



ADDIS ABABA UNIVERSITY
MASTERS OF BUSINESS ADMINISTRATION
COLLEGE OF BUSINESS AND ECONOMICS

**DETERMINANTS ON DISTRIBUTION OF FAST-
MOVING CONSUMER GOODS IN ADDIS ABABA:
THE CASE OF LOCALLY PRODUCED EDIBLE OIL**

BY:

SELAMAWIT G/EGZIABHER

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Addis Abba Ethiopia

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CONSUMER GOODS IN ADDIS ABABA: THE CASE OF LOCALLY
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BY:

SELAMAWIT G/EGZIABHER

**A Thesis Submitted as a Partial Fulfillment to the
Requirements for the Award of the Degree of Master of
business administration**

Advisor:

ASRES ABITE (Ph.D.)

MAY 2022

Addis Abba Ethiopia

DECLARATION

I hereby declare that this thesis entitled “DETERMINANTS ON DISTRIBUTION OF FAST-MOVING CONSUMER GOODS IN ADDIS ABABA: THE CASE OF LOCALLY PRODUCED EDIBLE OIL” was prepared by mine, with the guidance of my advisors. The work contained herein is my own except where explicitly stated otherwise in the text, and that this work has not been submitted, in whole or in part, for any other degree or professional qualification.

Author:

Signature, Date:

Witnessed by:

Name of Advisor:

Signature, Date:

Name of Co-Advisor:

Signature, Date:

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Advisor:

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External Examiner:

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Internal Examiner:

Signature, Date

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DGC Chairperson:

Signature, Date

College Dean/Associate Dean for GP:

Signature, Date

DEDICATION

I dedicate this research paper to my family who are wishing my successful journey and to everyone who supports me in this journey.

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My heart full gratitude also goes to my parents who have always been real supporters to achieve my educational goals. I would like to express my deepest gratitude to them for all their patience, love, and support.

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ACRONYMS

| | |
|-------------|--|
| ATL | Above The Line |
| BTL | Below The Line |
| FMCG | Fast Moving Consumer Goods |
| SPSS | Statistical package for social Science |

ABSTRACT

Any organization to be effective there should be a well distribution management system to convey final products from the manufacturer to the consumers. The main objective of this study is to examine the determinants on distribution performance of locally produced edible oil. The study focused on determinants on distribution of fast-moving consumer goods in Addis Ababa for the case of locally produced edible oil which is Tena Oil, product of Health Care Food Manufacturer S.C at the firm of food. A quantitative approach was employed to come across the objectives of the study and to go through all research questions and hypothesis. A total of sixty-seven well-structured close ended questioners were distributed to different professionals and fifty-seven were returned which is 85.1%. After checking the reliability and validity of the primary data it was further analyzed by statistical package for social science (SPSS). Product quality in the distribution system highly affects the distribution of locally produced edible oil in Addis Ababa. The impact of locally produced edible oil quality on the distribution system is the main determinant factor. The product price and end users need is one of the determinant factors in the distribution of locally produced edible oil in Addis Ababa. Under this the Price of the local produced edible oil strongly affecting the performance of the distribution. Influence of product promotion on selling performance have a great impact on distribution of locally produced edible oil in Addis Ababa. Among entities promotion increase the visibility of the product and it is strongly affecting distribution performance. The availability of product influence on companies sells target is the main impact on distribution of locally produced edible oil in Addis Ababa. From different factors product production Consistency strongly affect distribution performance. Among the main distribution determinants; distributor's experience is the first ranked determinant factor in the distribution of locally produced edible oil scoring a mean value of 3.992. Distributor's efficiency in the market and product promotion of locally produced edible oil in Addis Ababa become second and third having a mean value of 3.885 and 3.875 respectively. A good warehouse management has a big influence to increase the efficiency distribution. And finally, recommendations are also forwarded for customers and distributors accordingly.

Keywords: *edible oil, Quality, Price, availability and distributor performance.*

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

The actual transfer of stock from the point of manufacture to retailer and ultimately into consumer ownership is referred to as distribution. Fast-Moving Consumer Goods (FMCG) companies rely on distribution to succeed. Ensuring that they deliver to customers their brands in the correct amount, the place and right time, in good condition and at a competitive price, is still a challenge for the trade marketing and distribution companies department. Also, the distribution is important for business partners, including independent distributors, the relationship with them based on the principle of mutual profit (Peneal Mengesha July, 2017).

Fast Moving Consumer Goods (FMCG) are things that are sold in a short period of time at a low price. Despite the fact that the explicit profit on FMCG items is modest, they are frequently sold in large quantities, so the total profit on such items can be substantial. Fast moving consumer goods incorporate an extensive variety of every now and again bought purchaser items, for example, Edible Oil, Pasta, Macaroni, Rice, Soaps, Tomato Sauce, Baby Diaper, cosmetics, stationery items... etc. The FMCG circulation chain is a web of procedures and resources that are linked together. It includes suppliers, manufacturers, logistics service providers, warehouses, distributors, wholesalers, and all other parties involved in the delivery of goods to the final customer. . Completed in the market deals compel movement it can pick up an abnormal state of dissemination (Dibie et al., 2019) .

Distribution Channel is a course of action which has more noteworthy impact of the activities used to move thing. In the distribution cycle there are two major channels, which is direct distribution and indirect distribution. Direct distribution is when Producers directly deliver their products to their customers without using any middlemen. This channel is basically used by businesses to sell expensive goods. It is one of the oldest forms of distribution channels used by businesses to sell their products. The indirect channel is those in which manufacturers do not directly sell to customers. There are various middlemen & intermediaries involved in the distribution channel. Intermediaries work for their commission. They purchase products in bulk from manufacturers & supply products to final customers as per their demand (Taraporevala et al., 2017).

As the Fast-Moving Goods are low priced and many brands and companies are involved in the manufacturing and production of same categories of products, it becomes really difficult to project a special place in the minds of consumers (Lakemond et al., 2019)

Edible oil is one of the products in FMCG category and it is one of everyday food expenditure in urban areas as well as in most of the rural areas of Ethiopia. The Ethiopian refined edible oil industry is affected by inconsistency even though there is acceptable resource base and substantial production opportunity, the country satisfies almost all of its edible oil need from import by paying its hard-earned foreign currency. Therefore, edible oil producing industry faces high market competition from domestic edible oil producers as well as from imported edible oil. Hence the manufacturer needs a distributor who has an outstanding performance. It has been found that there is a gap between the consumer's intention and actual purchase when it comes to products that there is a social pressure to buy the products for different reasons. (Wren, 2007)

The foundation behind this study is to bridge the gap identified during the literature review by the study is that limited researches have been done to evaluate determinants that affecting distribution performance of Fast-Moving Consumer Goods.

Recommendation also forwarded for distributors to think of special plans and ways in which they can attract consumers towards their products at the time of normal economic circumstances or at the time of flourishing and collapse of the economy (Mekbib, 2019).

1.2 Statement of the problem

The activities of fast-moving consumers goods in a company with great diversity of customers spread over vast geographical areas thus must integrate the systems components of distribution to achieve an acceptable customer service level and avoid reduction of market share(SEID, 2018). This therefore explains the problem of getting the right quantity of the right product to the right place at the right time and at the least cost possible. This challenge has confronted companies with issues such as meeting delivery due dates and operating an efficient distribution network. Based on the survey conducted by various departments within the firm conducted during 2017–2018 half fiscal year market survey result; it was seen some indicators that Insufficient supply of product to the channel members during pick season by the company, unavailability of product as per end-user request, inconsistent selling capacity of channel members, inconsistent assessment of channel members by the company distributor representatives, and inadequate financial capacity of distributors for re- stocking

items or products was a straggle (CCBA Knowledge and intimacy, route to market survey June, 2018). In the same report distribution is becoming a more imperative issue in company accounts the cost of transportation, warehousing and stockholding are growing relative to the costs of other industrial inputs. Marketing efforts, such as the extension of product lines and penetration of new marketing channels in to new markets, were imposing increasing strain on distribution systems, making them more complex to manage and more expensive to operate (Yang et al., 2013). In the emergence of these marginal problems, there is the fact that there are so many brands for both local produced and import edible oils in the market from which the consumer has to choose from little or no attention to difference among them in terms of quality and other characteristics.

As Yang et al., (2013) pointed out a good design of a distribution network could achieve a number of logistics and supply chain goals, ranging from low operational cost to high customer service level. Thus, to plan, design and select and use the most efficient and effective channel of distribution in which to place a product into the hands of the customer is very important for such high demand product which is edible oil. Having the above concept about distribution, the research focuses to conduct a research study in Determinants on Distribution of Fast-Moving Consumer Goods (FMCG) In Addis Ababa: For the Case of Local Produced Edible Oil are identified and analyzed. The research would like to address the main gap, which are the main determinant factors that affect the efficiency of local produced edible oil distribution in Addis Ababa market. Therefore, the researcher is motivated to undertake this research and fill the gap.

1.3. Objective of the study

1.3.1 General Objective

The main objective of this study is to determine the determinants on distribution of locally produced edible oil in Addis Ababa.

1.3.2 Specific objectives

The specific objectives of the study include the following:

- To examine the product quality in the area of distribution system distributing local produced edible oil product and its impact on the company sales performance.
- To evaluate how the product price align with company target to fulfill end-user needs in terms of local produced edible oil distribution.

- To examine the product promotion influence selling capacity performances and consumer's loyalty to the product.
- To assess the availability of product influence on the company sells target achievement.
- To assess the experience of the distributor, influence on the performance of the distribution.

1.4 Research questions

- ❖ What is the magnitude of Product quality influence in the area of distribution system distributing local produced edible oil products to their customers and its influence on the sales performance?
- ❖ What is the degree of product price aligning with company target to fulfill end-user needs in terms of local produced edible oil products?
- ❖ What extent of promotion influence selling capacity of distributors and consumer product loyalty?
- ❖ What magnitude product availability affect customer satisfaction of getting product as per the target of company product distribution system?
 - ❖ How the experience of the distributor influences the sells performance of the distributor to meet its sells target?

1.5 Research hypothesis

Based on the research question and the background of the study earlier mentioned, the study developed the following hypothesis for later testing:

H1: Product quality and price of the product has influenced the area of distribution system, while distributing edible oil products to their customers and on the company sales performance.

H2: To examine Product Price and Product Availability has a major influence on customers' needs in terms of edible oil products.

H3: Distributor Experience and Promotion influence on company's sales performance of the company.

H4: Distributor experience and product price has an influence for the customers satisfaction to get the product and to achieve company sells target.

1.6 Significance of the study

The study assumes significance in terms of its contribution to investigate the most crucial

variables that determines distribution performance of fast-moving consumer goods specifically local produced edible oil in Addis Ababa market. The study also helps to identify the impact of distributor experience on the distribution network system and to improve the product distribution processes.

The finding of this research work is significant in several aspects. First, the results of this study have some practical value on distribution performance of fast-moving goods in companies like edible Oil producer Companies and channel distributors. The findings of this study also benefit the company in terms of understanding performance of its products distribution channels, in understanding how far the demand of customers fulfilled by the distributors, in comprehending existing gaps and variables that determine the performance of distributors and distribution system and how to improve the existing problems. The researcher has a hope that the findings of this study benefit the distributors to improve their performance gap.

Secondly this study benefits the researchers by highlighting current trends on distribution performance of fast-moving consumer goods practices. Thirdly, the study helps by providing background material for future research in similar or in other sectors or industries, and anyone can use the findings for reference purposes in future related studies.

1.7 Scope and Limitation of the research

The research cannot pretend to address everything within the domain of the study. As such, it is necessary to state the boundaries of knowledge and basic assumptions underlying the research. This research focused on determinants on distribution performance of fast-moving consumer goods in Addis Ababa for the case of local produced edible oil specifically to Tena Edible Oil, product of Health Care Food Manufacturer S.C. Currently it has one plant located here in Addis Ababa, Akaki Kality sub city. The researcher focuses only on one distributor out of three distributors in Addis Ababa. It focusses on its employee who has a profession on Key account representatives, sales representative and sales managers which are currently working on the company. The study only picks specific variables such as product quality, product Price, Promotion, Availability and Distributor experience determinant degree on the performance of distribution. Even though stated distribution performance is determined by different factors, this study is confirmed on the above variables on distribution performance of Tena edible oil in Addis Ababa.

Unavailability of sufficient documented information in the field of the study, lack of willingness of the concerned bodies, and bureaucracy of different organizations including this university are also the research limitations.

1.8 Definition of key terms

Distribution: is the process of making a product or service available for use or consumption to a consumer or corporate user, either directly or through intermediaries. And the tendency of a large number of observations to cluster around a center value, forming an order or pattern. (SEID, 2018).

Channel: is extensively discussed by academics (Lullfitz et al., 2017). McCammon and (van Bruggen et al., 2010) channel structure. That is, a system designed to carry out necessary tasks.

Distribution Channel: (van Bruggen et al., 2010) A distribution channel is described as a group of separate entities that work together to make a product or service available for use or consumption.

Indirect Distribution Channel: The indirect channel is used by companies who do not sell their products directly to consumers. Because indirect routes exist early in the supply chain, suppliers and manufacturers frequently employ them. (Bishnoi & Kumar, 2016).

Direct Distribution Channel: When a corporation offers its products directly to consumers, this is known as direct marketing. The producer has complete control over the marketing process, allowing it to safeguard and maintain its brand image. (EJJIGU, 2021).

Competence Capability: is the ability to perform in a role using 'competencies,' which are defined as knowledge, skills, talents, communication, technical skills, critical thinking, emotion, values, reflection, and judgment, resulting in effective and exceptional performance. (van Bruggen et al., 2010).

Experience Capability: Increasing accumulated experience is a key driver of greater performance. Routines for solving problems are developed by organizations, teams, and individuals. The next step in the learning process is to experiment with, select, and duplicate novel routines in order to improve performance. . (Otieno, 2018).

Financial Capacity: is a life skill that affects one's ability to efficiently manage one's property and financial affairs while also potentially increasing vulnerability to financial abuse. (SEID, 2018).

Facility Capacity: is a thing that makes it easier for you to do your job. A machine tool, a work center, a manufacturing cell, a machine shop, a department, a warehouse, and so on are

all examples of machine tools. (Peneal Mengesha July, 2017).

1.9 Structure of the research

This study contains five main parts and two supplementary parts namely introduction, Literature review, research methodology, results and discussions, and conclusion and recommendation; Bibliography and appendices are supplementary parts. The five main parts are introduced below.

Chapter 1 Introduction: Provides an introduction of the theme probed in this study. The main purpose of this chapter is to explain about the background of the study, statement of the problem, aims of the study, limitation, scope of the study, the significance of the study, and the research outline.

Chapter 2 Literature review: Provides the literature review about the main subjects of the thesis; benefits and hoped walls for the renouncement of LPS and to Supplying practical suggestions and recommendations to enhance the performance of Addis Ababa town road construction systems and to minimize the construction wastes in a road system. In addition, this chapter provides a theoretical foundation with the wording of some propositions, which are the cornerstone for the methodology examination. Chapter 3 Research methodology: This chapter is the methodology of the study and it provides the plan of the examination and it talks about how the examination was executed and data were gathered. In other words, this section explains the examination paradigm, approaches embraced, strategies followed, data collection manners, and data analysis manners.

Chapter 4 Result and Discussion: This chapter is about results and discussions and it furnished the analysis of primary and secondary data using different software to achieve the examination ends. And the results are also carried and described in detail. In addition, these results are used in this section to see how they help confirm or reject the suppositions. On the other hand, this chapter also provides a critical evaluation of this work including the limitations of the examination.

Chapter 5 Conclusion and Recommendation: This chapter contains conclusions and recommendations which summarizes the main issues of the examination work and it provides an overview of the main findings. It also concludes if the game met the proposed ends and how this thesis was useful to confirm or reject the supposition.

CHAPTER TWO

2. LITERATURE REVIEW

2.1 Introduction

This chapter provides a background to the study by reviewing comprehensive recently published journals related to the study area and the purpose of this section is to provide the required theories to understand about the title. It explains the problem that is going to be investigated and how that particular problem is going to be assessed. The target is to get knowledge and ideas about the research title and it also shows the possible strengths and weaknesses from different countries and different researchers. To answer the research questions, it is mandatory to find out necessary theoretical and empirical previous researches on the problems. Therefore, it is necessary to provide theoretical information about the determinants on distribution of fast-moving consumer goods in Addis Ababa: for the case of local produced edible oil. The chapter also serves as a reference from past studies and historical background on the determinants on distribution of fast-moving consumer goods in Addis Ababa: for the case of local produced edible oil.

2.2 Theoretical Review

This section of the review will look at studies on the definition of key terms, characteristics of distribution channels, functions of distribution channels, distribution channel management, evaluation of distribution channel performance, problems and determinants of distribution channel performance, and their effects on the company's product distribution system, customer service, and satisfaction level.

2.3 Characteristics of Distribution Channel in Focus

Distribution channels have been demonstrated to be critical for lowering economic transaction costs for years (McAllister & McKinnon, 2009). Because of the distance between firms like manufacturers, distributors, retailers, and customers, the distribution channel's ability to effectively support the competitiveness of firms like manufacturers, distributors, retailers, and customers makes the distribution channel a critical function in improving export performance (Kassahun, 2021). Other research, in addition to product, pricing, and promotion strategy, has indicated a similar finding of the distribution channel's crucial importance as a determinant element for export improvement (SEID, 2018).

Several academics have shown a keen interest to understand more about distribution channels because of their crucial role in improving firm performance. (Authors

Distribution channels are primarily constructed in such a manner that items are distributed through the optimum channel configuration to meet consumer demand at the lowest total cost (Ambrosino & Scutell, 2005 & Amiri, 2006, as cited in Wihdat, et.al, and 2013). As a result, developing and defining the appropriate number of facilities and locations in the selection of a distribution channel layout is a policy that almost every firm and supply chain must adhere to (Amiri, 2006, as cited in Wihdat, et.al, 2013). The most significant change and challenge in modern business would be in the design and structure of distribution channels, rather than in new techniques of manufacturing or consumption. That is to say, the distribution channel design and structures chosen and used by a company or manufacturer have an impact on the performance of the channel.

Any manufacturing firm's major goal is to provide goods/stuffs that users/consumers require and that generate billions in sales. To accomplish so, the company must ensure that its products are disseminated to the intended markets or areas and that they reach the intended end customers. Most producing and manufacturing companies, on the other hand, are not in a position to do all of the duties required to distribute their products directly to their target consumers.

Manufacturers' success cannot be achieved solely via their own efforts; a competent distribution partner is essential. In many cases, a producer's or manufacturer's capacity to engage in a market is determined by the capabilities and availability of distribution channels (Kiumars, Nazanin & Roshanak ,2013).

In recent years, the expansion and importance of manufacturing product distribution has increased, and having efficient distribution channels can be regarded a competitive advantage for manufacturers. Many corporations or manufacturers, as mentioned by (Guan, 2010), do not sell their products directly to end consumers; instead, they rely on distributors, sales agents, brokers, retailers, or a combination of these intermediaries to market their products. That is, manufactured products supplied or transmitted in the manner indicated by (Yang,2013).

2.4 Functions of Distribution Channels

More than just fulfilling specific production targets and maintaining strong connection with recipients during the promotion phase, a company's marketing plan must be implemented. The delivery of finished goods to customers is a constant and essential component. A basic

prerequisite for achieving trade objectives is that the finished product meets the needs of the consumer, particularly in terms of form and delivery at the right time and place. To comply with this criterion, you must take action and implement the elements of the marketing-mix, which is the distribution of goods — one of the market support processes that encompasses all of the manufacturer's decisions and actions connected to end-customer communication. Marketing distribution channels are created by intermediaries.

They make products available whenever, wherever and in the sizes and quantities that customers want. Rosenbloom (1987) (cited in Hamid, Kamran & Gholamreza, 2011) identifies six main distribution tasks that modern and well-managed distribution channels performs for customers:

- Making the product available
- Delivering customer service
- Providing credit and financial assistance
- Assortment convenience
- Breaking bulk
- Giving advice and technical support

(Hemalatha & Priyanth, 2018) also has discussed that distribution channels provide a number of logistics or physical distribution functions that increase efficiency of the flow of goods from producer to customer. Michael, (Ibid) describe further that distribution channels create efficiencies by reducing the number of transactions necessary for goods to flow from many different manufacturers to large numbers of customers. This occurs in two ways. The first is called Breaking Bulk. Wholesalers and retailers purchase large quantities of goods from manufacturers but sell only one or a few at time to many different customers. Second, channel intermediaries reduce the number of transactions by creating assortments providing a variety of products in one location so that customers can conveniently buy many different items from one seller at one time. The transportation and storage of goods is another type of physical distribution function.

2.5 Distribution Management

Choosing a marketing channel is one of the most crucial decisions that management must make nowadays. Indeed, when considering the major strategies of the marketing mix (product, pricing, promotion, and place or distribution), distribution today has the greatest

potential for gaining a competitive edge (Obaji, 2011).

The term "distribution management" refers to a system of operations involving the transfer of economic products between producers and consumers. To put it another way, one of the most important functions of distribution management is to convey products from the manufacturing facility to the point of sale, i.e., the client, or to place items in the hands of potential customers at the appropriate time and location (Roosta, et.al. ,2009, as cited in Hamid & Seydeh2014).

In order for a business to be successful, it must have a strong foundation.

Koshy (2014) describe that distribution systems are usually divided into two:

- Acquisition distribution system
- Logistic, i.e., physical distribution system.

He also pointed out that this division is not completely accurate, since both of these sub systems exhibit certain common starting points. According to this author, Acquisition distribution system management includes the management of distribution routes, i.e., distribution channels. Logistics distribution system is focused on bridging the space and time by transportation and storage, well as order processing and shipment, supply logistics, i.e., the movement of materials.

2.5.1 Evaluation of Distribution Channel Performance and Effectiveness

The modernization of business activities, increasing level of competition and globalization in the world economy has a great impact on distribution channels management and performance and on the success of any business. Manufacturers' success cannot be reached from their own effort alone; their success or failure is determined and increasingly reliant upon their marketing channel members or distributors' (e.g., agents, wholesalers and retailers etc.) performance and how effectively and efficiently their products are reaching to the intended consumers or sold (Singh & Imran, 2014). That means performance of distribution channel and effectiveness determines competitiveness and successes of the company. The level of performance attained by distribution channel members is pivotal for a firm's achieving a competitive advantage. Hence in order to survive and thrive in a highly competitive manufacturer companies have to have a distribution channel which have good performance and have no problem at any point of the distribution channel (Hanaa,2013).

In the distribution channel or distribution network context the main task of distribution

channels is placing the goods in hand of potential customers at the right time and place. Therefore, in products distribution delivery time has major significance. Delivering products in shortest feasible time is one of the criteria for measuring performance of distributors (Kiumars Sharifi, Nazanin Zandi, and Roshanak Rezvani (2013). Maintenance of adequate inventory, selling capabilities, attitudes of channel intermediaries toward the product, competition from other intermediaries and from other product line carried by the manufacturers own channel members are also other possible performance criteria that should be taken into consideration (Rallabandi, 2014). Besides these, in product distribution activities, issues such as delivery or distribution scheme, storing and depot facilities, transportation and orders management are of top priorities (Koshy, 2014). Whenever, such services are offered by distribution channels properly and in harmony with quality products for the consumers or users, positive performance and effects on profitability of the company are expected, otherwise profit crises are expected (Bakhtaei & Golchinfar, 2002, as cited in Kiumars, Nazanin & Roshanak,2013).

In the FMCGs segment, particularly, the role and an excellent performance of distribution channel becomes even more crucial because the delivery of FMCGs Product is confined day to day basic (Madhu and Dinesh, 2011, Singh & Imran, 2014).

Thus, looking for ways of improving performance of supply chains and distribution channels is very essential for manufacturers. As Loomba (1996) (cited in Guan, W. 2010) suggests, the companies who want its distribution channel partners should perform at the highest standards possible and compete effectively need to constantly evaluate their performances on sales, targets, coverage, productivity, inventory, holdings, attending to servicing requests and make adjustments when necessary.

By evaluating and measuring distribution performance manufacturers and businesses can see what they achieve, quantify and qualify their effectiveness, identify opportunities for improvement and compare their performance against competitors (Ibid). Therefore, intermediaries/distributors that want to be successful and survive in competitive marketing environment should have to strive to properly perform the large number of distribution activities to achieve the set goal of the marketing and should evaluate and measure their distribution performance regularly (Salihand Emel,2013).

The manufacturer who also sells all of its output through intermediaries/distributors is likely to evaluate its channel members' performance more comprehensively, because the firm's success is so directly dependent upon the channel members' performance.

To evaluate and identify the performance of distribution channels in delivering quality services in the process of distribution of products, we need to measure different indicators and analyze them (Hanaa,2013). Traditionally, distributor performance is measured by financial aspects or minimum logistic costs. But with the increase of competitiveness in the global market performance of distribution networks along with SCM start to be measured by non-financial aspects as well, such as customer service level and satisfaction or how to improve customer value and to decrease expenditures at the same time (Wihdat, Yousef & Sang-Heon,2013).

Most of the current distribution network studies (Koshy, 2014, Huda, Karim, & Khan, 2012, Kiumars, Nazanin, &Roshanak 2013, Wihdat, Yousef and Sang- Heon, 2013, Salih and Emel, 2013 etc.) have emphasized on the importance to use some non-financial parameters (such as customer service level and satisfaction, service coverage area, inventory level, delivery or lead time and costs) as well for evaluation of effectiveness of performance of distribution channels that companies used for distributing their products to the end-users.

2.5.2 Problems and Factors that determine the Performances of Distribution Channels

Marketing channels evolve and operate in a dynamic, ever-changing environment. The modifications have a significant impact on marketing channels. Consumer buying behavior, economic, political, and legal reasons, technical advances, international macro effects, and channel member preferences are all influenced by macro environmental forces or variables, according to Rolnicki (1998). Companies must analyze and monitor the performance of their distribution channels on a regular basis due to the dynamic nature of these aspects. For improved results, evaluation and monitoring must be done on a frequent basis.

In the face of these economic trends, channel managers face a basic challenge: assisting channel managers in navigating difficult economic situations. Not only domestic, but also international competition must be considered in the competitive environment. The social and cultural context.

2.5.3 Distributors Experience and Competency in Distribution Management

Experiences have been shown in the literature to have a substantial impact on success. Business veterans are more likely to gain experience than newcomers. (Kristiansenetal., 2003) discovered that the duration of time in business was highly related to its success.

(Duchesneau & Gartner, 1990) discovered that successful small business owners were more likely to have been raised by entrepreneurial parents. There was a strong incentive for exporters to integrate under such settings of low asset specificity and higher experience in international market activity (Klein, & Roth, 1990).

The experience and ability of distributors in distribution management is one of the variables that manufacturers assess and use when selecting appropriate distribution channels (Saremi & Zadeh, 2014). Inexperience, skill, and competence, inexperience, skill, and competence, inexperience, skill, If the information is available, the manufacturer should pay particular attention to such factors as

- (1) The number of sales people the channel member assigns to sales or distribution of the manufacturer's product line,
- (2) The technical knowledge and competence of the channel member's salespeople, and
- (3) Salesperson interest in the manufacturer's products (Ibid).

2.5.4 Financial Status and Storage Facility of Distribution Channels

Traditionally, financial performance has been used to evaluate business performance. According to a review of recent literature, there is no one criterion for evaluating the performance of distribution networks. According to Muriel and Cintya (2012), empirical dedicated research from 2007 to 2012 can be divided into three categories: one for financial performance, another for non-financial performance, and a third category for empirical works integrating financial and non-financial performance criteria.

Nonetheless, according to Salih & Emel (2013), financial state, capacity, and storage facility of the distributor (which are generally addressed carefully in the selection of distribution routes) are among the main characteristics that can affect distributor performance. Wu et al. (2006), for example, quoted in his study of retailer performance in Taiwan.

2.5.5 Availability and Variability in Supply and Demand

The marketing presence of a product and the purchasers' accessibility to the product are determined by the distribution system. That is to say, in the distribution system, supply and demand unpredictability is one of the elements that can affect distributor performance. The fundamental issue that causes supply and demand misalignment is uncertainty along the supply chains (Hanaa, 2013). Because a product cannot be sold if it is not available, availability has an impact on sales. The majority of clients will not wait till it is possible to

reach it. Products must be offered to customers who wish to buy them easily, promptly, and with little effort.

Availability refers to the likelihood of having a product in stock when a customer order comes, and it can have an impact on a distributor's performance, i.e.

2.5.6 Selling Capability and Market Coverage

Distribution channel strategies affect many other aspects of marketing strategies. According to Kotler and Keller (2008), (cited in Guan, W. 2010) among the marketing strategies, distribution channels' selling competence and market coverage is the most important and commonly used front line criterion for evaluating channel members distribution performance. The quality of service offered by distribution channels to their customers has reflected ultimately in their sale Performance.

2.5.6.1 Delivery Time

The important variable in the study of performance of distributors is delivery time, whether the distributors are able to provide the goods ordered on time. The length of time that elapses between an order being placed by the customer and receiving the product or service (i.e., the lead time) can be a crucial element of customer service, especially in FMCGs markets. Customers need to receive their goods ordered on time. Therefore, decreasing order and delivering lead times is a source of competitive advantage.

2.5.6.2 Customers service level and satisfaction

The goal of any company is to meet the needs of its clients. In a competitive environment, a company that fails to achieve this will not thrive because customers will go elsewhere. Businesses that excel in meeting client needs have the best chance of expanding and prospering. Customer satisfaction is the front-line concern in marketing and distribution channels. Customer satisfaction is becoming increasingly crucial since only by meeting consumers' needs can a company's revenues be maximized (Dineshkumar, &Vikkraman, 2012). The key concern for the organization's performance and future expansion is quickly responding to customer requests and ensuring customer satisfaction in delivering the right product and service at the right time and place (Guan, 2010). Companies that are

2.6 Empirical Literature

2.6.1 Overview of FMCGs Distribution System

One of the major sectors in the world is fast-moving consumer products. The FMCG sector is largely concerned with the production, distribution, and marketing of packaged goods, which are often low-priced items with a high turnover, a short shelf life, and a low cost, and which are purchased frequently and on a regular basis by consumers (Koshy,2014).

Because maintaining such a vast sales and distribution network is a major undertaking in and of itself, distribution is the most essential variable in most FMCG businesses' marketing plans (Singh &Imran, 2014).

FMCGs are fast-moving consumer goods that sell for a low price. Food, beverage, and domestic products are the three key segments of the FMCG industry. It belongs to the business-to-business category, and its clients are other businesses.

2.6.2 FMCGs Marketing

Marketing of FMCGs plays a critical part in a country's growth and development, regardless of its size, population, or the concepts that are so intertwined that one cannot exist without the other. It is undeniable that the evolution of FMCG marketing has always kept pace with the country's economic progress. Both have gone through devolutionary rather than revolutionary transformations (Madhu & Dinesh,2011).

Customers recognize such a large sector, and its supply chains are held up as a model for other industries. Because of their huge volumes of product flows, close engagement with their customers, and less complex supply chains, some FMCG industry supply chains generate novel concepts and serve as benchmarked models for other industries.

2.6.3 Overview of FMCGs Distribution System

Different variables might challenge or affect the distribution system, performance level, and efficacy of distributors, as mentioned in the theoretical literature review section. Product quality, price, promotion, availability, and distributor experience are all important considerations. Koshy (2013), Hong Lu (2011), Yildiz & Emel (2013), Hanaa (2013), Dineshkumar & Vikkraman (2012), Guan (2010), (Madhu and Dinesh, 2011) and Wihdat, Yousef & Sang-Heon (2013) developed conceptual framework for factors on distribution channel performance by adapting some basic concepts from reviewed literatures (2013).

The conceptual framework that will be used to identify, assess, and analyze qualities of distribution channels and factors that may affect distributor performance level was developed using four basic and relevant parts.

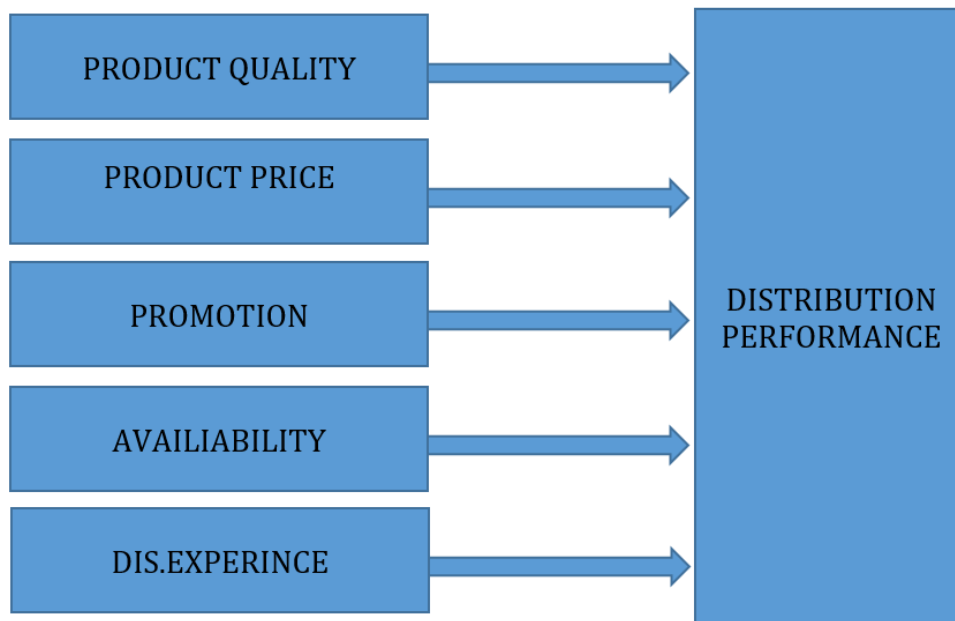


Figure 0-1 Conceptual framework of the study, Source: (McAllister & McKinnon, 2009)

2.6.4 Role of Distribution in Progress of FMCG Industries

According to Saleem (2017), the feasibility of merchant services in terms of responsiveness, reliability, sympathy, confirmation, and impacts are the most important factors. The overall level of discernment regarding wholesaler administration was found to be quite high. Merchants are making the most of every resource at their disposal and focusing on building long-term partnerships with retailers. The items' quality, delivery time, availability, charging office, and customer service have all been praised by retailers. Furthermore, there is no connection between effective appropriation and the growth of the FMCG industry.

2.6.5 Effective Management of Distribution System Channel

Establish and manage the company's sales team, which is a primary force in selling or distributing things, as well as effectively manage the company's distribution channels, from traditional to new.

Distribution system management is a holistic process that spans manufacturing, sales, and distribution. Control the activities of the distribution channel to ensure that the company's strategy is sound. In today's technological era, many firms are interested in using software to management to optimize and boost job efficiency. Incorporating technology into the distribution channel management process can make it more accessible and efficient.

When firms use the E Sales DMS Solution – Distribution Management System for administration, they may achieve ideal automation and workflows, saving time and money while also covering additional clients.

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1. Introduction

Having reviewed the most important and related literature for the study in the chapters above, it is now imperative to demonstrate the philosophical principles behind the study and how it was designed and formulated to address its objectives. Designing appropriate research methodology is a prior condition in order to conduct a good research work. This part of the research describes the methodology used in carrying out this research. And in this chapter, the small print of all information regarding the methods that were adopted to perform the research. It includes the research area, the type of research design, the target population, the sample size, sampling techniques, the procedure that was used to obtain samples, the data collection instruments, and the method of data collection were discussed. It also indicated how data have been analyzed and presented.

3.2 The Study Area

The study area of this research is at Addis Ababa, Ethiopia. Which is the capital city of Ethiopia. The site of Addis Ababa was firstly chosen by Empress Taytu Betul and the city was founded in 1886 by Emperor Menelik II. Addis Ababa is located on the coordinate of 9°1'48"N 38°44'24"E having an elevation of 2,355 m (7,726 ft) above sea level.

It is where the African Union is headquartered and where its predecessor the Organization of African Unity was based. It also hosts the headquarters of the United Nations Economic Commission for Africa, also as various other continental and international organizations. it's known that Addis Ababa is usually mentioned as "the hub of African political center" for its historical, diplomatic, and political significance for the continent. the town lies a couple of miles west of the East African Rift which splits Ethiopia into two, between the Nubian Plate and therefore the Somali Plate. it's also the house of all nations of Ethiopia and the hub of Africans socio-economical, diplomacy, and politics.



Figure 0-1 Addis Ababa City map. Source: (google map)

3.3 Research Approach

To come up with the study's key objectives and to go over all of the research questions and hypotheses, a quantitative technique was adopted. The variables can then be measured using instruments, resulting in numbered data that can be analyzed using statistical methods. Introduction, literature and theory, methods, findings, and conclusion & recommendation are all included in the final report's structure. Those who conducted this type of research made assumptions about deductively testing theories, incorporating bias safeguards, controlling for alternative explanations, and being able to generalize and repeat the results. Qualitative research is a way of looking into and understanding the meaning that individuals or groups attach to a social or human issue. Data collected in the participant's surroundings, data processing that evolves inductively from particular to broad themes, and the researcher's interpretations of the data are all part of the research process.

3.4 Research Design

A research design is essentially the framework or plan for a study that served as a guideline for data collection and analysis. It's a step-by-step guide to completing a research project. The blueprint for data collecting, measurement, and analysis is the research design. It is, in fact, a map that is normally created to guide the investigation (Pandey & Pandey, 2015).

Based on the objective of the research itself (what the research investigates about a given construct) this study is an explanatory type of study. Explanatory research is a style of research whose primary goal is to understand the nature or mechanisms of the relationship

between the dependent and independent variables. So, this study has five independent and one dependent variable and it explains the relationship between them and also the degree of effect that the independent variable affects the dependent one and it is visible to mention that this study is also an explanatory study.

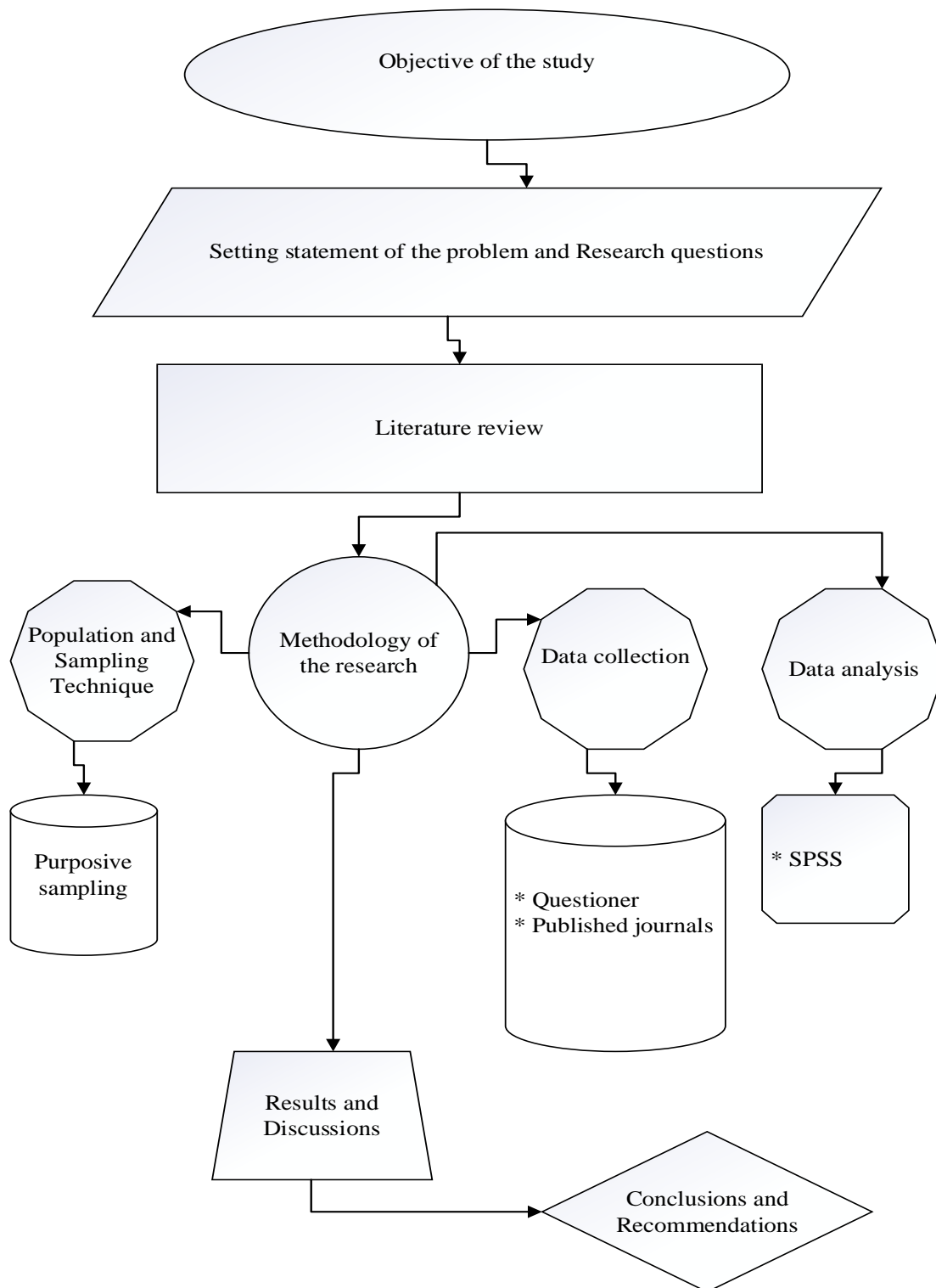


Figure 0-2 Research design flow chart

3.4 Source of Data

The study incorporated both primary and secondary data. The primary data consists of information gathered primarily from the company's product distribution channel design and selection, product distribution strategies and implementation, monitoring and evaluation plans, and was gathered from the company's various documents, retail audits, annual, biannual, and quarterly reports, as well as its website, and analyzed in such a way that it provides insight into the performance of the product distribution channels and can assist in the interpretation of the pr The respondent's principal sources of data were gathered through a structured questionnaire distributed to distributors' key account representatives, sales representatives, and sales managers. It was a series of closed-ended inquiries. Secondary data is gathered from journals that have recently been published.

3.4. Population of the study

A population is a group of people, instances, or items that researchers study by observing certain features (Saunders et al., 2009). The population of this study is based on one fully registered Tena oil distributor in Addis Ababa, out of their three distributors in Addis Ababa, and its workforce of 67 key account representatives, sales representatives, and sales managers.

Because the population of a single distributor company is often quite tiny, the researcher decides to investigate the entire population. If the population is small, a census may be desirable.

This is because, in order to provide estimates with low sampling error, a considerable portion of the population may need to be sampled.

3.5 Method of data collection

As a primary data gathering approach, questioners are often conducted by picking a few best fit distributors for the phenomenon under investigation. As a supplemental data collection strategy, recently published articles were employed.

3.5.1 Questionnaires

The researcher uses a Self-developed and Structured closed-end Scaled questions questionnaire to the distributor employees uses to collect data.

The questioner is one of the main primary data collection methods in which differently formulated questions are given to the respondents and they turn it back after answering.

The questionnaire was structured in three different parts:

Part I: The first section formulates to collect data about demographic characteristics of the respondents. Basically, it is about general information about the respondents.

Part II: The second section of the questionnaire is formulated to collect data about determinants on distribution performance. The questions were prepared based on the variables such as; Product quality, Product Price, promotion, Availability and Experience of distributor.

Part III: The third section of the questionnaire formulates in order to collect data about distribution performance.

The five-point Likert scale was used for the statement of each section of the questionnaire Ranging from 1 for "strongly disagree", 2 for "disagree", 3 for "no opinion" neutral, 4 for "agree", and 5 for "strongly agree". The purpose of the reliability and validity tests was to determine the internal consistency of the data items as well as if an instrument actually measures what it claims to measure. .

3.5.5 Document review

Documentation can't be underestimated because it provides the necessary background and far needed context both of which make re-use a more worthwhile and systematic endeavor. Mainly document review involves searching and analyzing secondary data which have related to the research. Secondary data is obtained through the utilization of recently published documents that have direct or indirect references to the research like: Journals, legal body directives, and policies Professional conferences. In this research different journals which are published recently and are most relevant for this study were reviewed.

3.6. Procedure of data collection

To get sufficient primary and secondary data for this study it is better to undertake the data collection procedures through by development of questioner guide for the study in order to demonstrate the objective of the research to the target population of the research to individual-level discussions with identified interviewees and also additional primary organization related data were received from the concerned body through an official letter written from the university.

3.7. Analysis of the study

Data analysis of a research involves examining, categorizing, tabulating, testing, or combining mixed pieces of evidence to achieve the stated objectives.

Descriptive and inferential statistical analysis techniques are used to analyze the main data. Percentages, frequencies, means, and standard deviations are calculated in the descriptive analysis. The demographic profile of important account representatives, sales representatives, and area sales managers in Addis Ababa is revealed in this study.

With regards to inferential statistics, correlation as well as a regression analysis uses to investigate the most important questions and objectives of this study and to arrive at the core findings of the study with regards to the hypotheses forward. The correlation analysis reports on the magnitude and direction of relationships between variables in the study. These variables are the five independent variables (Product quality, product Price, promotion, Availability and Experience of distributor) and the dependent variable (distribution performance). This study targeted distributors, key account representatives, sales representatives, and the commercial area sales manager. Whereby 20 key account representatives were chosen because they are well educated, effectively capable in terms of outlet relationships with distributors, service repetition, and having 15 area sales managers and 15 sales representatives, with the remaining 17 questioners forwarded to other management staffs.

3.8 Techniques for Data Presentation and Analysis

Getting a sense for the data, testing the data's goodness, and solving the research question are the three goals of data analysis, according to Sekaram (2003) in Kiage (2013). Because it gauges the reliability and validity of the measures used in the study, demonstrating the goodness of data lends credibility to all subsequent analyses and findings, he says.

The data was examined using qualitative methodologies, and the results were presented as frequency distribution tables and various sorts of charts. Qualitative methodologies were used in the study to make it easier to describe and explain the findings. As a result, the researcher had a thorough comprehension of the study's findings. The information gathered was entered into a spreadsheet.

3.9 Data validation and reliability

Validation of the data at hand, as well as validating the data's tenability for the analysis required, are both critical. The term "validity" relates to whether the data gathered is a true representation of the subject under investigation. As a result, the following data validation procedures were used to validate the primary data: – The first step is to determine the legitimacy of the face. This validation procedure has two crucial components. The first stage is to have specialists or people who are familiar with the study's title read the questions. The expert assesses if the questions effectively capture the investigation's subject. The second stage is to hire a questionnaire construction professional to review the study survey for common errors.

Finally, the internal consistency of questions loading onto the same factors are checked. During this step basically, the correlation between research questions loading onto the same factors are checked. Cronbach's alpha measure's reliability in that it checks whether the responses are consistent or not. Cronbach's Alpha is a well-known and often used criteria for evaluating questionnaires' internal consistency. As (Taber, 2018) approves that Cronbach alpha values range from 0 – 1.0. In most cases, the worst should be at a minimum of 0.70 or higher although a worth from 0.60 to 0.70 is suitable. In this case the Cronbach's alpha result is 0.859, So, the questionnaire is reliable and it is possible to go forward for further analysis and interpretation.

3.10 Ethical Consideration

Ethical clearance obtained from the School of Post Graduate studies, Collage of Business and Economics, Addis Ababa University. Official letter written from the Department to every stakeholder. The purpose of the study explained in the study subjects. The study subjects informed to the information they provided by keeping confidential and that their identities can't be reveal in association with the information they provide. Inform consent secured from each participant. For bad working environment assessment findings, feedback gives to all participants involve in the study. If there is a request, there is a plan to give a copy of the result to the respective stakeholders and or concern offices. The respondents' privacy and their responses does not individually analyze and include in the report.

CHAPTER FOUR

4. RESULTS AND DISCUSSIONS

4.1 Introduction

The conclusion and recommendations are based on what was found from statistical analysis of questioner; So, it is crucial to conduct data analysis and discussion. In the previous chapters, the introduction, literature review, and methodology of the research are presented. In this part of the research, the result of the data analysis gathered from both primary and secondary data are presented, interpreted, analyzed, and discussed in detail to justify the Determinants on Distribution of Fast-Moving Consumer Goods in Addis Ababa: For the Case of Local Produced Edible Oil Current Road construction management practice in Addis Ababa city.

4.2 Response rate and questioner Analysis

The total number of sixty-seven well-structured close ended questioners were distributed to different professionals with different stakeholders. And from the total of fifty-seven questioners were returned back which is 85.1% of the total and it is above half percent of the total and it is valid to possess further analysis, discussion and interpretation. The questioner has three different parts. The first one is about personal data of the respondent. The second part is about Variables that determine distribution of Fast-Moving Consumers Goods in Addis Ababa for case of local produced edible oil. The third part is about the Factors that affect the performance of distribution. The sample questioners are attached on appendices.

Before it is further analyzed we must check the validity of the gathered information's. The validity is checked by using statistical package for the social science software and we must measure the Cronbach's alpha also called coefficient of alpha. Cronbach's alpha is developed by Lee Cron Bach's in 1951GC(Taber, 2018). The Cronbach's alpha result ranges from 0 to 1. And the results greater than 0.7 is acceptable to carried out further analysis. Cronbach's alpha measures the internal consistency of the questioner and the result for this questioner is 0.859 or Cronbach's alpha on standardized item is 0.945 which is a well acceptable result as per the standard and acceptable for further analysis and interpretation. The result of Cronbach's alpha is shown in figure below.

Scale: ALL VARIABLES

Case Processing Summary

| | | N | % |
|-------|-----------------------|----|-------|
| Cases | Valid | 57 | 100.0 |
| | Excluded ^a | 0 | .0 |
| | Total | 57 | 100.0 |

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .859 | .945 | 45 |

Figure 0-1 Cronbach's alpha result

As shown in figure one the research has 57 valid respondents and a total of 45 questions were forwarded excluding section one which is respondents' background.

Table 0-1 Questioner respondents

| Position | Number of respondents | Experience (Years) | Number of respondents | Academic status | Number of respondents |
|----------------------------|-----------------------|--------------------|-----------------------|-------------------------|-----------------------|
| Area sale manager | 13 | >20 | 1 | Master's degree & above | 25 |
| Key account representative | 16 | 16 – 20 | 2 | First degree & above | 25 |
| Sales representative | 13 | 11 – 15 | 10 | Advanced Diploma | 6 |
| Other management position | 15 | 5 - 10 | 23 | Certificate | 1 |
| | | Below 5 | 21 | BSc and MSc | |
| Total | 57 | Total | 57 | Total | 57 |

Table 4.1 shows the detail information of respondents. It shows total number of respondents, total experiences, and their academic ranks are also tabulated.

4.2.1 Respondents information

4.2.1.1 Respondents gender

The returned fifty-seven questioners were further analyzed using statistical package for social science (SPSS) and the gender of valid respondents were presented in the table below.

Table 0-2 Respondent's gender

| | | Sex | | | |
|-------|--------|------------|---------|---------------|--------------------|
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Male | 28 | 49.1 | 49.1 | 49.1 |
| | Female | 29 | 50.9 | 50.9 | 100.0 |
| | Total | 57 | 100.0 | 100.0 | |

As it is displayed on table 4.1 among 57 valid respondents 28 respondents were males which is 49.1% of the total. The remaining 29 respondents are females scoring 50.9% of the total. Generally, it tells the participation of females are high.

4.2.1.2 Respondents working position

The respondents current working position in their employer company is analyzed and presented in the table below.

Table 0-3 respondents work position

| | | Respondents Work Position | | | |
|-------|----------------------------|----------------------------------|---------|---------------|--------------------|
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Area sale manager | 13 | 22.8 | 22.8 | 22.8 |
| | Key account representative | 16 | 28.1 | 28.1 | 50.9 |
| | Sales Representative | 13 | 22.8 | 22.8 | 73.7 |
| | Other management position | 15 | 26.3 | 26.3 | 100.0 |
| | Total | 57 | 100.0 | 100.0 | |

Table 4.2 shows as respondents working position in their employer organization. Key account representative respondents are 16 which is 28.1% of the total and it is the highest among the rest. The second higher number of respondents work position is other management position. And the number is 15 which is 26.3 % of the total. Area sale manager and sales

representative work positions are equal which is 13 respondents in each position. And the score 22.8% for each among the total.

4.2.1.3 Educational status of respondents

The educational background of the respondents are also assessed to know their profession and it is presented below.

Table 0-4 Respondents educational status

| | | Educational Status | | | |
|-------|---------------------------|--------------------|---------|---------------|--------------------|
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Certificate | 1 | 1.8 | 1.8 | 1.8 |
| | Advanced diploma | 6 | 10.5 | 10.5 | 12.3 |
| | First degree | 25 | 43.9 | 43.9 | 56.1 |
| | Master's degree and above | 25 | 43.9 | 43.9 | 100.0 |
| | Total | 57 | 100.0 | 100.0 | |

As illustrated above the educational level of respondents are discussed here. From the total 57 questionnaire respondents analyzed, 1 (1.8%) of the respondents had a certificate, 6 (10.5%) of the respondents had a Diploma, 25 (43.9%) respondents hold a BSc or BA Degree while 25 (43.9%) of them had a MSc or MBA. This result in the level of education indicates that the organizations personnel were qualified enough to give reliable information by understanding each of the questions of the questionnaire about the determinants on distribution of local produced edible oil in Addis Ababa.

4.2.1.4 Respondents Work experience

Table 4.4 below shows the respondent's years of experience, the highest years of experience here observed is above 20 years, whereas in the minimum years of experience is below 5 years.

Table 0-5 Respondents Experience

| Relevant work experience | | | | | |
|--------------------------|---------|-----------|---------|---------------|--------------------|
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Below 5 | 21 | 36.8 | 36.8 | 36.8 |
| | 5-10 | 23 | 40.4 | 40.4 | 77.2 |
| | 11-15 | 10 | 17.5 | 17.5 | 94.7 |
| | 16-20 | 2 | 3.5 | 3.5 | 98.2 |
| | >20 | 1 | 1.8 | 1.8 | 100.0 |
| | Total | 57 | 100.0 | 100.0 | |

The above table and figure illustrate the relevant work experience of respondents in their employing company. From the total 57 questionnaires analyzed, 21 (36.8%) of the respondents have an experience of less than 5 years, 23 (40.4%) of the respondents have an experience of between 5 to 10 years, 10 (17.5%) of respondents have an experience of 11 to 15 years, 2 (3.5%) respondents have an experience between 16 to 20 years, while the remaining 1 (1.8%) respondent have an experience of above 20 years.

This result in the work experience indicates that the organizations personnel were qualified enough to give reliable information by understanding each of the questions of the questionnaire about the determinants on distribution of local produced edible oil in Addis Ababa.

4.3 Product quality in the distribution system

In this part the result the impact of product quality on the distribution system that are gathered and discussed from questionnaire survey. This gives a good indication on which shows the impact of products quality on distribution of edible oil.

The questionnaire of this study considered 5 product quality related impacts, and those are ranked in descending order as shown in table 4.5 Questionnaires were designed to measure the impact of product quality on the distribution of locally produced edible oil.

Table 0-6 Product quality on distribution performance

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|----|---------|---------|------|----------------|
| Consumers strongly agree that IMPORTED edible oil has good quality. | 57 | 1 | 5 | 3.65 | 1.329 |
| The local produced edible oil quality highly affects the performance of distribution. | 57 | 1 | 5 | 3.51 | 1.297 |
| The quality of local produced edible oil has high impact to penetrate the market. | 57 | 1 | 5 | 3.32 | 1.136 |
| Consumers strongly agree that, LOCAL Produced edible oil has good quality. | 57 | 1 | 4 | 3.09 | 3.043 |
| Consumers have high Awareness on quality of local produced edible oil. | 57 | 1 | 5 | 2.95 | 1.156 |
| Valid N (listwise) | 57 | | | | |

The impact of locally produced edible oil quality on the distribution system in the case of Addis Ababa city were listed in descending order based on their mean value.

The consumers strongly agree that imported edible oil has good quality become the first determinant factor in the distribution of edible oil by having a mean value of 3.65. The local produced edible oil quality highly affects the performance of distribution is the second quality related distribution system determinant factor by having a mean value of 3.51. The third product quality related distribution system determinant factor is the quality of local produced edible oil has high impact to penetrate the market with a mean value of 3.32. Consumers strongly agree that, local Produced edible oil has good quality is the fourth distribution determinant factor for locally produced edible oil with a mean score of 3.09. And Consumers have high Awareness on quality of local produced edible oil ranked fifth with a mean value of 3.35.

Generally, the consumers strongly agree that imported edible oil has good quality, the local produced edible oil quality highly affects the performance of distribution and the quality of local produced edible oil has high impact to penetrate the market are the main product quality related factors in the distribution of locally produced edible oil in Addis Ababa.

As it is hypothesized previously product quality and price of the product has influenced the area of distribution system, while distributing edible oil products to their customers and on the company sales performance. It is visible to conclude that Edible oil price and quality are the major determinant factor for distribution of locally produced edible oil in Addis Ababa city.

4.4 Product price and end users need

In this part the result of the questionnaire survey on product price and end users need is presented. The results of the survey provide evidence on the level of effect on product price and users need in the distribution of locally produced edible oil in Addis Ababa. And the effect of product price and end users need on distribution of locally produced edible oil is ranked in table 4.6.

Table 0-7 Product price on distribution performance

| | N | Minimum | Maximum | Mean | Std. Deviation |
|--|----|---------|---------|------|----------------|
| The Price of the local produced edible oil strongly affects the performance of the distribution. | 57 | 1 | 5 | 3.75 | 1.199 |
| Consumer assumes that the price of local produced edible oil has CHEAP price. | 57 | 1 | 5 | 3.54 | 1.103 |
| Consumer assumes that the price of local produced edible oil has EXPENSIVE price. | 57 | 1 | 5 | 2.96 | 1.253 |
| Consumers are not price sensitive or concerned for how much they will pay. | 57 | 1 | 5 | 1.98 | 1.343 |
| Valid N (listwise) | 57 | | | | |

As it is fully displayed in table 4.6 the first ranked product price and end users related factor is the Price of the local produced edible oil strongly affects the performance of the distribution with a mean score of 3.75. The second price and distribution performance related factor is consumer assumes that the price of local produced edible oil has cheap price having a mean score values of 3.54. Consumer assumes that the price of local produced edible oil has expensive price become the third determinant factor on distribution of locally produced edible oil in Addis Ababa having a mean value of 2.96. The fourth product price and users

need related determinant is Consumers are not price sensitive or concerned for how much they will pay with a mean score of 1.98.

So, by adjusting the price of the locally and globally produced edible oil prices we can we can create a well utilized distribution system for our community.

4.5 Influence of product promotion on selling capacity performance

A total of 4 different reasons were selected and ranked based on their mean value that determines the influence of product promotion on selling capacity performance as shown in the table below. So, these influencing factor affects the distribution of locally produced edible oil in Addis Ababa city t different rate and different level.

Table 0-8 Product promotion on distribution performance

| | N | Minimum | Maximum | Mean | Std. Deviation |
|--|----|---------|---------|------|----------------|
| Promotion increase the visibility of the product and it is strongly affect distribution performance. | 57 | 1 | 5 | 4.21 | 1.161 |
| Promotion gives high awareness to the customer about the product. | 57 | 1 | 5 | 4.16 | 1.031 |
| ATL (Above The Line) Promotion is very influential and very important from the other promotions. | 57 | 1 | 5 | 3.88 | 1.019 |
| BTL (Below The Line) Promotion is very influential and very important from the other promotions. | 57 | 1 | 5 | 3.25 | 1.243 |
| Valid N (listwise) | 57 | | | | |

Table 4.7 shows that a list of factors that affect the distribution of locally produced edible oil. Promotion increase the visibility of the product and it is strongly affect distribution performance is the first Influence product promotion on selling capacity performance related factor with a mean score of 4.21. the second rank goes to Promotion gives high awareness to the customer about the product with a mean score of 4.16. the third Influence of product promotion on selling capacity performance related factor that determines the distribution of locally produced edible oil is ATL (Above The Line) Promotion is very influential and very

important from the other promotions with a mean score of 3.88. And the last ranked that determines the distribution of locally produced edible oil is BTL (Below The Line) Promotion is very influential and very important from the other promotions having a mean score of 3.25.

Generally, it is possible to say the distribution of locally produced edible oil is affected by the promotion and creating an understanding to the customers. And to create a good distribution system it is vital to promote vastly.

The distributors experience and promotion are highly influence the performance of distribution of locally produced edible oil. So, the hypothesis three and four are addressed and checked.

4.6 The availability of product influence on companies sells target

In this part the availability of product influence on companies sells target related factors are ranked based on their mean score. A total of 7 different factors were identified and ranked that determines the distribution of locally produced edible oil in Addis Ababa city as shown in the table 4.8. Among them the top five were only presented here the overall results are attached in appendices.

Table 0-9 Product Availability on Distribution performance

| | N | Minimum | Maximum | Mean | Std. Deviation |
|--|----|---------|---------|------|----------------|
| Product production Consistency strongly affect distribution performance. | 57 | 1 | 5 | 4.23 | 1.086 |
| Consumer product loyalty plays high roll than product Availability. | 57 | 1 | 5 | 4.02 | 1.203 |
| As the living standard of the consumer increases, the distribution performance increases through increase of sales volume. | 57 | 1 | 5 | 4.00 | 1.195 |
| Product SKU (Stock Keeping Unit) consistency has high influence to achieve better distribution performance. | 57 | 1 | 5 | 4.00 | 1.180 |
| Distribution of more than one product in the same vehicle increases the efficiency of distribution. | 57 | 1 | 5 | 3.70 | 1.322 |
| Valid N (listwise) | 57 | | | | |

The first product availability related factor that determines the distribution of locally produced edible oil in Addis Ababa city is Product production Consistency strongly affect distribution performance having a mean score of 4.23. Consumer product loyalty plays high roll than product Availability becomes the second product availability related factor that determines the distribution of locally produced edible oil with a mean score of 4.02. The third rank goes to both as the living standard of the consumer increases, the distribution performance increases through increase of sales volume and Product SKU (Stock Keeping Unit) consistency has high influence to achieve better distribution performance as a main determinant factor on the distribution of locally produced edible oil in Addis Ababa having a mean value of 4.00. And finally, Distribution of more than one product in the same vehicle increases the efficiency of distribution ranked fourth having a mean value of 3.70.

Generally, the availability of product influence on companies sells target is highly influence on the distribution of locally produced edible oil in Addis Ababa city. From the descriptive analysis the product production Consistency and consumer product loyalty plays high roll on the determinant factors of distributing locally produced edible oil.

4.7 Influence of distributors experience on distribution performance

A total 10 influencing factor were identified under distributors experience on distribution performance. And those determining factors further analyzed and ranked according to their mean value in descending order as shown it the table below. In table 4.9. Only the top five distributors experience related factors were presented. The overall analysis is attached to appendices II.

Table 0-10 Influence of distributors experience on distribution performance

| | N | Minimum | Maximum | Mean | Std. Deviation | Variance |
|---|----|---------|---------|------|----------------|----------|
| A good customer services increase the good efficiency of the distribution performance. | 57 | 1 | 5 | 4.25 | 1.123 | 1.260 |
| Key customer database increases the efficiency of the distribution performance. | 57 | 1 | 5 | 4.16 | 1.099 | 1.207 |
| Continual employee training increases distribution performance. | 57 | 1 | 5 | 4.09 | 1.229 | 1.510 |
| The effect of the employee salary in the company has influence on distribution performance. | 57 | 1 | 5 | 4.09 | 1.138 | 1.296 |
| The effect of employee promotion has direct relationship with distribution performance. | 57 | 1 | 5 | 4.00 | 1.268 | 1.607 |
| Valid N (listwise) | 57 | | | | | |

A good customer services increase the good efficiency of the distribution performance become the first determinant factor that influence distributors experience on distribution performance of locally produced edible oil in Addis Ababa city with a mean score of 4.25. The second distributors experience related factor that determines the distribution of locally produced edible oil in Addis Ababa is Key customer database increase the efficiency of the distribution performance with a mean score of 4.16. Continual employee training increases distribution performance and the effect of the employee salary in the company has influence on distribution performance ranked third as a main of distributors experience related factor that determines distribution of locally produced edible oil with a mean value of 4.09. And finally, the effect of employee promotion has direct relationship with distribution performance ranked fourth with a mean score of 4.00.

Generally, a good customer services increase the good efficiency of the distribution performance and directly a distributor experience highly affect the distribution of locally produced edible oil in Addis Ababa city.

4.8 Influence of Distributor efficiency on distribution performance

The next table ranks the top five determinant factor in the distribution of locally manufactured edible oil; i.e., the influence of distributors efficiency on the distribution performance. The factors are tabulated in descending order based on their mean score value. So, the most influential factors that determine the distribution system are tabulated as shown in table 4.10. The remaining overall distributors efficiency related factors are ranked are presented in appendix II.

Table 0-11 Distributor Efficiency on Distribution performance

| | N | Minimum | Maximum | Mean | Std. Deviation | Variance |
|---|----|---------|---------|------|----------------|----------|
| A good warehouse management has a big influence to increase the efficiency of the Distributor. | 57 | 1 | 5 | 5.84 | 9.337 | 87.171 |
| Using organized RTM (Root To Market) plan in each channel increase efficiency of a distributor. | 57 | 1 | 5 | 4.32 | 1.020 | 1.041 |
| When there is a good organizational structure a distributor efficiency will increase. | 57 | 1 | 5 | 4.26 | 1.142 | 1.305 |
| A good logistics management increase the efficiency of the distributor. | 57 | 1 | 5 | 4.26 | 1.173 | 1.376 |
| The economical capacity of the distributor is highly influential to its efficiency. | 57 | 1 | 5 | 3.98 | 1.329 | 1.768 |
| Valid N (listwise) | 57 | | | | | |

As shown in the table 4.10 The first distributors efficiency related factor that determines the distribution of locally manufactured edible oil in Addis Ababa City is a good warehouse management has a big influence to increase the efficiency of the Distributor with a mean score value of 5.84. Using organized RTM (Root To Market) plan in each channel increase efficiency of a distributor is ranked secondly which affect the distribution system with a mean value of 4.32. The third distributors efficiency related factor which affect the distribution system of edible oil are A good logistics management increase the efficiency of the distributor and when there is a good organizational structure a distributor efficiency will increase with a mean score value of 4.26. The fifth influencing factor the economical capacity of the distributor is highly influential to its efficiency which affect the distribution of locally produced edible oil in Addis Ababa having a mean score value of 3.98.

So, the result shows that to effectively distribute locally produced edible oil the distributors must rent or built a big warehouse which can help to store sufficient number of oils and to distribute them effectively and efficiently.

4.9 Comparison of the determinant factors

Here below the comparison of the determinant factors that determine the distribution of locally produced edible oil in Addis Ababa.

Table 0-12 Comparison of determinant factors

| Determinant factors | Mean |
|------------------------|-------|
| Distributor experience | 3.992 |
| Distributor efficiency | 3.885 |
| Product promotion | 3.875 |
| Product availability | 3.757 |
| Product quality | 3.304 |
| Product price | 3.058 |

Table 4.12 shows the comparison of the main determinant factor based on their mean score value and it is listed in descending order. So, Distributor’s experience is the first ranked determinant factor in the distribution of locally produced edible oil scoring a mean value of 3.992. Distributor’s efficiency in the market becomes the second determinant factor in the distribution of locally produced edible oil with a mean score of 3.885. The third determinant factor is product promotion of locally produced edible oil in Addis Ababa and its mean value is 3.875. The availability of products is the fourth determinant factor in the distribution of locally produced edible oil with a mean score of 3.757. Product quality and product price become the fifth and the last determinant factor on the distribution of locally produced edible oil having a mean score of 3.304 and 3.058 respectively.

Generally, the distributors experience in the market and their efficiency are the main or the top determinant factors in the distribution of locally produced edible oil in Addis Ababa city.

CHAPTER FIVE

5. CONCLUSION AND RECOMMENDATION

This part of the research presents conclusions based on the findings from chapter four that conform to the research objectives stated in the introduction. In this chapter, the major findings of the research are summarized in accordance with the objectives of the research.

Recommendations are also forwarded to the concerned body involved in the distribution of goods; based on the findings and to point out and highlight topics for future study.

5.1 Conclusions

The main aim of this research is to determine the determinants on distribution of local produced edible oil in Addis Ababa. To achieve these objective questioners were employed as primary and secondary data collection instruments. The result obtained by those instruments has been analyzed with the help of statistical package for social science software, discussed, and presented in the previous chapter.

The following conclusions were drawn from this research

Product quality in the distribution system highly affects the distribution of locally produced edible oil in Addis Ababa. The impact of locally produced edible oil quality on the distribution system in the case of Addis Ababa city were listed in descending order based on their mean value. The consumers strongly agree that imported edible oil has good quality become the first determinant factor in the distribution of edible oil by having a mean value of 3.65. The local produced edible oil quality highly affects the performance of distribution is the second quality related distribution system determinant factor by having a mean value of 3.51. The third product quality related distribution system determinant factor is the quality of local produced edible oil has high impact to penetrate the market with a mean value of 3.32.

The product price and end users need is one of the determinant factors in the distribution of locally produced edible oil in Addis Ababa. The Price of the local produced edible oil strongly affects the performance of the distribution with a mean score of 3.75. The second price and distribution performance related factor is Consumer assumes that the price of local produced edible oil has cheap price having a mean score values of 3.54. Consumer assumes that the price of local produced edible oil has expensive price become the third determinant factor on distribution of locally produced edible oil in Addis Ababa having a mean value of 2.96.

Influence of product promotion on selling performance have a great impact on distribution of locally produced edible oil in Addis Ababa. Promotion increase the visibility of the product and it is strongly affect distribution performance is the first Influence product promotion on selling capacity performance related factor with a mean score of 4.21. the second rank goes to Promotion gives high awareness to the customer about the product with a mean score of 4.16. the third Influence of product promotion on selling capacity performance related factor that determines the distribution of locally produced edible oil is ATL (Above The Line) Promotion is very influential and very important from the other promotions with a mean score of 3.88.

The availability of product influence on companies sells target is the main impact on distribution of locally produced edible oil in Addis Ababa. The first product availability related factor that determines the distribution of locally produced edible oil in Addis Ababa city is Product production Consistency strongly affect distribution performance having a mean score of 4.23. Consumer product loyalty plays high roll than product Availability becomes the second product availability related factor that determines the distribution of locally produced edible oil with a mean score of 4.02. The third rank goes to both as the living standard of the consumer increases, the distribution performance increases through increase of sales volume and Product SKU (Stock Keeping Unit) consistency has high influence to achieve better distribution performance as a main determinant factor on the distribution of locally produced edible oil in Addis Ababa having a mean value of 4.00.

Distributors experience is one of a determinant factor in the distribution of locally produced edible oil in Addis Ababa city. A good customer services increase the good efficiency of the distribution performance become the first determinant factor that influence distributors experience on distribution performance of locally produced edible oil in Addis Ababa city with a mean score of 4.25. The second distributors experience related factor that determines the distribution of locally produced edible oil in Addis Ababa is Key customer database increase the efficiency of the distribution performance with a mean score of 4.16. Continual employee training increases distribution performance and the effect of the employee salary in the company has influence on distribution performance ranked third as a main of distributors experience related factor that determines distribution of locally produced edible oil with a mean value of 4.09.

Distributor's efficiency also does not be under estimated it have a great impact on the distribution system of locally produced edible oil in Addis Ababa city. The first distributors

efficiency related factor that determines the distribution of locally manufactured edible oil in Addis Ababa City is a good warehouse management has a big influence to increase the efficiency of the Distributor with a mean score value of 5.84. Using organized RTM (Root To Market) plan in each channel increase efficiency of a distributor is ranked secondly which affect the distribution system with a mean value of 4.32. The third distributors efficiency related factor which affect the distribution system of edible oil are A good logistics management increase the efficiency of the distributor and when there is a good organizational structure a distributor efficiency will increase with a mean score value of 4.26.

Among the main distribution determinants distributor's experience is the first ranked determinant factor in the distribution of locally produced edible oil scoring a mean value of 3.992. Distributor's efficiency in the market becomes the second determinant factor in the distribution of locally produced edible oil with a mean score of 3.885. The third determinant factor is product promotion of locally produced edible oil in Addis Ababa and its mean value is 3.875.

5.2 Recommendations

Based on the findings of the research, the following recommendations were proposed for customers, distributors, and for further study.

5.2.1 Expectations from Customers

- ✦ The customers must buy the edible oils with the pre-determined price.
- ✦ Customers must report to the police when they observe un fair distribution system.
- ✦ The customers must announce to the concerned body when shortage of edible oil is occurred.
- ✦ They have the right to take their consumptions, so, if they are denied by the distributor they must announce to the police.
- ✦ If the distributors stock more edible oils in their warehouse; the customers must tell to the police.

5.2.2 Expectations from distributors

- Distributors must know the demand and supply of the oil.
- Distributors must distribute the edible oil with affordable price to the customers.
- Distributors must deliver the products safely and quickly.
- They must minimize any bureaucracy that hinders fair distribution system.

- As much as they can it is mandatory to meet supply and demand of the edible oil.

5.2.3 Recommendations for further study

Because of lack of information, shortage of time, unavailability of data, and having limited scopes; this study does not incorporate all variables and issues about the determinants of locally manufactured edible oil in Addis Ababa City. Thus, to improve the concept of determinants of edible oil distribution it is vital to carry out further studies and researches. So, the author would like to suggest the following titles for future Study.

- ❖ A market system analysis of the edible oils sector in Addis Ababa city.
- ❖ Factors influencing consumer buying behavior of locally produced edible oil in Addis Ababa.
- ❖ Comparative analysis of factors influencing consumer buying decision towards locally produced and imported edible oil in Addis Ababa

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APPENDICES

Appendix 1: Research Questioner

**ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
MASTERS OF BUSINESS ADMINISTRATION**



**THESIS: DETERMINANTS ON DISTRIBUTION OF FAST-
MOVING CONSUMER GOODS IN ADDIS ABABA:
FOR THE CASE OF LOCAL PRODUCED EDIBLE OIL**

SUBMITTED BY: SELAMAWIT G/EGZIABHER

ADVISOR NAME: ASRES ABITIE (PHD)

ADDIS ABABA, ETHIOPIA

JANUARY 2022

Dear respondents,

My name is Selamawit G/egziabher and I am carrying out academic research on the Determinants on Distribution of Fast-Moving Consumer Goods in Addis Ababa: The case of locally produced edible oil.

As a result, you are kindly requested to provide the information needed to answer the study questions. Please rest assured that the information you provide will only be used for academic purposes and will remain totally secret. Please mark the appropriate box relating to each statement with a () to indicate your level of agreement or disagreement.

Your support and cooperation will be much appreciated. If you want any additional information or clarification, please contact:

Mob +251-955-93-03-13 ; E-mail. selamexcel@gmail.com

Section I: General Information

Please read each question carefully and make a tick under each answer box

1. Sex Male Female
- 2 Respondent's work position:
 Area sale manager Key Account representative
 Sales Representative Other Management Position
- 3 Educational Status: Certificate Advanced Diploma
 First Degree Master's Degree and above
- 4 Relevant work experience (in approximate years):
 Below 5 5-10 11-15 16-20 > 20

Section II: Variables that determine distribution of Fast-Moving Consumers Goods in Addis Ababa for case of local produced edible oil:

Effect of PRODUCT QUALITY on Distribution performance

| | | | | |
|--------------------------|-----------------|----------------|--------------|-----------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

Please put (√) sign for each of the following statements as appropriate

| No. | Attributes | 1 | 2 | 3 | 4 | 5 |
|------------|---|----------|----------|----------|----------|----------|
| 1. | The local produced edible oil quality highly affects the performance of distribution. | | | | | |
| 2. | Consumers have high Awareness on quality of local produced edible oil. | | | | | |
| 3. | Consumers strongly agree that, LOCAL Produced edible oil has good quality. | | | | | |
| 4. | Consumers strongly agree that IMPORTED edible oil has good quality. | | | | | |
| 5. | The quality of local produced edible oil has high impact to penetrate the market. | | | | | |

Effect of PRODUCT PRICE on Distribution performance

Please put (√) sign for each of the following statements as appropriate

| | | | | |
|--------------------------|-----------------|----------------|--------------|-----------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

| No. | Attributes | 1 | 2 | 3 | 4 | 5 |
|------------|--|----------|----------|----------|----------|----------|
| 1 | The Price of the local produced edible oil strongly affects the performance of the distribution. | | | | | |
| 2 | Consumer assumes that the price of local produced edible oil has CHEAP price. | | | | | |
| 3 | Consumer assumes that the price of local produced edible oil has EXPENSIVE price. | | | | | |
| 4 | Consumers are not price sensitive or concerned for how much they will pay. | | | | | |

Effect of Product Promotion on Distribution performance

| | | | | |
|--------------------------|-----------------|----------------|--------------|-----------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

Please put (√) sign for each of the following statements as appropriate

| No. | Attributes | 1 | 2 | 3 | 4 | 5 |
|------------|--|----------|----------|----------|----------|----------|
| 1 | Promotion increase the visibility of the product and it is strongly affected distribution performance. | | | | | |
| 2 | Promotion gives high awareness to the customer about the product. | | | | | |
| 3 | ATL (Above The Line) Promotion is very influential and very important from the other promotions. | | | | | |
| 4 | BTL (Below The Line) Promotion is very influential and very important from the other promotions. | | | | | |

Effect of Product Availability on Distribution performance

| | | | | |
|--------------------------|-----------------|----------------|--------------|-----------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

Please put (√) sign for each of the following statements as appropriate

| No. | Attributes | 1 | 2 | 3 | 4 | 5 |
|------------|---|----------|----------|----------|----------|----------|
| 1 | Product SKU (Stock Keeping Unit) consistency has high influence to achieve better distribution performance. | | | | | |
| 2 | Product production Consistency strongly affect distribution performance. | | | | | |
| 3 | Being exclusive distributor for specific brand increase the availability of the product. | | | | | |
| 4 | As the number of agent for the same product decreases, the distribution performance increases. | | | | | |
| 5 | Distribution of more than one product in the same vehicle increases the efficiency of distribution. | | | | | |

| | | | | | | |
|---|--|--|--|--|--|--|
| 6 | As the living standard of the consumer increases, the distribution performance increases through increase of sales volume. | | | | | |
| 7 | Consumer product loyalty plays high roll than product Availability. | | | | | |

Effect of Distributor Efficiency on Distribution performance

| | | | | |
|--------------------------|-----------------|----------------|--------------|-----------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

Please put (√) sign for each of the following statements as appropriate

| No. | Attributes | 1 | 2 | 3 | 4 | 5 |
|-----|--|---|---|---|---|---|
| 1 | The economical capacity of the distributor is highly influential to its efficiency. | | | | | |
| 2 | When there is a good organizational structure a distributor efficiency will increase. | | | | | |
| 3 | When the number of vehicles increase, it always increases the distributor efficiency. | | | | | |
| 4 | The number of vehicles in the distributor company is highly related to the efficiency of the distributor. | | | | | |
| 5 | A good warehouse management has a big influence to increase the efficiency of the Distributor. | | | | | |
| 6 | A good logistics management increase the efficiency of the distributor. | | | | | |
| 7 | Using organized RTM (Root To Market) plan in each channel increase efficiency of a distributor. | | | | | |
| 8 | A single agent for the specific product has high influence to on the efficiency of a distributor. | | | | | |
| 9 | The distribution channel type such as (Door To Door, Modern Trade, HORECA (Hotel, Restaurant & Café), Merkato, Institution and Upcountry Market) has direct relation with the efficiency of distributor. | | | | | |
| 10 | From the other channel DOOR TO DOOR channel is most suitable to achieve a good distribution | | | | | |

| | | | | | | |
|-----------|---|--|--|--|--|--|
| | performance. | | | | | |
| 11 | From the other channel MODERN TRADE channel is most suitable to achieve a good distribution performance. | | | | | |
| 12 | From the other channel HORECA (Hotel, Restaurant & Café) channel is most suitable to achieve a good distribution performance. | | | | | |
| 13 | From the other channel MERKATO channel is most suitable to achieve a good distribution performance. | | | | | |
| 14 | From the other channel INSTITUTION channel is most suitable to achieve a good distribution performance. | | | | | |
| 15 | From the other channel UPCOUNTRY MARKET channel is most suitable to achieve a good distribution performance. | | | | | |

Section III: Factors that affect the performance of distribution

Factors that affect the Distribution Performance

| | | | | |
|--------------------------|-----------------|----------------|--------------|-----------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree |

Please put (√) sign for each of the following statements as appropriate

| No. | Attributes | 1 | 2 | 3 | 4 | 5 |
|------------|---|----------|----------|----------|----------|----------|
| 1 | The employees experience has big impact to achieve a good performance on distribution. | | | | | |
| 2 | The effect of the employee salary in the company has influence on distribution performance. | | | | | |
| 3 | The employee's commission in the company increase the efficiency of distribution performance. | | | | | |
| 4 | The effect of employee promotion has direct relationship with distribution performance. | | | | | |

| | | | | | | |
|-----------|--|--|--|--|--|--|
| 5 | Orientation for new employees has big influence on good distribution performance. | | | | | |
| 6 | Continual employee training increases distribution performance. | | | | | |
| 7 | A good customer services increase the good efficiency of the distribution performance. | | | | | |
| 8 | Key customer database increases the efficiency of the distribution performance. | | | | | |
| 9 | Sales team network has big effect on efficiency of the distribution performance. | | | | | |
| 10 | Salary increments to the employee increase the efficiency of the distribution performance. | | | | | |

Appendix 2: Analyzed Questioners result

I. Effect of product quality on distribution performance

| Descriptive Statistics | | | | | | |
|---|----|-------|-------------|-------------|------|-------------------|
| | N | Range | Mini mum | Maxi mum | Mean | Std. Deviation |
| Consumers strongly agree that IMPORTED edible oil has good quality. | 57 | 4 | 1 | 5 | 3.65 | 1.329 |
| The local produced edible oil quality highly affects the performance of distribution. | 57 | 4 | 1 | 5 | 3.51 | 1.297 |
| The quality of local produced edible oil has high impact to penetrate the market. | 57 | 4 | 1 | 5 | 3.32 | 1.136 |
| Consumers strongly agree that, LOCAL Produced edible oil has good quality. | 57 | 3 | 1 | 4 | 3.09 | 3.043 |
| Consumers have high Awareness on quality of local produced edible oil. | 57 | 4 | 1 | 5 | 2.95 | 1.156 |
| Valid N (listwise) | 57 | | | | | |

II. The effect of product price on distribution performance

| Descriptive Statistics | | | | | | |
|--|----|-------|---------|---------|------|----------------|
| | N | Range | Minimum | Maximum | Mean | Std. Deviation |
| The Price of the local produced edible oil strongly affects the performance of the distribution. | 57 | 4 | 1 | 5 | 3.75 | 1.199 |
| Consumer assumes that the price of local produced edible oil has CHEAP price. | 57 | 4 | 1 | 5 | 3.54 | 1.103 |
| Consumer assumes that the price of local produced edible oil has EXPENSIVE price. | 57 | 4 | 1 | 5 | 2.96 | 1.253 |
| Consumers are not price sensitive or concerned for how much they will pay. | 57 | 4 | 1 | 5 | 1.98 | 1.343 |
| Valid N (listwise) | 57 | | | | | |

III. The effect of product promotion on distribution performance

| Descriptive Statistics | | | | | | |
|--|----|-------|---------|---------|------|----------------|
| | N | Range | Minimum | Maximum | Mean | Std. Deviation |
| Promotion increase the visibility of the product and it is strongly affect distribution performance. | 57 | 4 | 1 | 5 | 4.21 | 1.161 |
| Promotion gives high awareness to the customer about the product. | 57 | 4 | 1 | 5 | 4.16 | 1.031 |
| ATL (Above The Line) Promotion is very influential and very important from the other promotions. | 57 | 4 | 1 | 5 | 3.88 | 1.019 |
| BTL (Below The Line) Promotion is very influential and very important from the other promotions. | 57 | 4 | 1 | 5 | 3.25 | 1.243 |
| Valid N (listwise) | 57 | | | | | |

IV. Effect of Product Availability on Distribution performance

| Descriptive Statistics | | | | | | |
|--|----|-------|---------|---------|------|----------------|
| | N | Range | Minimum | Maximum | Mean | Std. Deviation |
| Product production Consistency strongly affect distribution performance. | 57 | 4 | 1 | 5 | 4.23 | 1.086 |
| Consumer product loyalty plays high roll than product Availability. | 57 | 4 | 1 | 5 | 4.02 | 1.203 |
| As the living standard of the consumer increases, the distribution performance increases through increase of sales volume. | 57 | 4 | 1 | 5 | 4.00 | 1.195 |
| Product SKU (Stock Keeping Unit) consistency has high influence to achieve better distribution performance. | 57 | 4 | 1 | 5 | 4.00 | 1.180 |
| Distribution of more than one product in the same vehicle increases the efficiency of distribution. | 57 | 4 | 1 | 5 | 3.70 | 1.322 |
| Being exclusive distributor for specific brand increase the availability of the product. | 57 | 4 | 1 | 5 | 3.39 | 1.398 |
| As the number of agents for the same product decreases, the distribution performance increases. | 57 | 4 | 1 | 5 | 2.96 | 1.349 |
| Valid N (listwise) | 57 | | | | | |

V. Factors that affect the Distribution Performance

| Descriptive Statistics | | | | | | | |
|---|----|-------|---------|---------|------|----------------|----------|
| | N | Range | Minimum | Maximum | Mean | Std. Deviation | Variance |
| A good customer services increase the good efficiency of the distribution performance. | 57 | 4 | 1 | 5 | 4.25 | 1.123 | 1.260 |
| Key customer database increase the efficiency of the distribution performance. | 57 | 4 | 1 | 5 | 4.16 | 1.099 | 1.207 |
| Continual employee training increases distribution performance. | 57 | 4 | 1 | 5 | 4.09 | 1.229 | 1.510 |
| The effect of the employee salary in the company has influence on distribution performance. | 57 | 4 | 1 | 5 | 4.09 | 1.138 | 1.296 |
| The effect of employee promotion has direct relationship with distribution performance. | 57 | 4 | 1 | 5 | 4.00 | 1.268 | 1.607 |
| Orientation for new employees has big influence on good distribution performance. | 57 | 4 | 1 | 5 | 3.98 | 1.203 | 1.446 |
| Sales team network has big effect on efficiency of the distribution performance. | 57 | 4 | 1 | 5 | 3.95 | 1.171 | 1.372 |

| | | | | | | | |
|---|----|---|---|---|------|-------|-------|
| The employee's commission in the company increase the efficiency of distribution performance. | 57 | 4 | 1 | 5 | 3.89 | 1.129 | 1.274 |
| Salary increments to the employee increase the efficiency of the distribution performance. | 57 | 4 | 1 | 5 | 3.88 | 1.283 | 1.645 |
| The employees experience has big impact to achieve a good performance on distribution. | 57 | 4 | 1 | 5 | 3.63 | 1.331 | 1.773 |
| Valid N (listwise) | 57 | | | | | | |

VI. Effect of Distributor Efficiency on Distribution performance

| Descriptive Statistics | | | | | | | |
|---|----|-------|---------|---------|------|----------------|----------|
| | N | Range | Minimum | Maximum | Mean | Std. Deviation | Variance |
| A good warehouse management has a big influence to increase the efficiency of the Distributor. | 57 | 4 | 1 | 55 | 5.84 | 9.337 | 87.171 |
| Using organized RTM (Root To Market) plan in each channel increase efficiency of a distributor. | 57 | 4 | 1 | 5 | 4.32 | 1.020 | 1.041 |
| When there is a good organizational structure a distributor efficiency will increase. | 57 | 4 | 1 | 5 | 4.26 | 1.142 | 1.305 |
| A good logistics management increase the efficiency of the distributor. | 57 | 4 | 1 | 5 | 4.26 | 1.173 | 1.376 |
| The economical capacity of the distributor is highly influential to its efficiency. | 57 | 4 | 1 | 5 | 3.98 | 1.329 | 1.768 |

| | | | | | | | |
|--|----|---|---|---|------|-------|-------|
| The distribution channel type such as (Door To Door, Modern Trade, HORECA (Hotel, Restaurant & Café), Merkato, Institution and Upcountry Market) has direct relation with the efficiency of distributor. | 57 | 4 | 1 | 5 | 3.81 | 1.469 | 2.159 |
| From the other channel DOOR TO DOOR channel is most suitable to achieve a good distribution performance. | 57 | 4 | 1 | 5 | 3.74 | 1.142 | 1.305 |
| The number of vehicle in the distributor company is highly related to the efficiency of the distributor. | 57 | 4 | 1 | 5 | 3.74 | 1.261 | 1.590 |
| A single agent for the specific product has high influence to on the efficiency of a distributor. | 57 | 4 | 1 | 5 | 3.70 | 1.375 | 1.892 |
| When the number of vehicles increase, it always increases the distributor efficiency. | 57 | 4 | 1 | 5 | 3.70 | 1.281 | 1.642 |

| | | | | | | | |
|---|----|---|---|---|------|-------|-------|
| From the other channel UPCOUNTRY MARKET channel is most suitable to achieve a good distribution performance. | 57 | 4 | 1 | 5 | 3.53 | 1.297 | 1.682 |
| From the other channel MERKATO channel is most suitable to achieve a good distribution performance. | 57 | 4 | 1 | 5 | 3.46 | 1.364 | 1.860 |
| From the other channel INSTITUTION channel is most suitable to achieve a good distribution performance. | 57 | 4 | 1 | 5 | 3.46 | 1.269 | 1.610 |
| From the other channel MODERN TRADE channel is most suitable to achieve a good distribution performance. | 57 | 4 | 1 | 5 | 3.25 | 1.430 | 2.046 |
| From the other channel HORECA (Hotel, Restaurant & Café) channel is most suitable to achieve a good distribution performance. | 57 | 4 | 1 | 5 | 3.23 | 1.210 | 1.465 |
| Valid N (listwise) | 57 | | | | | | |