of Ethio telecom working in the indirect distribution channel and eight are managers of Ethio telecom working in the indirect distribution channel.

3.4.2. Sampling Techniques and size

Sampling is related with the selection of a subset of individuals from within a population to estimate the characteristics of whole population. The two main advantages of sampling are the faster data collection and lower cost (Kish, 1965 and Robert, 2004). Each observation measures one or more properties of observable subjects distinguished as independent individuals. In

business research, medical research, agriculture research, sampling is widely used for gathering information about a population.

A sample is part of the universe of interest. Sampling is used to gain an understanding about some features or attributes of the whole population based on the characteristics of the sample. For this study, the researcher used simple random (Probability) sampling method to administer questionnaires and to obtain a representative sample. The primary benefit of this method is each unit included in the sample will have certain pre assigned chance of inclusion in the sample. This sampling provides the better estimate of parameters in the studies in comparison to purposive sampling (Singh & Masuku, 2006). The every single individual in the sampling frame has known and equal chance of being selected into the sample. It is the ideal and recognized single stage random sampling.

Determining sample size varies for various types of research designs and there are several approaches in practice. A general rule, one can say that the sample must be of an optimum size i.e., it should neither be excessively large nor too small (Kothari, 2004).

The researcher has taken Zikmund and Babin (2010) sampling technique by determining the sample proportion success and not success based on the experience from previous survey research response rate. Saunders, Lewis and Thornhill (2012) state that the likely response rate shall be reasonable 50% or moderately high, while Patrick (2003) referring Babie (1979), the return or success rate 50% is 'adequate'; 60% response rate is 'good' and 70% rate or higher is 'very good'. Having this experience, for this research purpose confidence of successfully collect or return rate is expected to 90% because the respondents are located on Addis Ababa and the respective Zonal IDC managers were helped me in distribution and collection of questionnaires and the remaining defected or non-response, and sample size is determined at 95% confidence level.

Determine the size of the sample size for population (Kothari, 2004):

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2 (N - 1) + z^2 \cdot p \cdot q}$$

Where:

- $z = z$ score level of confidence of the estimate (in the case of 95% = 1.96);
- $e =$ marginal error, 5%
- $P =$ proportion of the sample successfully collected ($p=0.90$)
- $q =$ failure of sample ($1-0.90= 0.1$)
- $N =$ population of the sample (252)

$$n = \frac{1.96^2 * 0.9 * 0.1 * 252}{0.05^2 (252 - 1) + 1.96^2 * 0.9 * 0.1}$$

n = 90

Therefore, based on the above given information and sample size formula, the sample size for this study is 90.

3.5. Data Collection Instruments

The primary data for this study was collected by using questionnaires.

3.5.1 Questionnaires

Demographic questions has used by the researcher and it involves age, education level and year of experience. Likert scaled questionnaires has been designed on challenges of Ethio telecom indirect distributions channel.

Questionnaires prepared in English and translated into Amharic language by the researcher and filled by the randomly selected distributors, sub distributors of Addis Ababa and employees of Ethio telecom IDC department.

3.6. Data Collection Procedures

Likert scaled questionnaire distributed for randomly selected Addis Ababa distributor, sub distributors and to Ethio telecom IDC staffs & managements.

The data collection procedures followed a process of (a) making personal contact with the randomly selected Addis Ababa distributor, sub distributors and to Ethio telecom IDC staffs & managements and (b) check for completeness and collecting the completed questionnaires.

3.7. Data Analysis

Descriptive statistic has been used to describe the data collected in this study and to accurately characterize the variables and to summarize a study sample.

After the fieldwork done before analysis, all the questionnaires adequately checked for reliability and verification, editing, cleaning, coding, recoding and tabulation were carried out. The results obtained were analyzed and interpreted by using descriptive statistics included use of pie chart, frequencies, means and percentile. The variables conducted by using statistical package for social science (SPSS) version 20. The data presented in the form of tables and percentages with description.

3.8. Ethical Consideration

Each discipline should have its own ethical guidelines regarding the treatment of human research participants (Vanderstoep and Johnston, 2009). Research ethics deals with how we treat those who participate in our studies and how we handle the data after collected. The researcher has kept privacy (i.e. leave any personal questions), anonymity (i.e. protecting the identity of specific individual from being known) and confidentiality (i.e. kept the information in secret) (Saunders et.al, 2007). Besides, the questionnaire was distributed to voluntary participant, it also have clear introductory and instruction part regarding to the purpose of the research.

3.9. Validity and Reliability

To make the instruments measure what is intended to measure the respondents was clearly communicated on the contents of the questioner as well as the objectives of the research.

To keep consistency of the tool, the research framework is constructed based on acknowledged and published theories. The selected respondents are the crews of the Distribution Channel that involved into the activities of distribution of SIM and VC cards in Addis Ababa Zones.

Accordingly, the researcher expected that the respondents have given credible answers.

In addition to this, the researcher has received comment from the advisor and other expertise on the questionnaire and overall research methodology. Furthermore, pilot taste has been made by distributing small questionnaire. The major objective of the pilot taste was to get feedback on the questionnaire way of preparation, wording, consistency and any other valuable comment and to incorporate any important comments and finalize the questionnaire. Statistical validity also used to measure the validity of the research though use of correct statistical procedure and instruments (Neuman, 2007). To insure the statistical validity of the study, the researcher has collected quantitative data using survey questionnaire and analysis the data using correct statistical instruments like descriptive statistics. In addition to insure the validity of the study, the researcher received comment from the advisor and other expertise on the questionnaire and overall research methodology.

Reliability refers to the extent to which your data collection techniques or analysis procedures will yield consistent findings (Saunders et al., 2007). Dunn (2001) also defines reliability as a measure's stability or consistency across time. The data reliability test is measured by using Cronbach's Alpha. Cronbach's Alpha was also calculated as part of the reliability test to assess how valid the results were and should produce similar generalized results if the sample size were increase (Field, 2006). The Alpha value is ranges from a maximum of 1.0 for a perfect score to minimum of zero, good measure of the alpha should be 0.70 or higher (Neuman, 2007). According to William and Barry (2010) scales exhibiting a coefficient alpha between 0.80 and 0.96 are considered to have very good reliability, between 0.70 and 0.80 are considered to have good reliability, and alpha value between 0.60 and 0.70 indicates fair reliability and when the coefficient alpha is below 0.60, the scale has poor reliability. Accordingly, the Cronbach's Alpha values of the survey indicate good reliability and the result are presented in table 3.1

Table 3.1 Reliability Statistics

Cronbach's Alpha	N of Items
.748	32

Table 3.1 shows that the Cronbach's Alpha value for survey is 0.748 according to (William and Barry (2010), which is good reliability. Therefore, all variables were acceptable for further analysis.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1. Introduction

The purpose of this research was to assessing the challenges of indirect distribution channels. This chapter presents the main part of the study. Coded responses were entered into Statistical Package for the Social Sciences (SPSS) version 20, for data analysis.

In this study descriptive statistic was used to analyze the data. The descriptive statistics utilized in this research are used to analyze all data that included frequency, percentages and mean. Analysis of the data is presented below:

4.2. Response Rate

In order to conduct this research a total of 99 questionnaires were distributed for mega distributors, sub-distributors, staffs, POS Coordinators of Ethio telecom working in the indirect distribution channel and managers of Ethio telecom working in the indirect distribution channel which are located only in A.A, among these questionnaires 93 are collected and the remaining 6 questionnaires are not returned and from total collected questionnaires 3 of them are not properly filled. Therefore, the analysis is done on the 90(90.9%) of response rate which is considering sufficient to conduct the study and shown in the figure 4.1 below.

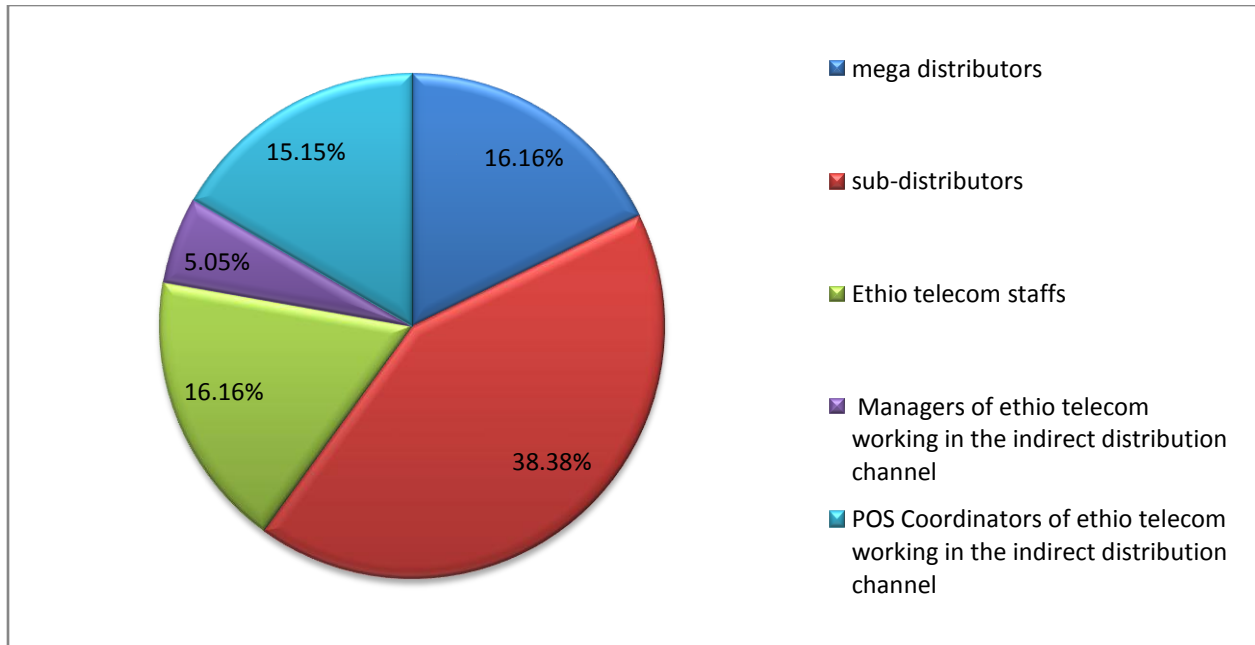


Figure 4.1 Response Rate

4.3. Profile of Respondents

This section provides a profile of respondents who involved in the study and data collection on basic characteristics.

Accordingly, the following variables about the respondents were summarized and described in the following table. These variables include: educational level, years of experience and age of the respondents.

From below table 4.1, the majority of the Ethio telecom respondents were degree holders and above which is around 85.7% and remaining respondents 14.3% are a certificate and a diploma level. Such table show that majority of the Ethio telecom staffs are adequate to perform the distribution activities. Furthermore, the table also indicates that the questionnaire is completed by professional staffs and they expected to give valuable response.

Table 4.1 Profile of Ethio telecom Respondents

Education level	Frequency	Percent	Cumulative percent
under complete 10/12th	-	-	-
10/12th complete	-	-	-
Certificate/ Diploma	5	14.3	14.3
1st Degree and above	30	85.7	100
Work experience	Frequency	Percent	Cumulative percent
1 year	1	2.9	2.9
2 years	3	8.6	11.4
3 years	1	2.9	14.3
4 years and above	30	85.7	100
Age of the respondents	Frequency	Percent	Cumulative percent
18-30	3	8.6	8.6
30-45	24	68.6	77.1
above 45	8	22.9	100

Source: Survey Result (2017)

As table 4.1, 2.9% of the of Ethio telecom respondents have 1 year of work experience, 8.6% of the Ethio telecom respondents have 2years of work experience, 2.9% have 3 years of work experience and 85.7% have 4 years' and above experience. The data tells about most of Ethio telecom respondents (around 88.6%) have more than two years' experience, and specifically around 85.7% of Ethio telecom respondents have four and above years' experience which means almost most of respondents have good know how about the research subject matter.

As table 4.1, 8.6% of the Ethio telecom respondents were aged between18 and 30 years, 68.6% were aged between30 and 45 years and 22.9% respondents were aged above 45 years. This implies that the majority of the Ethio telecom respondent was young and energetic to perform the work. Thus, it is clear that the experienced and educated respondents could understand the challenges in distribution related activities and give sufficient and correct information that could contribute through the validity of this study.

Table 4.2 Profile of distributors and sub-distributors Respondents

Education level	Frequency	Percent	Cumulative percent
under complete 10/12th	-	-	-
10/12th complete	13	23.6	23.6
Certificate/ Diploma	13	23.6	47.3
1st Degree and above	29	52.7	100
Work experience	Frequency	Percent	Cumulative percent
1 year	10	18.2	18.2
2 years	14	25.5	43.6
3 years	12	21.8	65.5
4 years and above	19	34.5	100
Age of the respondents	Frequency	Percent	Cumulative percent
18-30	11	20	20
30-45	32	58.2	78.2
above 45	12	21.8	100

Source: Survey Result (2017)

From the table 4.2, the majority of the distributors and sub-distributors respondents was degree holders and above which is around 52.7%, 23.6% of the distributors and sub-distributors are a certificate and a diploma level and the remaining 23.6% of the distributors and sub-distributors respondents' are 10/12th complete. Such tables show that majority of the 10/12th complete are adequate to perform the distribution activities. Furthermore, the table also indicates that the questionnaire is completed by professional staffs and they expected to give valuable response.

As table 4.2, 18.2% of the distributors and sub-distributors respondents have 1 year of work experience, 25.5% of the distributors and sub-distributors respondents have 2 years of work experience, 21.8 % of the distributors and sub-distributors respondents have 3 years of work experience and 34.5% of the distributors and sub-distributors respondents have 4 years' and above experience. The data tells about most of distributors and sub-distributors respondents (around 56.3%) have more than two years' experience, which means almost most of respondents have good know how about the research subject matter.

As table 4.2, 20% of the distributors and sub-distributors respondents were aged between 18 and 30 years, 58.2% were aged between 30 and 45 years and 21.8% respondents were aged above 45 years. This implies that the majority were young and energetic to perform the work. Thus, it is clear that the experienced and educated respondents could understand the challenges in distribution related activities and give sufficient and correct information that could contribute through the validity of this study.

4.4. Survey Results

The following descriptive statistical analysis shows the concepts adopted for this study. Particularly, the analysis demonstrates the research questions, which are prior experience of distributing the physical voucher card and SIM card, basic challenges that affect the distribution channel in distributing voucher cards and meeting their targets, the level of conflict of channels in the current distribution market of VC and SIM and the level of Information technology support for inventory and order management. To make discussions the study used mean, frequency and percentile. The respondents were asked to indicate the extent to analyze the challenges of Indirect distribution channel in five scales (1= strongly disagree, 2= Disagree, 3= Neutral, 4= Agree and 5=strongly agree).

4.4.1 The prior experience of distributing the physical voucher card and SIM card on Territory confined bases

The channel of distribution is a system that helps bringing products from manufacturer to final customer (Zikmund&Babin 2010). Companies use distribution channels to ensure that their product will reach customers at the right time and convenient location. Distribution channels involve intermediary organizations that help in a process to deliver products to end customers.

Table 4. 3Prior experience of distributing VC and SIM card on territory limited bases

No.	Questions	Scale	Ethio telecom Employee		Distributors and sub-distributors		Mean
			Frequency	Percentile	Frequency	Percentile	
1	ET's distribution channel strategy is as good as compared to ETC's Sales channel strategy	Strongly disagree	3	8.6	3	5.5	3.77
		Disagree	4	11.4	4	7.3	
		Neutral	7	20.0	7	12.7	
		Agree	6	17.1	28	50.9	
		Strongly agree	15	42.9	13	23.6	
2	Territory confined/limited sales is a convenient decision for target achievement	Strongly disagree	5	2.9	8	14.5	3.2
		Disagree	6	22.9	17	30.9	
		Neutral	2	14.3	6	10.9	
		Agree	1	42.9	18	32.7	
		Strongly agree	17	17.1	6	10.9	
3	Sales channel strategy complies with overall company vision and aims on distributions	Strongly disagree	0	0	3	5.5	3.64
		Disagree	3	8.6	7	12.7	
		Neutral	6	17.1	12	21.8	
		Agree	21	60.0	27	49.1	
		Strongly agree	5	14.3	6	10.9	
4	To be a distributor/sub distributor prior experience on distribution is very important	Strongly disagree	1	2.9	3	5.5	3.93
		Disagree	3	8.6	13	23.6	
		Neutral	0	0	2	3.6	
		Agree	17	48.6	16	29.1	
		Strongly agree	14	40.0	21	38.2	

Source: Survey Result (2017)

According to table 4.3, 8.6% of the Ethio telecom and 5.5% of the distributors and sub-distributors respondents were strongly disagreed as ET's distribution channel strategy is as good as compared to ETC's Sales channel strategy, 11.4% of the Ethio telecom and 7.3% of the distributors and sub-distributors respondents were disagree, 20% of Ethio telecom and 12.7% of

distributors and sub-distributors respondents were neutral, 17.1% of Ethio telecom and 50.9% of distributors and sub-distributors respondents were agreed and the remaining 42.9% of Ethio telecom and 23.6% of distributors and sub-distributors respondents were strongly agreed.

According to table 4.3, 2.9% of the Ethio telecom and 14.5% of the distributors and sub-distributors respondents were strongly disagreed as territory confined/limited sales is a convenient decision for target achievement, 22.9% of the Ethio telecom and 30.9% of the distributors and sub-distributors respondents were disagree, 14.3% of Ethio telecom and 10.9% of distributors and sub-distributors respondents were neutral, 42.9% of Ethio telecom and 32.9% of distributors and sub-distributors respondents were agreed and the remaining 17.1% of Ethio telecom and 10.9% of distributors and sub-distributors respondents were strongly agreed.

As summarized in the table 4.3, none of the Ethio telecom and 5.5% of the distributors and sub-distributors respondents were strongly disagreed as Sales channel strategy complies with overall company vision and aims on distributions, 8.6% of the Ethio telecom and 12.7% of the distributors and sub-distributors respondents were disagree, 17.1% of Ethio telecom and 21.8% of distributors and sub-distributors respondents were neutral, 60% of Ethio telecom and 49.1% of distributors and sub-distributors respondents were agreed and the remaining 14.3% of Ethio telecom and 10.9% of distributors and sub-distributors respondents were strongly agreed.

As indicated in the table 4.3, 2.9% of the Ethio telecom and 5.5% of the distributors and sub-distributors respondents were strongly disagreed as prior experience on distribution is very important, 8.6% of the Ethio telecom and 23.6% of the distributors and sub-distributors respondents were disagree, none of Ethio telecom and 3.6% of distributors and sub-distributors respondents were neutral, 48.6% of Ethio telecom and 29.1% of distributors and sub-distributors respondents were agreed and the remaining 40% of Ethio telecom and 38.2% of distributors and sub-distributors respondents were strongly agreed.

The respondents indicated that ET's distribution channel strategy is as good as compared to ETC's sales channel strategy, 60% (sum of agree and strongly agree) the respondents from Ethio telecom and 74% (sum of agree and strongly agree) the respondents from distributors and sub-distributors which had a mean of 3.77. From 60% (sum of agree and strongly agree) of respondents from Ethio telecom and 43.6% (sum of agree and strongly agree) the respondents from distributors and sub-distributors indicated, territory confined/limited sale is a convenient

decision for target achievement, mean of 3.2. The respondents also agreed that sales channel strategy complies with overall company vision and aims on distributions, from 74.3% (sum of agree and strongly agree) of respondents from Ethio telecom and 60% (sum of agree and strongly agree) the respondents from distributors and sub-distributors, as shown by a mean of 3.64. From 88.6% (sum of agree and strongly agree) of respondents from Ethio telecom and 67.3% (sum of agree and strongly agree) the respondents from distributors and sub-distributors distributor/sub distributor prior experience on distribution is very important as shown by mean of 3.93. The mean value 2 and less indicated that low prior experience of distributing the physical voucher card and SIM card on Territory confined bases, mean value greater than 2 and less than 3 indicate medium, mean value greater than 3 indicate highly experienced related with distributing the physical voucher card and SIM card on Territory confined bases.

In general, from the analysis majority of respondents agreed that prior experience of distributing the physical voucher card and SIM card on territory confined bases had a great importance in a process to deliver products to end customers. As shown in the above table the highest mean values indicates that distribution channels have a good prior experience on distribution, hence it is important to distribute physical voucher card and SIM card.

4.4.2 The basic challenges that affect the distribution channel in distributing voucher cards and meeting their targets in SIM card sales

Table 4.4 The basic challenges related responses summary

No.	Questions	Scale	Ethio telecom Employees		distributors and sub-distributors		Mean
			Frequency	Percentile	Frequency	Percentile	
1	The Assignment of over target	Strongly disagree	4	11.4	2	3.6	3.72
		Disagree	8	22.9	4	7.3	
		Neutral	2	5.7	3	5.5	
		Agree	10	28.6	30	54.5	
		Strongly agree	11	31.4	16	29.1	
2	Shorter time in sales of higher denomination of voucher Cards	Strongly disagree	5	14.3	4	7.3	3.12
		Disagree	11	31.4	8	14.5	
		Neutral	5	14.3	12	21.8	
		Agree	12	34.3	25	45.5	
		Strongly agree	2	8.5	6	10.9	
3	Delay in on-time Distributions and delivery of voucher Card and SIM cards from Ethio telecom to distributors	Strongly disagree	2	5.7	1	1.8	3.87
		Disagree	5	14.3	2	3.6	
		Neutral	4	11.4	5	9.1	
		Agree	18	51.4	27	49.1	
		Strongly agree	6	17.1	20	36.4	
4	Lack of distributors capacity in finance and skill	Strongly disagree	1	2.9	8	14.5	3.4
		Disagree	10	28.6	13	23.6	
		Neutral	1	2.9	4	7.3	
		Agree	12	34.3	20	36.4	
		Strongly agree	11	31.4	10	18.2	
5	Distributors consideration of distribution task as a secondary business	Strongly disagree	2	5.7	2	3.6	3.36
		Disagree	11	31.4	21	38.2	
		Neutral	1	2.9	9	16.4	
		Agree	8	22.9	11	20.0	
		Strongly agree	13	37.1	12	21.8	

Source: Survey Result (2017)

According to table 4.4, 11.4% of the Ethio telecom and 3.6% of the distributors and sub-distributors respondents were strongly disagreed as the Assignment of over target, 22.9% of the Ethio telecom and 7.3% of the distributors and sub-distributors respondents were disagree, 5.7% of Ethio telecom and 5.5% of distributors and sub-distributors respondents were neutral, 28.6% of Ethio telecom and 54.5% of distributors and sub-distributors respondents were agreed and the remaining 31.4% of Ethio telecom and 29.1% of distributors and sub-distributors respondents were strongly agreed.

As shown in the table 4.4, 14.3% of the Ethio telecom and 7.3% of the distributors and sub-distributors respondents were strongly disagreed as shorter time in sales of higher denomination of voucher Cards, 31.4% of the Ethio telecom and 14.5% of the distributors and sub-distributors respondents were disagree, 14.3% of Ethio telecom and 21.8% of distributors and sub-distributors respondents were neutral, 34.3% of Ethio telecom and 45.5% of distributors and sub-distributors respondents were agreed and the remaining 8.5% of Ethio telecom and 10.9% of distributors and sub-distributors respondents were strongly agreed.

According to table 4.4, 5.7% of the Ethio telecom and 1.8% of the distributors and sub-distributors respondents were strongly disagreed as delay in on-time distributions and delivery of voucher card and SIM cards from Ethio telecom to distributors, 14.3% of the Ethio telecom and 3.6% of the distributors and sub-distributors respondents were disagree, 11.4% of Ethio telecom and 9.1% of distributors and sub-distributors respondents were neutral, 51.4% of Ethio telecom and 49.1% of distributors and sub-distributors respondents were agreed and the remaining 17.1% of Ethio telecom and 36.4% of distributors and sub-distributors respondents were strongly agreed.

As summarized in the table 4.4, 2.9% of the Ethio telecom and 14.5% of the distributors and sub-distributors respondents were strongly disagreed as lack of distributors capacity in finance and skill, 28.6% of the Ethio telecom and 23.6% of the distributors and sub-distributors respondents were disagree, 2.9% of Ethio telecom and 7.3% of distributors and sub-distributors respondents were neutral, 34.3% of Ethio telecom and 36.4% of distributors and sub-distributor s respondents were agreed and the remaining 31.4% of Ethio telecom and 18.2% of distributors and sub-distributors respondents were strongly agreed.

As indicated in the table 4.4, 5.7% of the Ethio telecom and 3.6% of the distributors and sub-distributors respondents were strongly disagreed as distributors consideration of distribution task as a secondary business, 31.4% of the Ethio telecom and 38.2% of the distributors and sub-distributors respondents were disagree, 2.9 of Ethio telecom and 16.4% of distributors and sub-distributors respondents were neutral, 22.9% of Ethio telecom and 20% of distributors and sub-distributors respondents were agreed and the remaining 37.1% of Ethio telecom and 21.8% of distributors and sub-distributors respondents were strongly agreed.

The percent and mean of various indicators shown in table 4.4 indicated that the assignment of over target, 60.2% (sum of agree and strongly agree) the respondents from Ethio telecom and 83.6% (sum of agree and strongly agree) the respondents from distributors and sub-distributors which had a mean of 3.72, 42.8% (sum of agree and strongly agree) the respondents from Ethio telecom and 56.4% (sum of agree and strongly agree) the respondents from distributors and sub-distributors indicated shorter time in sales of higher denomination of voucher Cards as shown by a mean of 3.12, 68.5% (sum of agree and strongly agree) of respondents from Ethio telecom and 85.5% (sum of agree and strongly agree) the respondents from distributors and sub-distributors indicated, delay in on-time Distributions and delivery of voucher Card and SIM cards from Ethio telecom to distributors, mean of 3.87. The respondents also agreed that Lack of distributors capacity in finance and skill, from 65.7% (sum of agree and strongly agree) of respondents from Ethio telecom and 54.6% (sum of agree and strongly agree) the respondents from distributors and sub-distributors, as shown by a mean of 3.4. From 60% (sum of agree and strongly agree) of respondents from Ethio telecom and 41.8% (sum of agree and strongly agree) the respondents from distributors and sub-distributors distributor/sub distributors consideration of distribution task as a secondary business as shown by mean of 3.36. The mean value 2 and less indicated that there are low challenges on distributing the physical voucher card and SIM card mean value greater than 2 and less than 3 indicate moderate and mean value greater than 3 indicate that there are high challenges related with distributing the physical voucher card and SIM card on territory confined bases. Thus in the table 4.4 the mean value for all variable is greater than 3. This indicates that the a majority of respondents agreed that there is assignment of over target, the shorter time in sales of higher denomination of voucher cards, delay in on-time distributions and delivery of voucher card and SIM cards from ethio telecom to distributors, lack of distributors

capacity in finance & skill and distributors consideration of distribution task as a secondary business

4.4.3 The reason for terminating distribution agreement

Table 4.5 Reason for terminating distribution agreement related response summary

No.	Questions	Scale	Ethio telecom Employees		distributors and sub-distributors		Mean
			Frequency	Percentile	Frequency	Percentile	
1	Lesser commission paid by company to private distributors	Strongly disagree	2	5.7	4	7.3	3.3
		Disagree	13	37.1	7	12.7	
		Neutral	5	14.3	10	18.2	
		Agree	14	40.0	24	43.6	
		Strongly agree	1	2.9	10	18.2	
2	High target of SIM cards and lack of demand based allocation of voucher cards	Strongly disagree	1	2.9	0	0	3.9
		Disagree	8	22.9	7	12.7	
		Neutral	1	2.9	1	1.8	
		Agree	17	48.6	28	50.9	
		Strongly agree	8	22.9	19	34.5	
3	Restrictive agreement following penalty	Strongly disagree	1	2.9	1	1.8	3.5
		Disagree	14	40.0	2	3.6	
		Neutral	2	5.7	11	20.0	
		Agree	16	45.7	32	58.2	
		Strongly agree	2	5.7	9	16.4	
4	Less profit for distributors/sub distributors	Strongly disagree	0	0	1	1.8	3.8
		Disagree	8	22.9	4	7.3	
		Neutral	6	17.1	7	12.7	
		Agree	14	40.0	26	47.3	
		Strongly agree	7	20.0	17	30.9	

Source: Survey Result (2017)

According to table 4.5, 5.7% of the Ethio telecom and 7.3% of the distributors and sub-distributors respondents were strongly disagreed as Lesser commission paid by company to private distributors, 37.1% of the Ethio telecom and 12.7% of the distributors and sub-distributors respondents were disagree, 14.3% of Ethio telecom and 18.2% of distributors and sub-distributors respondents were neutral, 40% of Ethio telecom and 43.6% of distributors and sub-distributors respondents were agreed and the remaining 2.9% of Ethio telecom and 18.2% of distributors and sub-distributors respondents were strongly agreed.

As shown in the table 4.5, 2.9% of the Ethio telecom and none of the distributors and sub-distributors respondents were strongly disagreed as high target of SIM cards and lack of demand based allocation of voucher cards, 22.9% of the Ethio telecom and 12.7% of the distributors and sub-distributors respondents were disagree, 2.9% of Ethio telecom and 1.8% of distributors and sub-distributors respondents were neutral, 48.6% of Ethio telecom and 50.9% of distributors and sub-distributors respondents were agreed and the remaining 22.9% of Ethio telecom and 34.5% of distributors and sub-distributors respondents were strongly agreed.

According to table 4.5, 2.9% of the Ethio telecom and 1.8% of the distributors and sub-distributors respondents were strongly disagreed as Restrictive agreement following penalty, 40% of the Ethio telecom and 3.6% of the distributors and sub-distributors respondents were disagree, 5.7% of Ethio telecom and 20% of distributors and sub-distributors respondents were neutral, 45.7% of Ethio telecom and 58.2% of distributors and sub-distributors respondents were agreed and the remaining 5.7% of Ethio telecom and 16.4% of distributors and sub-distributors respondents were strongly agreed.

As summarized in the table 4.5, 22.9% of the Ethio telecom and 7.3% of the distributors and sub-distributors respondents were disagree as Less profit for distributors/sub distributors, 17.1% of Ethio telecom and 12.7% of distributors and sub-distributors respondents were not sure, 40% of Ethio telecom and 47.3% of distributors and sub-distributors respondents were agreed and the remaining 20% of Ethio telecom and 30.9% of distributors and sub-distributors respondents were strongly agreed.

The respondents indicated that Lesser commission paid by company to private distributors, 42.9% (sum of agree and strongly agree) the respondents from Ethio telecom and 61.8% (Sum of agree and strongly agree) the respondents from distributors and sub-distributors which had a

mean of 3.3, 71.5% (sum of agree and strongly agree) the respondents from Ethio telecom and 85.4% (sum of agree and strongly agree) the respondents from distributors and sub-distributors indicated the high target of SIM cards and lack of demand based allocation of voucher cards as shown by a mean of 3.9. From 51.4% (sum of agree and strongly agree) of respondents from Ethio telecom and 74.6% (sum of agree and strongly agree) the respondents from distributors and sub-distributors indicated, restrictive agreement following penalty, mean of 3.5. The respondents also agreed that less profit for distributors/sub distributors, from 60% (sum of agree and strongly agree) of respondents from Ethio telecom and 78.2% (sum of agree and strongly agree) the respondents from distributors and sub-distributors, as shown by a mean of 3.8.

The mean value 2 and less indicates that lesser commission paid by company to private distributors, the high target of SIM cards and lack of demand based allocation of voucher cards, restrictive agreement following penalty and less profit for distributors/sub distributors have low impact on terminating distribution agreement, mean value greater than 2 and less than 3 indicate moderate and mean value greater than 3 indicate high impact on terminating distribution agreement.

Thus in the table 4.5 the mean value for all variable is greater than 3. This indicates that the majority of respondents agreed that the reason for terminating distribution agreement were lesser commission paid by company to its distributors, the high target of SIM cards and lack of demand based allocation of voucher cards, restrictive agreement following penalty and less profit for distributors/sub distributors.

4.4.4 Level of Conflict of Channels in the Market of VC and SIM Distribution

I. Distribution Channel Design

Table 4. 6 Response summary on Distribution Channel Design

No.	Questions	Scale	Ethio telecom Employees		distributors and sub-distributors		Mean
			Frequency	Percentile	Frequency	Percentile	
1	Ethio telecom employed the right channel length (level). (ET-Distributors - Sub distributors – Retailers- End users)	Strongly disagree	5	14.3	2	3.6	3.34
		Disagree	9	25.7	10	18.2	
		Neutral	2	5.7	8	14.5	
		Agree	12	34.3	30	54.5	
		Strongly agree	2	20.0	5	9.1	
2	Ethio telecom has the right channel breadth/intensity (38 distributors & 146 sub distributors) for Addis Ababa	Strongly disagree	5	14.3	1	1.8	2.98
		Disagree	12	34.3	10	18.2	
		Neutral	7	20.0	18	32.7	
		Agree	11	31.4	23	41.8	
		Strongly agree	0	0	3	5.5	
3	Design of the current distribution channel of Ethio telecom is the best of all other alternatives	Strongly disagree	1	2.9	5	9.1	2.9
		Disagree	15	42.9	20	36.4	
		Neutral	9	25.7	7	12.7	
		Agree	7	20.0	20	36.4	
		Strongly agree	3	8.6	3	5.5	

Source: Survey Result (2017)

According to table 4.6, 14.3% of the Ethio telecom and 3.6% of the distributors and sub-distributors respondents were strongly disagreed as Ethio telecom employed the right channel

length, 25.7% of the Ethio telecom and 18.2% of the distributors and sub-distributors respondents were disagree, 5.7% of Ethio telecom and 14.5% of distributors and sub-distributors respondents were neutral, 34.3% of Ethio telecom and 54.5% of distributors and sub-distributors respondents were agreed and the remaining 20.0% of Ethio telecom and 9.1% of distributors and sub-distributors respondents were strongly agreed.

As shown in the table 4.6, 14.3% of the Ethio telecom and 1.8% of the distributors and sub-distributors respondents were strongly disagreed as Ethio telecom has the right channel breadth/intensity, 34.3% of the Ethio telecom and 18.2% of the distributors and sub-distributors respondents were disagree, 20% of Ethio telecom and 32.7% of distributors and sub-distributors respondents were neutral, 31.4% of Ethio telecom and 41.8% of distributors and sub-distributors respondents were agreed and the remaining 5.5% of distributors and sub-distributors respondents were strongly agreed.

According to table 4.6, 2.9% of the Ethio telecom and 9.1% of the distributors and sub-distributors respondents were strongly disagreed as Design of the current distribution channel of Ethio telecom is the best of all other alternatives, 42.9% of the Ethio telecom and 36.4% of the distributors and sub-distributors respondents were disagree, 25.7% of Ethio telecom and 12.7% of distributors and sub-distributors respondents were neutral, 20.0% of Ethio telecom and 36.4% of distributors and sub-distributors respondents were agreed and the remaining 8.6% of Ethio telecom and 5.5% of distributors and sub-distributors respondents were strongly agreed.

The respondents indicated that Ethio telecom employed the right channel length, 54.3% (sum of agree and strongly agree) the respondents from Ethio telecom and 74.5% (sum of agree and strongly agree) the respondents from distributors and sub-distributors which had a mean of 3.34, 31.4% (sum of agree and strongly agree) the respondents from Ethio telecom and 47.2% (sum of agree and strongly agree) the respondents from distributors and sub-distributors indicated the Ethio telecom has the right channel breadth/intensity as shown by a mean of 2.98. From 20.6% (sum of agree and strongly agree) of respondents from Ethio telecom and 41.9% (sum of agree and strongly agree) the respondents from distributors and sub-distributors indicated, Design of the current distribution channel of Ethio telecom is the best of all other alternatives, mean of 2.9. The mean value 2 and less indicated that the Distribution Channel Design is not satisfactory, mean value greater than 2 and less than 3 indicate moderately satisfactory, mean value greater

than 3 indicate Ethio telecom employed the right channel length that the Distribution Channel Design is good. As the above table 4.5 the mean value for Ethio telecom has the right channel breadth/intensity and Design of the current distribution channel of ethio telecom is the best of all other alternatives are 2.98 and 2.9 respectively. This indicates that Ethio telecom has moderately right channel breadth/intensity and Design of the current distribution channel of ethio telecom moderately satisfactory. Whereas, the mean value for Ethio telecom employed the right channel length is 3.34. This implies that Ethio telecom employed the right channel length (ET-Distributors - Sub distributors – Retailers- End users). However, 28.6% (sum of agree and strongly agree) respondents from Ethio telecom and 41.5% (sum of agree and strongly agree) respondents from distributors and sub-distributors and 45.85% (sum of agree and strongly agree) respondents from Ethio telecom and 45.5% (sum of disagree and strongly disagree) respondents from distributors and sub-distributors that design of the current distribution channel of Ethio telecom is the best of all other alternatives when we compare this majority of the respondent were disagree. This indicates that design of the current distribution channel of Ethio telecom is not the best of all other alternatives. And also, 28.6% (sum of agree and strongly agree) respondents from Ethio telecom and 41.5% (sum of agree and strongly agree) respondents from distributors and sub-distributors and 45.85% (sum of agree and strongly agree) respondents from Ethio telecom and 45.5% (sum of disagree and strongly disagree) respondents from distributors and sub-distributors

II. Channel regulation and violation

Table 4.7 Response summary Channel regulation and violation

No.	Questions	Scale	Ethio Telecom Employees		distributors and sub-distributors		Mean
			Frequency	Percentile	Frequency	Percentile	
1	The regulation of the channel bind both parties i.e. Ethio telecom and distributors	Strongly disagree	4	11.4	13	23.6	2.98
		Disagree	3	8.6	17	30.9	
		Neutral	3	8.6	11	20.0	
		Agree	23	65.7	10	18.2	
		Strongly agree	2	5.7	4	7.3	
2	Penalty on contract violation is applied on distributors but not on Ethio telecom	Strongly disagree	1	2.9	3	5.5	3.75
		Disagree	8	22.9	4	7.3	
		Neutral	5	14.3	4	7.3	
		Agree	12	34.3	27	49.1	
		Strongly agree	9	25.7	17	30.9	
3	The violations are due to under/over price sales	Strongly disagree	1	2.9	2	3.6	3.96
		Disagree	3	8.6	4	7.3	
		Neutral	0	0	5	9.1	
		Agree	20	57.1	32	58.2	
		Strongly agree	11	31.4	12	21.8	
4	The violations are due to territory	Strongly disagree	1	2.9	2	3.6	3.89
		Disagree	4	11.4	5	9.1	
		Neutral	0	0	7	12.7	
		Agree	20	57.1	28	50.9	
		Strongly agree	10	28.6	13	23.6	

Source: Survey Result (2017)

According to table 4.7, 11.4% of the Ethio telecom and 23.6% of the distributors and sub-distributors respondents were strongly disagreed as The regulation of the channel bind both parties, 8.6% of the Ethio telecom and 30.9% of the distributors and sub-distributors respondents were disagree, 8.6% of Ethio telecom and 20% of distributors and sub-distributors respondents were neutral, 65.7% of Ethio telecom and 18.2% of distributors and sub-distributors respondents were agreed and the remaining 5.7% of Ethio telecom and 7.3% of distributors and sub-distributors respondents were strongly agreed.

As shown in the table 4.7, 2.9% of the Ethio telecom and 5.5% of the distributors and sub-distributors respondents were strongly disagreed as penalty on contract violation is applied on distributors but not on Ethio telecom, 22.9% of the Ethio telecom and 7.3% of the distributors and sub-distributors respondents were disagree, 14.3% of Ethio telecom and 7.3% of distributors and sub-distributors respondents were neutral, 34.3% of Ethio telecom and 49.1% of distributors and sub-distributors respondents were agreed and the remaining 25.7% of Ethio telecom and 30.9% of distributors and sub-distributors respondents were strongly agreed.

According to table 4.7, 2.9% of the Ethio telecom and 3.6% of the distributors and sub-distributors respondents were strongly disagreed as The violations are due to under/over price sales, 8.6% of the Ethio telecom and 7.3% of the distributors and sub-distributors respondents were disagree, none of Ethio telecom and 9.1% of distributors and sub-distributors respondents were neutral, 57.1% of Ethio telecom and 58.2% of distributors and sub-distributors respondents were agreed and the remaining 31.4% of Ethio telecom and 21.8% of distributors and sub-distributors respondents were strongly agreed.

As summarized in the table 4.7, 2.9% of the Ethio telecom and 3.6% of the distributors and sub-distributors respondents were strongly disagreed as the violations are due to territory, 11.4% of the Ethio telecom and 9.1% of the distributors and sub-distributors respondents were disagree, none of Ethio telecom and 12.7% of distributors and sub-distributors respondents were neutral, 57.1% of Ethio telecom and 50.9% of distributors and sub-distributors respondents were agreed and the remaining 28.6% of Ethio telecom and 23.6% of distributors and sub-distributors respondents were strongly agreed.

The respondents indicated that the regulation of the channel bind both parties, 71.4% (sum of agree and strongly agree) the respondents from Ethio telecom and 25.5% (sum of agree and

strongly agree) the respondents from distributors and sub-distributors which had a mean of 2.98, 60% (sum of agree and strongly agree) the respondents from Ethio telecom and 80% (sum of agree and strongly agree) the respondents from distributors and sub-distributors indicated Penalty on contract violation is applied on distributors but not on Ethio telecom as shown by a mean of 3.75. From 88.5% (sum of agree and strongly agree) of respondents from Ethio telecom and 80% (sum of agree and strongly agree) the respondents from distributors and sub-distributors indicated, The violations are due to under/over price sales, mean of 3.96. The respondents also agreed that the violations are due to territory, from 85.7% (sum of agree and strongly agree) of respondents from Ethio telecom and 74.5% (sum of agree and strongly agree) the respondents from distributors and sub-distributors, as shown by a mean of 3.89. The mean value 2 and less indicated that low level of Channel regulation and violation, mean value greater than 2 and less than 3 indicate medium, mean value greater than 3 indicate high level of Channel regulation and violation. As indicated in the table 4.7 the mean value for the regulation of the channel bind both parties i.e. Ethio telecom and distributors. If the mean value is between 2 and 3, it implies that the regulation of the channel is moderately binding both parties (Ethio telecom and distributors). However, the mean value for penalty on contract violation is applied on distributors but not on Ethio telecom, the violations are due to under/over price sales, the violations are due to territory is greater than 3 this indicates that penalty on contract violation is applied only on distributors but not on Ethio telecom, the violations are due to under/over price sales and the violations are due to territory.

III. Ethio telecom and Distributors relation ship

Table 4.8 Response summary on Ethio telecom and Distributors relation ship

No.	Questions	Scale	Ethio Telecom Employees		distributors and sub-distributors		Mean
			Frequency	Percentile	Frequency	Percentile	
1	The top management of RSD as well as Sales team from ethio telecom are in contact with the distributor on a continuous basis to understand the distributors as well as customers' needs	Strongly disagree	0	0	4	7.3	3.39
		Disagree	9	25.7	13	21.8	
		Neutral	3	8.6	12	20.0	
		Agree	20	57.1	20	36.4	
		Strongly agree	3	8.6	8	14.5	
2	There are persuasions, training and delivery of products knowledge from Ethio telecom to its channel distributors	Strongly disagree	2	5.7	7	12.7	3.04
		Disagree	6	17.1	23	41.8	
		Neutral	4	11.4	9	16.4	
		Agree	21	60.0	14	25.5	
		Strongly agree	2	5.7	2	3.6	
3	There is a training and delivery of products knowledge from Distributors to its Sub-distributors and staffs	Strongly disagree	4	11.4	7	12.7	2.53
		Disagree	17	48.6	23	41.8	
		Neutral	7	20.0	14	25.5	
		Agree	7	20.0	8	14.5	
		Strongly agree	0	0	3	5.5	
4	There are motivation and support from Ethio telecom to its channel dealers.	Strongly disagree	3	8.6	7	12.7	2.71
		Disagree	13	37.1	25	45.5	
		Neutral	5	14.3	11	20.0	
		Agree	14	40.0	9	16.4	
		Strongly agree	0	0	3	5.5	

Source: Survey Result (2017)

According to table 4.8, none of the Ethio telecom and 7.3% of the distributors and sub-distributors respondents were strongly disagreed as the top management of RSD as well as Sales team from ethio telecom are in contact with the distributor on a continuous basis to understand the distributors as well as customers' needs, 25.7% of the Ethio telecom and 21.8% of the distributors and sub-distributors respondents were disagree, 8.6% of Ethio telecom and 20% of distributors and sub-distributors respondents were neutral, 57.1% of Ethio telecom and 36.4% of distributors and sub-distributors respondents were agreed and the remaining 8.6% of Ethio telecom and 14.5% of distributors and sub-distributors respondents were strongly agreed.

As shown in the table 4.8, 5.7% of the Ethio telecom and 12.7% of the distributors and sub-distributors respondents were strongly disagreed as there are persuasions, training and delivery of products knowledge from Ethio telecom to its channel distributors, 17.1% of the Ethio telecom and 41.8% of the distributors and sub-distributors respondents were disagree, 11.4% of Ethio telecom and 16.4% of distributors and sub-distributors respondents were neutral, 60% of Ethio telecom and 25.5% of distributors and sub-distributors respondents were agreed and the remaining 5.7% of Ethio telecom and 3.6% of distributors and sub-distributors respondents were strongly agreed.

According to table 4.8, 11.4% of the Ethio telecom and 12.7% of the distributors and sub-distributors respondents were strongly disagreed as there is a training and delivery of products knowledge from Distributors to its Sub-distributors and staffs, 48.6% of the Ethio telecom and 41.8% of the distributors and sub-distributors respondents were disagree, 20% of Ethio telecom and 25.5% of distributors and sub-distributors respondents were neutral, 20% of Ethio telecom and 14.5% of distributors and sub-distributors respondents were agreed and the remaining none of Ethio telecom and 5.5% of distributors and sub-distributors respondents were strongly agreed.

As summarized in the table 4.8, 8.6% of the Ethio telecom and 12.7% of the distributors and sub-distributors respondents were strongly disagreed as there are motivation and support from Ethio telecom to its channel dealers, 37.1% of the Ethio telecom and 45.5% of the distributors and sub-distributors respondents were disagree, 14.3% of Ethio telecom and 20% of distributors and sub-distributors respondents were neutral, 40% of Ethio telecom and 16.4% of distributors and sub-

distributors respondents were agreed and the remaining none of Ethio telecom and 5% of distributors and sub-distributors respondents were strongly agreed.

The respondents indicated that the top management of RSD as well as Sales team from Ethio telecom are in contact with the distributor on a continuous basis to understand the distributors as well as customer's needs, 65.7% (sum of agree and strongly agree) the respondents from Ethio telecom and 50.9% (sum of agree and strongly agree) the respondents from distributors and sub-distributors which had a mean of 3.39, 65.7% (sum of agree and strongly agree) the respondents from Ethio telecom and 29.1% (sum of agree and strongly agree) the respondents from distributors and sub-distributors indicated there are persuasions, training and delivery of products knowledge from Ethio telecom to its channel distributors as shown by a mean of 3.04. From 20% (sum of agree and strongly agree) of respondents from Ethio telecom and 20% (sum of agree and strongly agree) the respondents from distributors and sub-distributors indicated, There is a training and delivery of products knowledge from Distributors to its Sub-distributors and staffs, mean of 2.53. The respondents also agreed that there are motivation and support from Ethio telecom to its channel dealers. From 40% (sum of agree and strongly agree) of respondents from Ethio telecom and 21.9% (sum of agree and strongly agree) the respondents from distributors and sub-distributors, as shown by a mean of 2.71. The mean value 2 and less indicated that Ethio telecom and Distributors have low relationship, mean value greater than 2 and less than 3 indicate moderate relationship, mean value greater than 3 indicate high/strong relationship between Ethio telecom and Distributors.

As summarized in the table 4.8 the mean value for the top management of RSD as well as sales team from ethio telecom are in contact with the distributor on a continuous basis to understand the distributors as well as customers needs and there are persuasions, training and delivery of products knowledge from Ethio telecom to its channel distributors, mean value greater than 3 indicates that there is high/strong relationship between Ethio telecom and Distributors and training and delivery of products knowledge from Ethio telecom to its channel distributors. Whereas, the mean value for a training and delivery of products knowledge from Distributors to its Sub-distributors and staffs and there are motivation and support from Ethio telecom to its channel dealers is between 2 and 3 this implies that training and delivery of products knowledge

from Distributors to its Sub-distributors and motivation and support from Ethio telecom to its channel dealers is moderate.

IV. Distributions Channel conflicts

Table 4.9. Response summary on Ethio telecom and Distributors distribution channels conflicts

No.	Questions	Scale	Ethio Telecom Employees		distributors and sub-distributors		Mean
			Frequency	Percentile	Frequency	Percentile	
1	There is a special treatment for national distributors	Strongly disagree	1	2.9	3	5.5	3.7
		Disagree	6	17.1	3	5.5	
		Neutral	7	20.0	16	29.1	
		Agree	11	31.4	16	29.1	
		Strongly agree	10	28.6	17	30.9	
2	Lack of enough demand in own territory especially for higher denomination voucher cards and SIM cards	Strongly disagree	0	0	0	0	3.73
		Disagree	8	22.9	3	5.5	
		Neutral	7	20.0	9	16.4	
		Agree	15	42.9	29	52.7	
		Strongly agree	5	14.3	14	25.5	
3	Preference to earn target commission over target	Strongly disagree	0	0	0	0	3.82
		Disagree	4	11.4	3	5.5	
		Neutral	7	20.0	9	16.4	
		Agree	18	51.4	34	61.8	
		Strongly agree	6	17.1	9	16.4	

Source: Survey Result (2017)

According to table 4.9, 2.9% of the Ethio telecom and 5.5% of the distributors and sub-distributors respondents were strongly disagreed as there is a special treatment for national distributors, 17.1% of the Ethio telecom and 5.5% of the distributors and sub-distributors respondents were disagree, 20% of Ethio telecom and 29.1% of distributors and sub-distributors respondents were neutral, 31.4% of Ethio telecom and 29.1% of distributors and sub-distributors respondents were agreed and the remaining 28.6% of Ethio telecom and 30.9% of distributors and sub-distributors respondents were strongly agreed.

As shown in the table 4.9, 22.9% of the Ethio telecom and 5.5% of the distributors and sub-distributors respondents were disagreed as Lack of enough demand in own territory especially for higher denomination voucher cards and SIM cards, 20% of Ethio telecom and 16.4% of distributors and sub-distributors respondents were neutral, 42.9% of Ethio telecom and 52.7% of distributors and sub-distributors respondents were agreed and the remaining 14.3% of Ethio telecom and 25.5% of distributors and sub-distributors respondents were strongly agreed.

According to table 4.9, 11.4% of the Ethio telecom and 5.5% of the distributors and sub-distributors respondents were disagreed as Preference to earn target commission over target achievement over target achievement, 20% of the Ethio telecom and 16.4% of the distributors and sub-distributors respondents were neutral, 51.4% of Ethio telecom and 61.8% of distributors and sub-distributors respondents were agreed and the remaining 17.1% of Ethio telecom and 16.4% of distributors and sub-distributors respondents were strongly agreed.

The respondents indicated that there is a special treatment for national distributors, 60% (sum of agree and strongly agree) the respondents from Ethio telecom and 60% (sum of agree and strongly agree) the respondents from distributors and sub-distributors which had a mean of 3.7, 57.2% (sum of agree and strongly agree) the respondents from Ethio telecom and 78.2% (sum of agree and strongly agree) the respondents from distributors and sub-distributors indicated the Lack of enough demand in own territory especially for higher denomination voucher cards and SIM cards as shown by a mean of 3.73. From 60% (sum of agree and strongly agree) of respondents from Ethio telecom and 43.6% (sum of agree and strongly agree) the respondents from distributors and sub-distributors indicated, Preference to earn target commission over target achievement over target achievement, mean of 3.2. The mean value 2 and less indicated that low

level of distributions channel conflicts, mean value greater than 2 and less than 3 indicate medium, mean value greater than 3 indicate high level of distributions channel conflicts.

In general, from the analysis the mean value for all variables is greater than 3 and have high percentile this indicates that in Ethio telecom there is a special treatment for national distributors, high level of preference to earn target commission over target achievement and lack of enough demand in own territory especially for higher denomination voucher cards and SIM cards.

4.4.5 The level of Information technology support for inventory and order management

Table 4.10. Response summary on ET and Distributors level of IT support

No.	Questions	Scale	Ethio Telecom Employees		distributors and sub-distributors		Mean
			Frequency	Percentile	Frequency	Percentile	
1	Currently there is system support from Ethio telecom for distributors to manage their orders	Strongly disagree	6	17.1	11	20.0	2.7
		Disagree	10	28.6	21	40.0	
		Neutral	3	8.6	7	12.7	
		Agree	13	37.1	14	25.5	
		Strongly agree	3	8.6	1	1.8	
2	System order handling is better than manual order handling	Strongly disagree	1	2.9	3	5.5	3.9
		Disagree	7	20.0	2	3.6	
		Neutral	1	2.9	3	5.5	
		Agree	17	48.6	30	54.5	
		Strongly agree	9	25.7	17	30.9	
3	The system to support distributors is fully implemented	Strongly disagree	12	34.3	16	29.1	2.3
		Disagree	13	37.1	21	38.2	
		Neutral	1	2.9	7	12.7	
		Agree	7	20.0	9	16.4	
		Strongly agree	2	5.7	2	3.6	
4	The level of IT knowledge of distributors is high to implement the system	Strongly disagree	4	11.4	3	5.5	2.5
		Disagree	21	60.0	21	38.2	
		Neutral	8	22.9	19	34.5	
		Agree	2	5.9	11	20.0	
		Strongly agree	0	0	1	1.8	

Source: Survey Result (2017)

According to table 4.10, 17.1% of the Ethio telecom and 20% of the distributors and sub-distributors respondents were strongly disagreed as Currently there is system support from Ethio telecom for distributors to manage their orders, 28.6% of the Ethio telecom and 40% of the distributors and sub-distributors respondents were disagree, 8.6% of Ethio telecom and 12.7% of distributors and sub-distributors respondents were neutral, 37.1% of Ethio telecom and 25.5% of distributors and sub-distributors respondents were agreed and the remaining 8.6% of Ethio telecom and 1.8% of distributors and sub-distributors respondents were strongly agreed.

As shown in the table 4.10, 2.9% of the Ethio telecom and 5.5% of the distributors and sub-distributors respondents were strongly disagreed as System order handling is better than manual order handling; the system efficiency & effectiveness is high, 20% of the Ethio telecom and 3.6% of the distributors and sub-distributors respondents were disagree, 2.9% of Ethio telecom and 5.5% of distributors and sub-distributors respondents were neutral, 48.6% of Ethio telecom and 54.5% of distributors and sub-distributors respondents were agreed and the remaining 25.7% of Ethio telecom and 30.9% of distributors and sub-distributors respondents were strongly agreed.

According to table 4.10, 34.3% of the Ethio telecom and 29.1% of the distributors and sub-distributors respondents were strongly disagreed as the system to support distributors is fully implemented, 37.1% of the Ethio telecom and 38.2% of the distributors and sub-distributors respondents were disagree, 2.9% of Ethio telecom and 12.7% of distributors and sub-distributors respondents were neutral, 20% of Ethio telecom and 16.4% of distributors and sub-distributors respondents were agreed and the remaining 5.7% of Ethio telecom and 3.6% of distributors and sub-distributors respondents were strongly agreed.

As summarized in the table 4.10, 11.4% of the Ethio telecom and 5.5% of the distributors and sub-distributors respondents were strongly disagreed as the level of IT knowledge of distributors is high to implement the system, 60% of the Ethio telecom and 38.2% of the distributors and sub-distributors respondents were disagree, 22.9% of Ethio telecom and 34.5% of distributors and sub-distributors respondents were neutral, 5.7% of Ethio telecom and 20% of distributors and sub-distributors respondents were agreed and the remaining 1.8% of distributors and sub-distributors respondents were strongly agreed.

The respondents indicated that Currently there is system support from Ethio telecom for distributors to manage their orders, 45.7% (sum of agree and strongly agree) the respondents from Ethio telecom and 27.3%(sum of agree and strongly agree) the respondents from distributors and sub-distributors which had a mean of 2.7, 74.3% (sum of agree and strongly agree) the respondents from Ethio telecom and 85.4% (sum of agree and strongly agree) the respondents from distributors and sub-distributors indicated the System order handling is better than manual order handling; the system efficiency & effectiveness is high as shown by a mean of 3.9. From 25.7% (sum of agree and strongly agree) of respondents from Ethio telecom and 20% (sum of agree and strongly agree) the respondents from distributors and sub-distributors indicated, the system to support distributors is fully implemented, mean of 2.3. The respondents also agreed that the level of IT knowledge of distributors is high to implement the system, from 5.7% (sum of agree and strongly agree) of respondents from Ethio telecom and 21.8% (sum of agree and strongly agree) the respondents from distributors and sub-distributors, as shown by a mean of 2.5. In the table mean value greater than 2 and less indicate that currently there is system support from Ethio telecom for distributors to manage their orders, the system to support distributors and the level of IT knowledge of distributors is moderate. Whereas, the mean value greater than 3 for system order handling is better than manual order handling indicates that system order handling is better than manual order handling and it is better to increase the system efficiency & effectiveness.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter presents a summary of the findings, conclusions and recommendations made to help and improve distribution channel. This chapter deals with the summary of challenges of indirect distribution channels

5.1. Summary of Findings

The channel of distribution is a system that helps bringing products from manufacturer to final customer (Zikmund & Babin 2010). Companies use distribution channels to ensure that their product is distributed to customers at the right time and convenient location. Distribution channels involve intermediary organizations that help in a process to deliver products to end customers

Generally, this study has tried to identify the following challenges that affecting indirect distribution channels.

- ❖ Prior experience of distributing the physical voucher card and SIM card on territory confined bases had a great importance in a process to deliver products to end customers

As basic challenges that affect the distribution channel:

- ❖ There is assignment of over target,
- ❖ The shorter time in sales of higher denomination of voucher cards
- ❖ Delay in on-time distributions and delivery of voucher card and SIM cards from Ethio telecom to distributors
- ❖ Lack of distributors capacity in finance, skill and consistency
- ❖ Distributors consideration of distribution task as a secondary business
- ❖ Lesser commission paid by company to private distributors, the high target of SIM cards and lack of demand based allocation of voucher cards, restrictive agreement following penalty and less profit for distributors/sub distributors are the reasons for terminating distribution agreement

- ❖ Regarding to the level of IT support for inventory and order management: System order handling is better than manual order handling; the system efficiency & effectiveness is high. However, Ethio telecom system does not support for distributors to manage their orders and the system to support distributors is not fully implemented and have low level of IT knowledge of distributors to implement the system
- ❖ Design of the current distribution channel of Ethio telecom is not the best of all other alternatives
- ❖ Penalty on contract violation is applied on distributors but not on Ethio telecom, the violations are due to under/over price sales and the violations are due to territory
- ❖ Training and delivery of products knowledge from Distributors to its Sub-distributors and motivation and support from Ethio telecom to its channel dealers is not sufficient.
- ❖ In Ethio telecom there is a special treatment for national distributors, high level of preference to earn target commission over target achievement
- ❖ Lack of enough demand in own territory especially for higher denomination voucher cards and SIM cards.

5.2 Conclusions

In this research, the Challenges of indirect distribution Channels were assessed. The researcher has tried to investigate opinions from Ethio telecom and opinions from distributors and sub-distributors were gathered.

The following conclusions are drawn based on the assessment made on Challenges of indirect distribution Channels based on information gathered through questionnaires from Ethio telecom employees, Distributors and sub distributors.

5.2.1 Conclusions about prior experience of distributing the physical voucher card and SIM card on territory confined bases

According to the findings, Prior experience of distributing the physical voucher card and SIM card on territory confined bases has a great importance in a process to deliver products to end customers. ET's distribution channel strategy is as good as compared to ETC's sales channel strategy, territory confined/limited sales is a convenient decision for target achievement

5.2.2 Conclusions about basic challenges of distribution channel in distributing voucher cards and meeting their targets in SIM card Sales

As per the findings, assignment of over target of distribution channel in distributing voucher cards and meeting their targets in SIM card Sales, the shorter time in sales of higher denomination of voucher cards, delay in on-time distributions and delivery of voucher card and SIM cards from Ethio telecom to distributors, lack of distributors capacity in finance and skill distributors consideration of distribution task as a secondary business are basic challenges of distribution channel in distributing voucher cards and meeting their targets in SIM card sales.

5.2.3 Conclusions about terminating of distribution agreement

Based on the reports of indirect distribution channel eleven distributors have been terminated their agreement with Ethio telecom from 2010 - 2016 budget yearend. The termination rate till 2014 was 6 and increases by 5 and becomes 11 in the past six years. According to the data the termination rate has been increased. As per the findings, lesser commission paid by company to private distributors, the high target of SIM cards and lack of demand based allocation of voucher cards, restrictive agreement following penalty and less profit for distributors/sub distributors are the main reasons for terminating distribution agreement.

5.2.4 Conclusions about the level of conflicts of channels in the distribution activities

According to finding Ethio telecom employed the right channel length (ET-Distributors - Sub distributors – Retailers- End users), design of the current distribution channel of Ethio telecom is not the best of all other alternatives, penalty on contract violation is applied on distributors but not on Ethio telecom, the violations are due to under/over price sales and due to territory, training and delivery of products knowledge from distributors to its Sub-distributors and motivation and support from Ethio telecom to its channel dealers is not sufficient, in Ethio telecom there is a special treatment for national distributors, high level of preference to earn target commission over target achievement and lack of enough demand in own territory especially for higher denomination voucher cards and SIM cards are the main reason for conflicts of channels in the distribution activities.

5.2.5 Conclusions about Information system support the distributors

As per the findings, System order handling is better than manual order handling; the system efficiency & effectiveness is high. However, Ethio telecom system does not support for distributors to manage their orders and the system to support distributors is not fully implemented and has low level of IT knowledge of distributors to implement the system.

5.3 Recommendations

The objective of this research was to generate findings from the problems addressed in the literature review through questionnaire. In addition the ultimate objective of this thesis was to forward recommendations based on the findings of the study. Therefore, the recommendations are focused on addressing the major problems identified through the research process.

- Ethio telecom has to maintain automated distribution system in order to reduce delay on distributions and delivery of voucher card and SIM cards to distributors
- Ethio telecom has to facilitate the credit facility and training on distribution in order to improve the distributors' capacity in finance and skill.
- Distributors have to consider the distribution task as a primary business as result increases the distribution efficiency.
- Ethio telecom has to see an option on adjustment of commission paid to private distributors, maintain demand based allocation of voucher cards, make adjustment on profit for distributors/sub distributors in order to minimize termination of distribution agreement
- Ethio telecom has to support for distributors to manage their orders in order to maintain smooth relationship and increase the capacity of the distributors
- Distributors have provide the IT system training for their employees and their sub distributors to improve IT knowledge in implement the system
- Ethio telecom has to consider the design of the current distribution channel in order to facilitate distribution process.
- Ethio telecom top management has to apply penalty on contract violation for both distributors and Ethio telecom in order to minimize the level of conflicts of channels in the distribution activities.
- Ethio telecom has to have emphasis on equal treatment for all distributors, in order to reduce level of conflicts of channels in the distribution activities.

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Annex I

Addis Ababa University College of Business and Economics School of Commerce Masters of Art in Logistics and Supply Chain Management

Questionnaire on (Assessing the challenges of indirect distribution channels: The case of Ethio telecom:

Dear Respondents,

This questionnaire is designed to assess the challenges of indirect distribution channels: The case of Ethio telecom Addis Ababa Zones. This study is conducted in partial fulfillment of the requirements for the Master's degree in Logistics and Supply Chain Management at Addis Ababa University College of Business and Economics School of Commerce. Its main objective is to assessing the challenges of indirect distribution channels: the case of Ethio telecom specifically in Addis Ababa Zones.

Your response is vital to the outcome of the study and you are kindly requested to completely and objectively answer all questions. The research is going to be carried out based on your responses and other relevant data that could support it.

Your cooperation to respond genuinely is very important to this study. Please answer all questions. Space is provided at the end of the questionnaire for you to add further explanations or comments. I would promise that all information you provide would be strictly confidential.

Please tick (✓) or provide your own response where applicable.

Thank you in advance for your indispensable cooperation to spare invaluable time and energy to complete these questionnaires.

Name: Getachew Bante Habtemariam

MA student at AAU College of Business and Economics School of Commerce

Thank You!!

Part I: Demographics of respondents

1. Age
 - a. 18-30
 - b. 31 – 45
 - c. above 45
2. Level of Education
 - a. under complete
 - b. 10/12thcomplete
 - c. Certificate/Diploma
 - d. First Degree and above.
3. How long you are working with Ethio telecom on distribution of its Commercial products?
 - a) 1 year
 - b) 2 years
 - c) 3 years
 - d) 4 years and above

The following statements are concerned about the challenges of Indirect distribution channel in Ethio telecom Addis Ababa Zones. You are required to rate the items in the instrument on the basis of a five (5) point scale. Please rate to what extent you agree on the following. Please indicate the extent of your agreement with each statement by ticking (✓) a number from 1 to 5.

Note that: - Select only one among the options given below

1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4= Agree , 5 = Strongly Agree.

Part II

1	What is the prior experience of distributing the physical voucher card and SIM card on Territory confined?bases?	5 (Strongly Agree)	4 (Agree)	3 (Not Sure)	2 (Disagree)	1 (Strongly Disagree)
1.1	ET’s distribution channel strategy is as good as compared to ETC’s Sales channel strategy	5	4	3	2	1
1.2	Territory confined/limited sales is a convenient decision for target achievement	5	4	3	2	1
1.3	Sales channel strategy complies with overall company vision and aims on distributions	5	4	3	2	1
1.4	To be a distributor/sub distributor prior experience on distribution is very important	5	4	3	2	1
2	What are the basic challenges that affect the distribution channel in distributing voucher cards and meeting their targets in SIM card sales?	5 (Strongly Agree)	4 (Agree)	3 (Not Sure)	2 (Disagree)	1 (Strongly Disagree)
2.1	The Assignment of over target	5	4	3	2	1
2.2	Shorter time in sales of higher denomination	5	4	3	2	1

	of voucher Cards					
2.3	Delay in on-time Distributions and delivery of voucher Card and SIM cards from Ethio telecom to distributors	5	4	3	2	1
2.4	Lack of distributors capacity in finance, skill and consistency	5	4	3	2	1
2.5	Distributors consideration of distribution task as a secondary business	5	4	3	2	1
2.7	Shorter product life cycle	5	4	3	2	1
3	What is the main reason that distributors are terminating their distribution agreement?					
3.1	Lesser commission paid by company to private distributors	5	4	3	2	1
3.2	High target of SIM cards and lack of demand based allocation of voucher cards	5	4	3	2	1
3.3	Restrictive agreement following penalty	5	4	3	2	1
3.4	Less profit for distributors/sub distributors	5	4	3	2	1
4	What is the level of Information technology support for inventory and order management	5				
4.1	Currently there is system support from Ethio telecom for distributors to manage their orders	5	4	3	2	1
4.2	System order handling is better than manual order handling; the system efficiency & effectiveness is high	5	4	3	2	1
4.3	The system to support distributors is fully implemented	5	4	3	2	1
4.4	The level of IT knowledge of distributors is high to implement the system	5	4	3	2	1
5	Distribution Channel Design	5 (Strongly Agree)	4 (Agre)	3 (Not Sure)	2 (Disagree)	1 (Strongly Disagree)
5.1	Ethio telecom employed the right channel length (level). (ET-Distributors - Sub distributors – Retailers- End users)	5	4	3	2	1
5.2	Ethio telecom has the right channel breadth/intensity (38 distributors & 146 sub distributors) for Addis Ababa	5	4	3	2	1
5.3	Ethio telecom employed the right channel depth (Mix of channel intermediary types).	5	4	3	2	1
5.4	Design of the current distribution channel of	5	4	3	2	1

	Ethio telecom is the best of all other alternatives					
6	Channel regulation and violation					
6.1	The regulation of the channel bind both parties i.e. Ethio telecom and distributors	5	4	3	2	1
6.2	Penalty on contract violation is applied only on distributors but not on Ethio telecom	5	4	3	2	1
6.3	The violations are due to under/over price sales	5	4	3	2	1
6.4	The violations are due to territory	5	4	3	2	1
7	Supplier to Distributor relation ship					
7.1	The top management of RSD as well as Sales team from Ethio telecom are in contact with the distributor on a continuous basis to understand the distributors as well as customers needs	5	4	3	2	1
7.2	There are persuasions, training and delivery of products knowledge from Ethio telecom to its channel distributors	5	4	3	2	1
7.3	There is a training and delivery of products knowledge from Distributors to its Sub-distributors and staffs	5	4	3	2	1
7.4	There are motivation and support from Ethio telecom to its channel dealers.	5	4	3	2	1
8	Distributions Channel conflicts arises when;					
8.1	There is a special treatment for national distributors	5	4	3	2	1
8.2	Lack of enough demand in own territory especially for higher denomination voucher cards and SIM cards	5	4	3	2	1
8.3	Preference to earn target commission over target achievement	5	4	3	2	1

Please state any more reason that results in channel conflict.....

9. If you have any additional concerns on Questions stated here above (Question 1-8) and any unmentioned issue related to Ethio telecom’s end to end VC and SIM card distribution activities, please state here under:

THANK YOU VERY MUCH!!!

Annex II

በአዲስ አበባ ዩኒቨርሲቲ ቢዝነስና ኢኮኖሚክስ ኮሌጅ የንግድ ስራ ትምህርት ቤት

የሁለተኛ ዲግሪ በሎጂስቲክስ እና ሰጥላይ ጅምር ማኔጅመንት

ይህ ጥናታዊ ጽሁፍ በኢትዮ ቴሌኮምና የኢትዮ ቴሌኮምን ምርትና አገልግሎት በሚያከፋፍሉ አከፋፋዮች መካከል ባለው የስራ ግንኙነት ወቅት የሚያጋጥሙ ማነቆዎችንና ችግሮችን ለማጥናትና ለመለየት የተዘጋጀ የጽሁፍ መጠይቅ ነው።

ዉድ ምላሽ ሰጪዎች፤

ይህ መጠይቅ የተዘጋጀው በኢትዮ ቴሌኮም ኢንዱስትሪ ቻናልና የኢትዮ ቴሌኮምን ምርትና አገልግሎት በሚያከፋፍሉ አከፋፋዮች መካከል ባለው የስራ ግንኙነት ወቅት የሚያጋጥሙ ማነቆዎችንና ችግሮችን ለማጥናትና ለመለየት የተዘጋጀ ነው። የጥናቱ ዋና አላማ በኢትዮ ቴሌኮም ኢንዱስትሪ ቻናልና የኢትዮ ቴሌኮምን ምርትና አገልግሎት በሚያከፋፍሉ አከፋፋዮች መካከል ባለው የስራ ግንኙነት ወቅት የሚያጋጥሙ ማነቆዎችንና ችግሮችን ለማጥናት እና መፍትሄዎችን ለመተንተን የታለመ ነው።

የእርስዎ ምላሽ በጥናቱ ለሚገኘው ዉጤት ወሳኝ በመሆኑ መጠይቆቹን ሙሉ በሙሉ በቀናነት ይመልሱ። ጥናቱ እርስዎ በሚሰጡት ምላሾች እና ሌሎች ይህንኑ ሊደግፉ በሚችሉ ተያያዥ መረጃዎች ላይ ተመስርቶ የሚከናወን ይሆናል።

የእርስዎ መጠይቆቹን በቀናነትና በግልጽነት መመለስ ለጥናቱ እጅግ ጠቃሚ በመሆኑ ለመጠይቆቹ በሙሉ ምላሽዎትን ይሰጡ። ተጨማሪ ማብራሪያ እና አስተያየት ለመስጠት እንዲችሉ ከመጠይቁ መጨረሻ ላይ ባዶ ቦታ ተዘጋጅቷል። የሚሰጡት መረጃ ሙሉ በሙሉ ምስጢራዊነቱ እጅግ የተጠበቀ መሆኑን ቃል ልገባልዎት እወዳለሁ።

ምላሽዎትን ለመስጠት የ(✓) ምልክትን ይጠቀሙ ወይም በሚያስፈልግበት ቦታ ላይ የራስዎን ምላሽ ይሰጡ።

ይህንን መጠይቅ ለመሙላት ዉድ ጊዜዎትን እና ጉልበትዎን በመስጠት ላደረጉት የላቀ ትብብር በቅድሚያ ላመሰግን እወዳለሁ።

ጌታቸው ባንቴ ሀብተማሪያም፤

በአዲስ አበባ ዩኒቨርሲቲ ቢዝነስና ኢኮኖሚክስ ኮሌጅ የንግድ ስራ ትምህርት ቤት

አመሰግናለሁ።

ክፍል አንድ:

ከኢትዮ ቴሌኮም ኢንዱስትሪ ክፍል ቻናል ስራተኞች፣ የኢትዮቴሌኮምን ምርትና አገልግሎት በሚያከፋፍሉ አከፋፋዮችና ንዑስአከፋፋዮች መካከል ለዚህ ጥናት መጠይቅ ምላሽ እንዲሰጡ ስለተመረጡት መላሾች አጠቃላይ መረጃ እና የኋላ ታሪክ፤

1. የእድሜ ክልል

ከ18-30

ከ 31 – 45

ከ45 በላይ

2. የትምህርት ደረጃ

10ኛ/ 12ኛ ክፍልን ያላጠናቀቀ

10ኛ/12ኛ ያጠናቀቀ

ስርተፊኬት/ዲፕሎማ

የመጀመሪያ ዲግሪ እና ከዚያ በላይ

3. ከኢትዮ ቴሌኮም ጋር ምርትና አገልግሎቱን በማከፋፈል ስራ ላይ ለምን ያህል ጊዜ ስርተዋል?

ለ 1 ዓመት

ለ 2 ዓመታት

ለ 3 ዓመታት

ለ 4 ዓመታት ከዚያ በላይ

የሚከተሉት ሀሳቦች በኢትዮ ቴሌኮም ኢንዱስትሪ ክፍልና የኢትዮ ቴሌኮምን ምርትና አገልግሎት በሚያከፋፍሉ አከፋፋዮች መካከል ባለው የስራ ግንኙነት ወቅት የሚያጋጥሙ ማነቆዎችንና ችግሮችን ይመለከታሉ። እባክዎ በእያንዳንዳቸው ላይ ምን ያህል እንደሚሰማሙ ይግለጹ፤ መልስዎን ከ5-1 ከተዘረዘሩት አማራጮች ባንዱ ላይ የ(✓) ምልክት በማኖር ያመልክቱ።

ማሳሰቢያ:- ቀጥሎ ለእያንዳንዱ መጠይቅ ከተሰጡት 5 አማራጮች አንዱን ብቻ ይምረጡ።

5 = እጅግ እስማማለሁ፣ 4 = እስማማለሁ፣ 3 = እርግጠኛ አይደለሁም፣ 2 = አልሰማምም ፣ 1 = እጅግ አልሰማምም

ክፍል ሁለት

1	የሚፋቁ ካርዶችና ሲም ካርዶችን በተከለሉ ውሱን ቦታዎች የማከፋፈል የቀድሞ ተሞክሮ ምን ይመስላል?	5 (እጅግ እስማማለሁ)	4 (እስማማለሁ)	3 (እርግጠኛ አይደለሁም)	2 (አልስማማም)	1 (እጅግ አልስማማም)
1.1	የአሁኑ የኢትዮ ቴሌኮም ምርቶችን የማከፋፈል እስትራቴጂ ከቀድሞው የኢትዮጵያ ቴሌኮሙኒኬሽን ኮርፖሬሽን ሽያጭ እስትራቴጂ ሲነጻጸር የተሻለ ነው።	5	4	3	2	1
1.2	ድንበር የለሽ (በክልል ያልተገደበ) ሽያጭ አሁን ካለው በክልል የተገደበ ሽያጭ የተሻለ ነበር።	5	4	3	2	1
1.3	በክልል የተገደበ ሽያጭ የታርጌት ግብን ለመምታት ተስማሚ (የተሻለ)ውሳኔ ነው።	5	4	3	2	1
1.4	የኢትዮ ቴሌኮም ምርቶችን የማከፋፈልና የሽያጭ ስትራቴጂ ከድርጅቱ ራዕይና ዓላማ አብሮ የሚሄድ ነው።	5	4	3	2	1
1.5	የኢትዮ ቴሌኮም ምርቶችን አከፋፋይና ንዑስ አከፋፋይ ለመሆን የቆየ የማከፋፈል ልምድ (ተሞክሮ) በጣም እስፈላጊ ነው።	5	4	3	2	1
2	የሚፋቁ ካርዶችን በማከፋፈል ሂደት፣ በሲም ካርዶች ሽያጭና የታርጌት ግብ ከመምታት አንጻር መሰረታዊ ችግሮች የሚሆኑት ምንድናቸው?	5 (እጅግ እስማማለሁ)	4 (እስማማለሁ)	3 (እርግጠኛ አይደለሁም)	2 (አልስማማም)	1 (እጅግ አልስማማም)
2.1	የተጋነነ የሽያጭ ታርጌት መቀመጥ	5	4	3	2	1
2.2	ከፍተኛ ዋጋ ያላቸው የሚፋቁ ካርዶች ሽያጭ ጊዜ አጭር መሆኑ	5	4	3	2	1
2.3	ከኢትዮ ቴሌኮም ወቅቱን በጠበቀ መልኩ የሚፋቁ ካርዶችንና ሲም ካርዶችን ለአከፋፋዮች ያለማቅረብ ችግር	5	4	3	2	1
2.4	አነስተኛ ዋጋ ያላቸው የሚፋቁ ካርዶች እጥረት	5	4	3	2	1

2.5	የአከፋፋዮች የፋይናንስ አቅምና ከሰራው ጋር የተጣጣመ ልምድ ማነስ	5	4	3	2	1
2.6	የአከፋፋዮች የሚፋቁ ካርዶችና ሲም ካርዶችን ሽያጭ ስራን እንደ ተጨማሪ ስራቸው እንጂ እንደ ዋና የንግድ ስራቸው አለማየት	5	4	3	2	1
2.7	የሚፋቁ ካርዶችና ሲም ካርዶች እድሜ ኡደት አጭር መሆን	5	4	3	2	1
3	አንዳንድ አከፋፋዮች የአከፋፋይነት ውላቸውን የሚያቋርጡበት ዋና ምክንያት ምንድነው?					
3.1	ኢትዮ ቴሌኮም ለግል አከፋፋዮች የሚከፍለው ኮሚሽን ዝቅተኛ በመሆኑ	5	4	3	2	1
3.2	ከፍተኛ የሲም ካርድ ታርጌት (ግብ) እና ፍላጎትን መሰረት ያላደረገ የሚፋቁ ካርዶች ምደባ	5	4	3	2	1
3.3	ቅጣትን የሚያስከትል ገዳቢ የሆነ ውል ስምምነት	5	4	3	2	1
3.4	አከፋፋዮችና ንዑስ አከፋፋዮች የሚያገኙት አነስተኛ ትርፍ በመሆኑ	5	4	3	2	1
4	በእጅ ያሉ ምርቶችንና ትዕዛዞችን ለመከታተል የኢንፎርሜሽን ቴክኖሎጂ ድጋፍ ያለበት ደረጃ ምን ይመስላል?					
4.1	በአሁኑ ጊዜ አከፋፋዮች ከኢትዮ ቴሌኮም የምርት ትዕዛዝ የሚከታተሉበት የኢንፎርሜሽን ሲስተም ድጋፍ ያደርግላቸዋል	5	4	3	2	1
4.2	በእጅ ወይም በሰው ሃይል ከሚሆን ይልቅ በኢንፎርሜሽን ሲስተም የሚከናወን የምርት ትዕዛዝ ክትትል አሰራር የተሻለ ቅልጥፍናና ውጤታማነት አለው	5	4	3	2	1
4.3	አከፋፋዮችን ለመደገፍ የኢንፎርሜሽን ሲስተም ሙሉ በሙሉ ተተግብሯል	5	4	3	2	1
4.4	የኢንፎርሜሽን ሲስተምን ለመተግበር የአከፋፋዮች የኢንፎርሜሽን ቴክኖሎጂ	5	4	3	2	1

	እውቀት ደረጃ ከፍተኛ ነው					
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ክፍል ሁለት - ለ

5	የማከፋፈል ስርጥን ንድፍ / Distribution Channel Design	5 (እጅግ እስማማለሁ)	4 (እስማማለሁ)	3 (እርግጠኛ አይደለሁም)	2 (አልስማማም)	1 (እጅግ አልስማማም)
5.1	ኢትዮ ቴሌኮም በስራ ላይ ያዋለው ትክክለኛው የማከፋፈል ደረጃ ወይም ተዋረድ ነው። (ከኢትዮ ቴሌኮም - ወደ አከፋፋዮች - ከአከፋፋዮች ወደ ንዑስ አከፋፋዮች - ከንዑስ አከፋፋዮች ወደ ቸርቻሪዎች - ከቸርቻሪዎች ወደ የመጨረሻው ተጠቃሚዎች)	5	4	3	2	1
5.2	ኢትዮ ቴሌኮም በአሁን ሰዓት ያለው የአከፋፋዮች ስፋትና ጥልቀት ትክክለኛ ነው። (በአዲስ አበባ፤ 38 አከፋፋዮችና 146 ንዑስ አከፋፋዮች)	5	4	3	2	1
5.3	ኢትዮ ቴሌኮም አሁን የሚጠቀምበት የማከፋፈል ስራዎች ከማነኛውም አማራጮች የተሻለ ነው	5	4	3	2	1
6	የኢትዮ ቴሌኮምን ምርትና አገልግሎት በማከፋፈል ሂደት ላይ ያለ ደንበና ጥሰት					
6.1	ደንበኞች ሁለቱንም አካላት ማለትም ኢትዮ ቴሌኮምንና አከፋፋዮችን አሳሪ ነው።	5	4	3	2	1
6.2	የኮንትራት ጥሰት ቅጣት ተፈጻሚ እየሆነ ያለው አከፋፋዮች ላይ ብቻ ነው እንጂ ኢትዮ ቴሌኮም ላይ አይደለም።	5	4	3	2	1
6.3	የኮንትራት/ውል/ጥሰቱ አብዛኛውን ጊዜ የሚፈጸመው የመሸጫ ዋጋ በመቀነስና በመጨመር ነው	5	4	3	2	1
6.4	የኮንትራት/ውል ጥሰት የሚፈጸመው በመሸጫ ቦታ (ክልል) ጥሰት ነው።	5	4	3	2	1
7	የኢትዮ ቴሌኮምና አከፋፋዮች ግንኙነት					
7.1	የኢትዮ ቴሌኮም የግለሰብ ደንበኞች ሽያጭ መምሪያ የበላይ የሥራ አመራሮችና የሽያጭ ቡድኑ በአከፋፋዮችና በደንበኞች ፍላጎት ላይ ለመነጋገር የማይቋርጥ ግንኙነት አላቸው።	5	4	3	2	1

7.2	በኢትዮ ቴሌኮምና አከፋፋዮች መካከል የሰልጠና፣ የማህታቂያ እና የምርቶች እውቀት ማስገንዘቢያ ሂደቶች አሉ።	5	4	3	2	1
7.3	አከፋፋዮች በሰራተኛው ላሉ ንዑስ አከፋፋዮች እና ሰራተኞች ስላጠና እና የምርቶች እውቀት ማስጨበጫ ይሰጣሉ	5	4	3	2	1
7.4	ኢትዮ ቴሌኮም ለአከፋፋዮቹ የሚሰጣቸው የማህታቂያ እና ድጋፍ ፕሮግራሞች አሉት	5	4	3	2	1
8	የኢትዮ ቴሌኮምን ምርትና አገልግሎት በማከፋፈል ጊዜ በአከፋፋዮች መሀከል ግጭት የሚከሰትባቸው ሁኔታዎች፤					
8.1	ለሀገር አቀፍ አከፋፋዮች የተለየ ድጋፍ እና አያያዝ በመኖሩ ነው	5	4	3	2	1
8.2	ለአከፋፋዩ በተመደበለት ቦታ (ክልል) በቂ ፍላጎት አለመኖር፤ በተለይ ከፍተኛ ዋጋ ላላቸው የሞባይል ካርዶች እና ሲም ካርዶች	5	4	3	2	1
8.3	የታርጌት ግብ ከማሳካት ይልቅ ታርጌት ኮሚሽን የሚገኝበትን ሁኔታ መሻት	5	4	3	2	1

ከላይ በተቀ 8 ላይ ከተገለጹት በተጨማሪ፤ የኢትዮ ቴሌኮምን ምርትና አገልግሎት በማከፋፈል ሂደት ውስጥ በአከፋፋዮች መሀከል ሊከሰቱ የሚችሉ ሌሎች ተጨማሪ ግጭቶች ሊያመጡ የሚችሉ ምክንያቶች ካሉ ይግለጹ

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9. የኢትዮ ቴሌኮምን የሚፋቅ ካርድ እና ሲም ካርድ ከማከፋፈል ሂደቶች ጋር የተያያዘ ማንኛውም ያልተጠቀሰ ነገር ካለ እና ከላይ በተጠቀሱት ጥያቄዎች (ከጥያቄ 1-8) ተጨማሪ ሀሳብ ካለዎት እባክዎ ከዚህ በታች ባለው ክፍት ቦታ ላይ ይግለጹ.....

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ለትብብርዎ ምስጋናዬ ላቅ ያለ ነዉ!!!