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**The Effectiveness of Marketing Communication
Channels: The Case of Ethiopia Commodity Exchange**

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Exchange

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List of Acronyms

ACE	African Agriculture commodity Exchange
ASCE	Abuja Securities and Commodity Exchange
AU	African Union
CAADP	Comprehensive African Agriculture Development Program
CBOT	Chicago Board of Trade (Chicago Board of Trade)
DCE	The Dalian Commodity Exchange
CIM	Chartered Institute of Marketing
ECX	Ethiopian Commodity Exchange
FAO	Food Agriculture Organization
IBR	Interactive Voice Response
KACE	Kenya Agricultural Commodity Exchange.
MACE	Malawi Agricultural Commodity Exchange
MCX	Multi-Commodity Exchange
NCDEX	National Commodities and Derivatives Exchange
RBT	Reality Based Trading Company
REPT	Rural Electronic Price Tickers
SAFEX	South African Features Exchange
SHFE	The Shanghai Futures Exchange
SMS	Short Message Service
UCE	Uganda Commodity Exchange
UNCTAD	United Nations Conference on Trade and Development
ZCE	Zhengzhou Commodity Exchange

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Abstract

Marketing without price information is intangible. Ethiopia Commodity Exchange has been striving to disseminate market information for buyers and sellers for the last two years. The study embodied questions aimed at assessing the effectiveness of the media channels used for market information by Ethiopia Commodity Exchange. In order to seek answers to these questions both quantitative and qualitative research methodologies were employed through questionnaire and in-depth interview. These data were then analyzed thematically in order to sieve out the information that did more appropriately tally with the inquiry at hand. It was found out that television, mobile phone and the radio medium constituted the most widely used array of media genres. All the same, lack of clarity, precision, and consistency of messages impeded the extent to which the customers comprehended the messages. Moreover, literacy levels and language issues were also among factors that did affect the effectiveness of messages communicated because of the fact that farmers were not educated and could not fathom messages presented in Amharic as much as they should. Also, the use of new media such as the Internet which could be thought of extremely complicated did not prove to be effective as it needs a higher level of literacy as well as basic computer skills. While the use of multi-channel communication is a commendable endeavor, factors pointed out above need to be considered to attain higher level of effectiveness such as by toning down the messages in a way that fits the level of these customers.

CHAPTER ONE

INTRODUCTION

1.1 Background

Agriculture market in Ethiopia has been long plagued by high transaction costs and nonintegrated market information. Millions of farmers derive their income from the production and sales of agriculture produces. They supply their produces to sale particularly in the provinces of urban centers in a traditional ways using animals.

Eleni Z. Gebre-Madhin and Goggin (2005; 3) supports this idea.

Ethiopian farmers sale their produce either carrying sacks themselves or using donkey across short distances (within 20 km distance) from the main regional markets. They also use pack animals and small trucks and sale their produce in the secondary or urban markets.

This indicates that products flow from farmers or producers to consumers or sellers in a very long way. The research a conducted by Central Statistical Agency (CSA) in 2005 shows that over 30 % of rural households (as compared to 6% urban households) travel 5-9 kilometers to reach the nearest markets. According to the survey, 12 % and 9 % of households in the rural areas (as compared to 0.3 % and 0.1 %t in urban areas) need to travel as far as 10-14 and 15-19 kilometers respectively to reach the nearest markets.

Moreover, in most parts of the country the agriculture market linkage is poor. Products harvested in poor productivity would take long time to reach to beneficiaries as it passed through many stakeholders and farmers would wait long for payment (Asrat Tessema, 2003).

This indicates that Ethiopia's market system, like its agriculture, is based on age-old tradition. To date agriculture markets have been characterized by high costs and high risks of transacting, forcing much of Ethiopia into global isolation. Small-scale farmers came to the market with little information.

It is believed that access to reliable output markets significantly affects the efficiency of smallholder producers. However, producers have little or no knowledge about the local and international price of their products.

According to the 2008 World Bank report, three out of every poor person in developing countries live in rural areas with over 86 % and 65% of them relied on agriculture as source of livelihood and employment respectively. With poverty being relatively direr in rural Africa (including Ethiopia), development of efficient agricultural marketing is believed to be very vital to enhance the participation of smallholder farmers in the market. This shows that the importance of a reliable market information system to provide up-to-date price information.

In order to have a well-organized marketing system, the report presented by FAO (Food and Agriculture Organization) in 2007 suggested that a commodity exchange could fill this critical need by generating market information to both producers and consumers.

The history of commodity exchange goes back to the 1848, when 82 grain merchants and farmers established the Chicago Commodity Exchange built at the junctions of the Illinois River and Lake Michigan (Eleni Z. Gebre-Madhin,2009). A commodity exchange is to provide security to the transactions that take place on its trading platform, which makes it much easier for a buyer in one country to enter into a commercial relation with a previously unknown seller in another country. It also enables buyer and sellers to discover new regional and international markets. Moreover, it makes prices more transparent (African Union Report, 2005).

In order to bring change in the marketing sector, Ethiopia Commodity Exchange (ECX), which was officially opened in May 2008, thought to play an important role to fill the gap. Ethiopia Commodity Exchange, the newly established organization, is providing a market place where buyers and sellers can come together. But there was an informal short-lived stock market in the late 1950s and this was formally instituted in 1965. The main purpose of its formation was to bring buyers and sellers together.

In this regard, Asrat Tessema (2003; 51) points out,

In Ethiopia, there was the stock market, which was administrated by the National Bank of Ethiopia (the equivalent of the Federal Reserve Board in the United States). The government through the National Bank tried to improve resource mobilization by establishing a share –dealing group that brought together buyers and sellers to participate in an auction process. However, the infant stock market ceased to exist in 1975 owing to the socialist ideology subscribed to by the Derg regime.

ECX use the might of modern information technologies to create access to market information to all its actors including the general public. The organization carries out rural based market information Tickers, Mobile phone messaging service (SMS), Interactive Voice Response (IVR), Mobile phone, Mass media (TV, radio, Newspapers) and Internet to disseminate market information (Fikru W/Giorgies, 2010).

It has also been developing targeted marketing communications to build and maintain relationships with customers in a poor infrastructures system of the country. It is obvious that Ethiopia needs massive investment to upgrade its telecommunication services to provide the necessary services for citizens.

1.2 Statement of the Problem

Communication permeates all areas of human relationship. Trade is no exception. Before modern media channels came to be used in the area of business transaction, market information was widely disseminated through word –of- mouth. With the advent of the modern media outlets such as newspaper, television, and lately the Internet, the transportation of information has become smooth.

This does not mean, however, that these various genres of media have totally replaced the way information used to go around in the preceding times. People have often relied on the modern media as well as the interpersonal, age-old means.

The increasing importance of media for marketing activities is widely recognized. Marketing managers in the new millennium face a wide and diverse choice of media through which to send marketing communications to customers. These include most

recently and significantly TV, radio, Internet, and mobile phone communications, such as text – messaging (SMS) and print.

Previous studies have shown that when looking at marketing communication from a consumer perspective the issue of media effectiveness is challenging. In this regard, pioneer researchers like Danaher and Rossiter (2006), found out that the relative effectiveness of 11 media, including traditional mass media like television, mail and radio, as well as new digital media such as the Internet and cellular phones.

Their results show that receivers of direct-response marketing communications continue to be most receptive to traditional media, such as mail and television. The Internet and mobile phones are much less effective as channels for generating a response to a marketing communication in Australia in which the study was conducted.

On the other hand, Heinonen and Strandvik (2008) explored on consumer responsiveness to mobile marketing and their study was conducted in Finland. Findings of this study indicated that responsiveness to mobile marketing communication varies among consumers. Compared to traditional direct mail and commercial email communication, the responsiveness to mobile marketing was considerably lower.

Similarly, Leppaniemi (2008) researched on mobile marketing communications in consumer markets. His study was also conducted in Finland. The results suggest that consumers' intention to receive mobile advertising messages is related to the relevance of the message, permission to receive mobile advertising messages, the benefits of receiving the message and the privacy of personal data.

While the use of media technologies for marketing communications is a recent phenomenon in the Ethiopian context. As ECX has entered into the market with an intent to disseminate market data information, some glitches would somehow surface in the overall endeavor. Given the fact that the level of literacy of the people and the destitution that hinders the use of new media technology in a day-to-day life.

Therefore, the application of new media technology such as mobile, Internet, SMS (Short Message Service) and IVR (Interactive Voice Response) in the area of marketing

communication in the country will be doubtful to ensure effective business transactions among the involved parties. One media would be more effective than the other would.

This study aimed at assessing the traditional and the new media channels used by Ethiopia Commodity Exchange in the Southern Nations, Nationalities and Peoples Regional State (SNNPR) of Ethiopia. In order to conduct the research, Gedeo zone was selected from the region. Dilla is an administrative center; other woredas in the zone like Kochere, Yirgachefe, Gedeb and Wonago were part of the study

The study looks into the knowledge of customers in the study area in relation to the channels. It also investigates the channels provided by ECX go with the preferences of customers or not. It is therefore meant to explore the effectiveness of all the media genres involved in the entire process and as well as single out irregularities, if any, in the market information dissemination and management system.

1.3 Objective of the study

1.3.1 General Objective

The major objective of the study is to assess the effectiveness of communication channels used by Ethiopia Commodity Exchange in market information dissemination. The study, therefore, intends to analyze the messages that are delivered by ECX to its customers with particular emphasis placed on the Gedeo Zone, Southern Nations and Nationalities Regional State.

1.3.2 Specific Objective

Specifically, the study will attempt to;

- investigate the key market information dissemination channels.
- describe the key market information dissemination channels

- identify the dominant channel or channels which play a pivotal role in dissemination of market information for customers use.
- explore the knowledge of customers in relation to channels.

1.4 Research Questions

Attempt will be made in this study to find answers for the following key questions.

1. Which channels(s) does ECX use to disseminate its market information to customers?
2. Are sellers and buyers able to get updated market information in real time?
3. Are the messages clear and easy to understand?
4. Are the messages tailored to cater for target customers?
5. How many of the customers have access to the channels?
6. What channels are most effective in generating and enhancing the most valuable customer relationship?

1.5 Delimitation of the Study

Ethiopia Commodity Exchange currently operates its activities in more than 30 regional areas but this study conducted on coffee marketing with particular reference to Gedeo zone in the Southern Nations and Nationalities Regional State.

The study investigated the effectiveness of the communication channels used by the organization to deliver market information to its customers in the area. The researcher gave more attention to this particular area due to constraints of time and finances.

1.6 Significance of the Study

About 85 percent of populations live in rural areas in Ethiopia. This indicates that there is a huge agricultural market in the country. This study is believed that Ethiopia as an agrarian country can have enormous benefits from the application of communication channels to increase its production for marketing activities. However, it should be considered that the challenges such as low literacy levels of the society, poor

infrastructures facilities like lack of roads, telecom services etc. while the system is carried out.

This research has significance to communication planners and message designers in ECX as well. Moreover, it is also believed that the study contribute to the organization towards the selection of effective communication channels to disseminate market information to customers.

The main benefit of this research will be Ethiopia Commodity Exchange. The organization will obtain the necessary information about its customer's knowledge with regard to the traditional and the new media channels. This enables ECX's communication planners and message designers to consider customers in the information exchange process.

Graduate students in the Journalism field of study in A.A.U; have devoted their research works on the issues of media coverage. But there are no studies that show communication channels in the field of market regarding to ECX.

CHAPTER TWO

LITERATURE REVIEW

In this chapter, an attempt was made to touch upon basic principles, notions and theories that are in one way or another related to the issue at hand. Besides the definition and subsequent discussion of terminologies, forerunning body of literature would be delved into vis-à-vis the current endeavor.

2. Conceptual and Theoretical Framework

2.1 Concepts

2.1.1 What is marketing?

It is not easy to come up with a precise and single definition of marketing. Various scholars have defined it in different ways. Marketing may be defined as a particular group of people, an institution, a mechanism for facilitating exchange, (Solomon Tilahun, 2002). The market has also been linked to the degree of communication among buyers and sellers and the degree of substitutability among goods.

According to Kotler (1999), marketing is an exchange process between the two forces that is a social and managerial process by which individuals and groups obtain what they need through creating and exchanging products and value with others. Similarly, Cathy and Power (2002) stated that marketing is the creation of satisfied customers and it involves discovering consumer needs and satisfying those needs. Kitchen and Pelsmacker (2004) emphasized marketing in terms of relationships among buyers and sellers.

Accordingly, marketing is not about selling, it is about making loyal customers. Relationship marketing is built upon the relationship between customers satisfaction, customers loyalty and profitability. As Kotler, Armstrong and Wong (1996), Marketing is more than any other business function, deals with customers. Creating customer value and satisfaction are at the very heart of modern marketing thinking and practice.

Marketing must be understood not in the old sense of making a sale-‘selling’-but in the new sense of satisfying customer needs (Kotler, et.al, 1996). Marketing is to establish, maintain and enhance relationships with customers and other partners at a profit, so that the objectives of both parties are met. This is achieved by a mutual exchange and fulfillment of promises (Gronroos, 1994 cited in CIM, 2006).

Singh and Pandey (2005) also suggested that marketing is based on goals and capabilities, by which a producer provides a marketing mix (products and services, promotion, pricing, distribution, etc.), that meets consumer needs within the limits of society.

On the other hand, Rich (2002:218) describes marketing in the sense of feedback.

Marketing, as a discipline, recognizes the value of direct consumer feedback in determining the future direction of customer choices and preferences. As our discipline moves toward becoming a more proactive voice in the marketplace, such issues as slotting fees could become a thing of the past.

This shows that feedback should be considered in the marketing process in order to evaluate whether the information delivering mechanism is successful or not. Feedback is the term we use to describe any response, critique, criticism, or comment about the way we communicate. According to Bienvenu and Timm (2002), feedback comes from two sources: external and internal. External feedback comes from the target audience; readers, listeners and trusted colleagues. While internal feedback comes from the process of self – evaluation. Both types of feedback form the basis for any improvements in communication skills.

In the sense of marketing, feedback is valuable in determining the future direction of customers choices and preferences. Kotler and lee (2007, 50) define marketing:

When asked what they think of when they think of marketing, most people will mention phrases such as selling, advertising, direct mail, telemarketing, bus boards, and outdoor billboards, In truth, these are only a few of the components of only one of the marketing tools to be considered: promotion. Promotional vehicles might include advertising (billboards), personal selling, sales promotion, public relations, and direct marketing.

As Mathur (2008) stated, marketing wants to get answers to such questions: who are our customers? What product they want to buy? Where they want to buy it? Why they want to buy? What price they are willing to pay for it? How they want to buy –cash or credit?

From this, it can be seen that marketers should consider the needs of their customers for creating markets, promoting and supplying goods to the clients.

The concept of marketing can be explained in four ways. These are consumer market, business market, services market and global market. In the case of consumer goods, the marketers sell the products like cars, refrigerators, air conditioners, soaps shampoos, petrol etc. while business market includes capital goods, such as cotton mill and soon. Hotels, hospitals, and travel agencies are good examples of the type of services market. Other products like ideas, events, properties, people, organizations, and information are included under market. On the other hand, global market is related to a close watch over these happenings to trace business opportunities in the outside world with innovative ideas (Ibid, 2008).

McDaniel and Darden (1987:3) describe marketing from an exchange point of view:

Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individuals and organizational objectives. Exchange occurs when there are at least two parties and each has something of potential value to the other. When the two parties can communicate and have the ability to deliver the desired goods or services, exchange can take place.

This indicates that marketing is an exchange activity in which buyers and sellers meet to trade. It is also the social process by which individuals and groups bring forth what they need and want through creating and exchanging products and values.

Marketing is directly related with development. It is the key to economic growth of underdeveloped countries (Singh and Pandey, 2005). This shows that rural marketing is a fashionable subject today, though it is far more important for a developing economy like that of Ethiopia. It has played an increasingly important role in contemporary society and the free market economy. When an effective marketing program is in place, it creates a win-win situation for the marketers and the customers.

McLEOD and Rogers (1985:59) pointed out that marketing is the way of indentifying customers needs:

Marketing interfaces directly with the firm's customers, anticipating their needs and supplying them with products and services. Information must be gathered from the customers to first identify needs and then to measure the extent to which the needs have been satisfied. As the needs are met, marketing must within constraints imposed by competition and the government.

Over all, marketing is perceived as the art of selling and buying. It is also a social process by which individuals and groups obtain what they need and want. In the process of marketing, managers or organizers are advised to focus on the way to satisfy customers.

2.1.2 Marketing Communication

Communication is the foundation of all human relationships and concerns exchange of information, ideas, or feelings. It is also a process by which meanings are ascribed to feelings, ideas, facts, attitudes, and emotions by exchange between individuals through a common system of symbols. Thus, developing communications strategy requires extensive learning and coordination throughout a communication network (Kitchen and Pelsmacker, 2004). Talking about marketing communication, the educators further state:

Marketing communication is the collective terms for all communication functions used in marketing a product. The purpose of marketing communication is to add persuasive value to a product for customers. Marketing communications as the process by which the marketer develops and presents an appropriate set of communications stimuli to a defined targeted audience with the intention of eliciting a desired set of responses (Ibid, p.21)

According to Danaher and Rossiter (2006), marketing communications are delivered both to consumers in their homes and business people in their workplace. Hsu and Power (2002, 268) explain marketing communications in a wider sense:

Advertising employs various paid, impersonal mass media to communicate with potential buyers. Mass media advertisements include not only newspaper advertising, radio and television commercials, but also signs and billboards and other media, such as direct mail, that can be used to address large numbers of people without any personal contact.

Marketing communication can be informative, persuasive, or reminding. The appropriate type of communication to be used depends on the stages in the product life cycle and the consumer decision –making process. The objective of advertising is usually to generate selective demand for a particular company. It also aims first to move consumers to awareness and then to interest and desire and, ultimately, to action. There are five considerations underline advertising planning; target, message, media, timing, and budget (Ibid, 2002).

As expressed by the Chartered Institute Of Marketing (2006), advertising is a paid form of non-formal communication that is transmitted through mass media such as television, radio, newspapers, magazines, direct mail, public transport vehicles, outdoor displays and the Internet. It has the objectives to raise awareness, to produce the market and to persuade the market.

2.1.3 Marketing Communication Channels

In the process of marketing, there is a wide and diverse choice of channels through which to send marketing communications to customers. The channel is the method by which the communication travels from the source or sender to the receiver. Awuor (2007) describes marketing channels as channels that link flow of commodity that a product flows through various transaction modes on its way starting from the farmers or producers to consumers.

As the broadest level, channels of communication are of two types, personal and nonpersonal. Personal channels of communication are direct interpersonal (face-to-face)

contact with target individuals or groups. Salespeople serve as personal channels of communication when they deliver their sales message to a buyer or potential customers. Social channels of communication such as friends, neighbors, associates, co-workers, or family members are also personal channels. They often represent word –of-mouth communication, a powerful source of information for customers.

On the other hand, nonpersonal channels of communication are those that carry a message without interpersonal contact between sender and receiver. Nonpersonal channels of communications are generally referred to as the mass media or mass communications, since the message is sent to many individuals at one time (Belch and Belch, 1998). Nonpersonal channels of communication consist of two major types, namely; print and broadcast. Print media include newspapers, magazines, direct mail, and billboards while broadcast media include radio and television (Ibid, 1998).

The media choice for the consumers and business segments is often very different, with broadcast media being more commonly used for consumers and print media more relatively popular for business people, for example. There are numerous ways for marketing communications to be delivered, ranging from word –of-mouth, to television to postal mail.

Furthermore, Singh and Pandey (2005) indicated that marketers have so far not given adequate attention to the phenomenon of ‘word-of-mouth’ in rural areas. Information about new products, quality and performance of a product travel expeditiously through word-of-mouth. In the same vein, Danaher and Rossiter (2006) asserted that Internet, mobile phone, text messaging (SMS) are become popular in marketing activity. This shows that the new media technology especially those, which are categorized under nonpersonal communications are used by consumers in an everyday, part of life globally.

As Bainbridge, et. al (2008) pointed out that business today conducts through online. Producers, consumers and service providers contact through the Internet –based interactive networked connection. In this aspect, an eBay is a good example with regard to Internet marketing communication process.

Today eBay is a global market place where business and individuals can buy and sell practically anything. Traditional, business transactions occur through a series of intermediaries. Products flow from manufactures or producers through to wholesalers, then to distributors, then to retailers and on to the retailers (the' middle men') from the intermediary processes finally to consumers.

As sated above as an example, buyers and sellers transacted in a very long process due to lack of information. However, the nonpersonal communication channel that is the Internet made things easy. This shows that communication channels there might be nonpersonal or personal have significant role in making smooth the transaction process.

2.2 Theoretical Framework

This part provides theoretical framework for the study. In the communications literature there have been several theories that can go with various studies for different purposes. In this study, the researcher was believed that an Integrated Marketing Communication, uses and gratifications, development, diffusion innovations and modernization theories are best suited for exploring the effectiveness of marketing communication channels in the Ethiopia context.

According to the advocates of an integrated marketing communication (IMC), the dramatic rise of new electronic media has drastically altered marketing communications planning in general. Duncan and Caywood (1996:6) suggested that an integrated marketing communication has a comprehensive concept:

IMC is a concept of marketing communication planning that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communications disciplines, e.g. general adverting, direct response, sales promotion and promotion and public relations –and combines theses disciplines to provide clarity, consistency and maximum communications impact.

Kliatchko (2005: 23), who suggests that “Integrated marketing communication is the concept and process of strategically managing audience –focused, channel-centered and result driven brand communication programmes over time”, advocates this view.

Thus, communicators with an IMC approach will consider all forms of communication, all message delivery channels, customers and prospects, and all brand contact points, while they plan and implement marketing and communications strategies (Kitchen and Pelsmacker, 2004). They also defined IMC as follows “An integrated marketing communication has become a strategic business process. It is not just about promotion itself, but about communication. Strategic refers to the overall driving force of the organization.”

An integrated marketing communication is heralded as the best way to take advantage of new technology to communicate more directly with individuals consumers and customers (Zinkhan and Watson 1996). The IMC proponents agreed that an integrated marketing communication has grown in recognition and importance for effective marketing. This is due, in large part, to the fact that marketers are increasingly allocating budgets away from mass media due to the increased media fragmentation and increasing segmentation of consumer needs and preferences. P.Saunders, J., Armstrong, G., and Wong, V

Similarly, Kotler, Saunders, Armstrong and Wong (1999) asserted that today more companies are adopting the concept of integrated marketing communication. Under this concept, the company carefully integrates and co-ordinates its many communications channels-mass-media adverting, personal selling, sales promotion, public relations, direct marketing, packaging and others –to deliver a clear, consistent and compelling message about the organization and its products.

An integrated marketing communication has become widely accepted due to various factors, according to Gray et al (1999, 779-780):

There are two major factors that are changing the face of today’s marketing communications. First, as mass markets have fragmented, marketers are shifting away from mass marketing. More and more, they are developing focused marketing programmes designed to build closer relationships with customers in more narrowly defined micro markets. Second, vast improvements in computer and information technology are speeding the movements towards segmented marketing. Today’s information technology helps marketers to keep closer track of customer needs. More information is available about customers at the individual and household levels than ever before. New technologies also provide new communication avenues for reaching smaller customers segments with more tailored messages.

From the above excerpt, it can be concluded that marketing communications environment has changed rapidly due to information technologies accessibility. Given this new communications environment, marketers are increasingly using mobile phone, text messaging (SMS), interactive voice response (IVR), Internet, along with traditional media such as TV, radio, and print, or as a standalone medium.

People communicate using various channels for many reasons. They ask help, give instructions, provide information, and express ideas and thoughts. In the communication process, thousands of messages bombard individuals every day but all are not comprehended and remembered. The communication flow consists of the following: the source, encoding, the transmission channel, and decoding by the receiver. The source is the originator of the message in the communication flow. It may be a person or an organization while encoding is the conversion of the source's ideas and thoughts into message form. A good promotion message is usually concise, brief, logical, and involves the audiences. Whereas decoding is the interpretation of the language and symbols sent by the source through channel, even though; a message is received, this does not necessarily mean that it will be properly decoded.

According to the classical model of effective communication postulates that the sender's message will be most effective when the sender has correctly anticipated the needs and preferences of the receiver, that is, when the sender's encoding of the message corresponds with the receiver's decoding of it (e.g., price tickers) (Shannon and Weaver 1949).

In this regard, Kotler et al. (1999) explained that having defined the desired audience response, the communicator turns to developing an effective message. Ideally, the message should get attention, hold interest, arouse desire and obtain action.

In relation to effective communication, Singh and Pandey (2005) identified a number of factors affecting of effectiveness of messages. These are languages, pictorial presentation, message, and context associations.

As pointed out by Belch (1998), for effective communication to occur, the message decoding process of the receiver must match the encoding of the sender. This means the receiver understands and correctly interprets what the source is trying to communicate. Effective communication is more likely when there is some common ground between the two parties. The more knowledge the sender has about the receivers, the better it can understand their needs, empathize with them, and communicate effectively.

This shows that the sender or the source should consider the above-mentioned points. By considering the languages of the target audiences, the message has to be understood. In other words, the message is simple and the words should be appropriate. Similarly, when the sender is using signs, symbols and pictorial presentation should help create a strong image in the mind of the receiver. Moreover, the message, which is ready to send the receivers, must create interest, hold attention and provide meaning.

In the same way, Danaher and Rossiter (2006:12) assert:

Effectiveness can be judged in several ways. A well-known model particularly suited to direct-response communications is the AIDA model (Attention – Interest-Desire- Action). We operationalize the response steps in this model by asking recipients how welcome and pleasant the communication is (attention), how likely they would be to investigate further (interest), to consider for purchase (desire), and to actually purchase (action).

This implies that in preparing marketing communications, the communicator's first task is to identify the target audience and its characteristics. Next, the communicator has to define the response sought, whether it is awareness, knowledge, liking, preferences, conviction or purchase.

Then a message should be constructed with an effective content and structure. Media must be selected, for both personal and nonpersonal communication. Finally, the communicator must collect feedback by watching how much of the market becomes aware, tries the product and is satisfied in the process (Kotler et al., 1999).

In accordance with “uses and gratifications” theory, (Katz et al., 1973) media should be selected by considering audiences needs. This theory posits that communication

receivers have needs, such as requirements for information, knowledge and understanding. Different media to a varying extent can meet these needs.

The classical model of effective communication postulates that the sender's message will be most effective when the sender has correctly anticipated the needs and preferences of the receiver, that is, when the sender's encoding of the message corresponds with the receiver's.

According to Lasswell's (1948), communication is who (source or sender), says what (message), in which channel (medium), to whom (audience or receiver), with what effect. Whereas the Shannon and Weaver model of effective communication is about the message. The sender should match the channel that the receiver prefers.

As we have seen from the above perspectives, communication channels are paramount important to fill the exiting information gaps. Specially in the marketing sector, buyers and sellers are not benefited with out an access of market information. There is surplus production in one side and there is also high demand of production in the other side, therefore; marketing communication channels play a pivotal role in contacting buyers and sellers together. This enables to assure social and economical change.

According to Development theory, mass media facilitate the exchange of ideas, information, opinions, etc. among individuals, friends, families, nations, etc. The exchange of information is also helpful for the development of the country and it has the power to mobilize people for mass participation.

In the same vein, as Servaes (1999) indicated that the modernization paradigm views development as a linear progress from traditionally to modernity. In this regard, the mass media play a significant role in bringing about faster change.

On the other hand, the proponents of the diffusion innovation theory emphasized the importance of an integrated marketing communications. People's thoughts and actions can be influenced by adopting a new technology or idea (Ryan and Gross 1943). This implies that media technology can contribute to closing the knowledge gap. It can also assist marketers to have well-organized market information rapidly.

2.3. Corporate Communication

In talking about organizations or companies, CIM (The Chartered Institute of Marketing, 2006) states, marketing in the context of the organization, plays a role in feeding information upwards to provide guidance, direction and vision for the corporate strategy and planning hierarchy. Corporate planning starts at the top of the organization and impinges upon every aspect and every division or department of the organization. Each business unit has responsibility for the development of its function plans.

Communication is the lifeblood of all organization: it is the medium through which large and small companies access the vital resources they need in order to operate. It is through communication that organizations acquire the primary resources they need (such as capital, labor, and raw materials) and build up valuable stocks of secondary resources (such as legitimacy and reputation) that enable to operate (Riel and Fombrun, 2007).

According to Riel et al. (2007), there are three principal clusters of task –related communication activity within organizations. They are typically classified as management communications, marketing communications and organizational communications. Therefore, all of these organizational bodies are concerned to have a smooth communication within and outside the internal and external part of an organization.

Cornelissen (2000) also asserts that marketing thinking and the use of the marketing communications tools of adverting, sales promotions, direct marketing and publicity have moved from direct persuasion and transaction to indirect mean of exerting power in the creation of favorable conditions and mutuality within relationships with existing and prospective customers and consumers.

This implies that from all types of communications the marketing division organizes or designs the channels that enable to disseminate information to customers or clients. This can create a strong tie among one another. Whereas the third type of communications is organizational communications: they encompass public relations, public affairs, investor

relations, corporate advertising, environmental communication, and internal communications (Riel and Fombrun, 2007).

Similarly, Riel and Fombrun (2007:38) emphasized that corporate communication in an organization is the key to its success or failure in the aspect of customer based relationships.

“Corporate communication affects the perceptions of stakeholders about the organization’s prospects, and so influences the resources that are made available to the organization. Stakeholder perceptions about organizations are described by different terms across disciplines. By far the most popular are the constructs of “brand”, “image”, and “reputation.”

Overall, corporate communication is responsible to design the system of communication in an organization or a company to deliver a message to customers. So the relationships that exist between the sender and the receiver or the two parties can be succeeded or failed due to the task of corporate communications. Therefore, effective communication involves not only the message itself, but also the medium that carries and delivers it.

2.4. Commodity Exchange

2.4.1. What is a Commodity Exchange?

Commodity exchange is defined in many ways. For many observers in developed countries, a commodity exchange is a platform for the trade in future contracts. In Turkey, a commodity exchange can be a place where transactions are registered, for tax purposes no actual trade needs to take place on such an exchange.

In Latin America, commodity exchange can be a place where credits from institutional investors to producers are facilitated spot of future trade in not the objective. In many countries in Eastern Europe and the former Soviet Union, a commodity exchange is like an auction floor, where anyone can sell or buy whatever commodities or manufactured products he or she has available (Africa Union, 2005). In some case, traders have set up

institution that they call commodity exchanges, which in effect act as trading or brokerage operations (UNCTAD, 2007).

As it observed above commodity, exchange is a market place where buyers and sellers trade commodities. The role of the exchange is to provide market information and other related services like quality assurance.

2.4.2. The History of Commodity Exchange

The history of commodity exchange dates back to the middle ages. The growth and the scale of overseas trade in England had created the incentive to establish the Royal Exchanges in the sixteenth century (Forrester, 1931). The 1840s Berlin Grain Exchange in Germany (Hirschstein and Scholz, 1931) and Chicago Exchange in the USA (Eleni and Goggin, 2005) were icebreakers in their perceptive.

Before the commodity exchanges established, sellers and buyers had come across a barrier to meet each other to trade. These exchanges have played a significant role in bringing together the two parties. For instance, farmers in USA often had found no buyers for grain they had transported to Chicago. Given the high transport costs, they had been left with no choice but to dump the unsold produce in the lake. But after the Chicago Board of Trade (CBOT) founded in 1848 by a group of Chicago merchants, buyers and sellers could come together to trade (Babcock, 1999).

Similarly, Babcock (1999) stated that in the United States, commodity exchange started in the grain markets in the middle if the 19th century. The Chicago Board of Trade was established in 1848. In the 1870s and 1880s the New York coffee, cotton and produce exchanges were born. Today there are ten commodity exchanges.

Around the same year, the Japanese spot commodity exchange to facilitate the commercial transaction of their exceptionally large market produce-rice (Sano and Lura, 1931). In general, there are major commodity exchanges worldwide in over twenty countries including Canada, France, Singapore, Australia, New Zealand etc.

According to Eleni Z. Gebre-Madhin and Goggin, (2005), most of the exchanges in the developing world were established in the 1980s and 1990s in response to government liberalization of commodity markets. They also explained that the stories of such market institutions in the developing nations, however; are still a little more than a decade old. There are more than 100 of these exchanges across developing countries of which only three are located in Africa.

2.4.3. Global Commodity Exchange Experiences

In this section, the exchange experiences or lessons of some countries were presented shortly and briefly. Specially those that can be a good lesson for the Ethiopia context.

2.4.3.1 China

Of Asian countries that have benefited most from commodity exchange system, China and India stand out. There are nine commodity exchanges in China, which had contributed to the growth of economy. The Dalian Commodity Exchange (DCE), the Shanghai Futures Exchange (SHFE) and the Zhengzhou Commodity Exchange (ZCE) are the three major agricultural commodity exchanges in China (CMA/AOC, 2009).

Of all the transition economies, China has had perhaps the strongest focus on encouraging the development of markets, especially in the agricultural sector. Commodity exchange in the country helps rural residents and improves their incomes. Ambissa Tilahun (2007) also stated that China had achieved 8% economic growth for the last 25 years. It has lifted over 200 million of its people out of poverty largely because of the expansion of trade with countries of the world. As it explained in above, commodity exchange is played a significant role, enhance foreign trade through delivering market information.

2.4.3.2 India

India has created the most dynamic market by interconnecting sellers and buyers worldwide. What is known as Multi-Commodity Exchange (MCX) and the National Commodities and Derivatives Exchange (NCDEX) are the major commodities in the

country (FAO, 2007).The commodities are played an important role in solving market information accessibility especially in the rural areas.

According to Singh and Pandey (2005), communication channels in India are a source of market information to customers. Television has made inroads into rural homes. Mass media today has enormous approach and access to rural masses, capable of influencing their habits and lifestyles in the country.

2.4.3.3 Cambodia

Cambodia is found in the Southeast Asia. Mex Cambodia, the commodity Futures Exchanges in Cambodia is an important market center of commodities trading in Cambodia established in 2010. It is the first online commodity in which buyers and sellers come together here through their respective members.

Cambodia Mercantile Exchange PLC the commodity Futures Exchange is a regulated market place where the local (Cambodia) and global community of market participants including farmers, importers, exporters, hedgers, industrialists and financial service providers can operate. <http://www.mexcambodia.com/>

2.4.4. Commodity Exchange Experiences in Africa

As indicated in the history of commodity exchange, in Africa the formation of commodity exchange has been a recent phenomenon; however, there are several possible models for a commodity exchange. According to CMA (2009), in Africa the agricultural commodity exchanges in terms of regions are:

1. East Africa

- East African Grain Council
- The Kenya Agriculture Commodity Exchange (KACE)
- Uganda Commodity Exchange (UCE)
- Ethiopia Commodity Exchange (ECX)
- Agriculture Commodity Exchange for Africa (ACE) Zambia

- Malawi Agricultural Commodity Exchange (MACE)

2. Southern Africa

- SAPEX Agricultural Exchange (part of Johannesburg Stock Exchange)
- Zimbabwean Agricultural Commodity Exchange

3. West Africa

- Abuja Securities and Commodity Exchange (ASCE)

2.4.4. 1 Kenya

Kenya has three commodity exchanges: the Nairobi Coffee Exchange dealing with coffee, the Tea Auction in Mombasa, and the Kenya Agricultural Commodity Exchange (KACE), a spot exchange that deals with a variety of commodities but mostly maize and beans. They have made significant contributions to agricultural marketing in the country, and to smaller holder farmers in two ways: linking producers and buyers of agricultural commodities, provision of market information for commercial actors within the subsector (Dawit Alemu and Meijerink, 2010).

2.4.4. 2 South Africa

The SAPEX is a well established South Africa fruit marketing company that has served the local and international markets for 20 years. SAPEX is based on five pillars: the export of fresh fruit (mainly table grapes, citrus and plums), supplying fruit to the local supermarkets, provision of cold facilities and international.

The commodity exchange commenced its activities in 1995. Currently, SAPEX exchanges trades on average, 200,000 tones of maize per day and is increasingly moving from spot trades, with physical deliveries to futures, CMA (2009).

2.5. Ethiopia Commodity Exchange

ECX follows an integrated approach that depends on other core institutions like the trading system, market information system, warehouse receipt system, arbitration tribunal, actors association and regulation framework. Its success also relies on other sectors like banking, insurance, transport, IT sector etc. (Bement Asayegn, 2009).

2.5. 1. Governance

There are three bodies governing the ECX. According to the Revised Rules of the Ethiopia Commodity Exchange (No.551/2007), the Ethiopia Commodity Exchange Authority established to serves as controlling body while the Exchange and the national association of market (ECX) coordinates market activities. And the authority is lead by Board of Directors. The role of the Board is to safeguard the interest of society.

ECX is designed as a public –private partnership enterprise. The government of Ethiopia is the owner of ECX, while it offers the sale of membership seats, which are privately owned, permanently and freely transferable rights to the stream of earnings from trading on the exchange. ECX is established as a demutualized corporate entity with clear separation of ownership, membership, and management (Dawit and Meijerink, 2010:16).

2.5. 2. Membership

ECX is a membership-based exchange. Any individuals, private company, public enterprise, or cooperative that meets the membership requirements can be a member of the exchange. ECX members are the core actors of the market. Membership is acquired through the purchase of a membership seat, provided other requirements are met.

According to Dawit Alemu and Meijerink (2010), ECX provides two types of membership- full and limited membership. Full members own a permanent and transferable seat in the exchange. They can also trade in any commodity whereas a limited member has a membership seat that lasts a year, trades only one commodity and has one position (either sell or buy).

2.5. 3. Trading System

Ethiopia Commodity Exchange trading system includes a physical trading floor located in Addis Ababa, where buyers and sellers may participate in “open outcry” bidding for commodities. During regular business hours, the ECX trading floor holds various sessions for transacting different commodity contracts. Trades are made on the trading floor by bidding or offering a price and quantity of contracts, by using a physical representation of a trader’s intentions with hands. Market prices can thus change through trading hours.

[\(<http://www.ecx.com.et>\)](http://www.ecx.com.et).

Similarly, Bement Asayegn (2009) explained that ECX is transmitted prices in real time to producers and consumers by electronic price tickers located in 21 locations around the country, although the ECX plans to increase these to 200. According to the researcher, ECX uses other channels for market disseminations:

Ethiopia Commodity Exchange wants to place plasma screens in close proximity to major rural market locations. Apart from the price ticker displays, ECX wants to have 20 remote electrical trading centers. These trading centers are going to be connected through high speed internet and computers, which will enable the farmers or their brokers to get market information.

In the same vein, Fikru W/Giorgis (2010) underlined that ECX uses electronic media, press, website, REPT (Rural Electronic Price Tickers), fax and telephone, e-mail, inperson visits, SMS

(A Short messaging service designed to provide market information for users via 934 and IVR (Interactive Voice Response i.e. a hotline to provide market information service via 929) to disseminate market information to its customers.

2.5. 4. ECX in the News

In this part, some of the relevant news and issues that have direct relation to the Ethiopia Commodity Exchange are discussed briefly.

2.5. 4.1 ECX in the News – Domestic

ECX's Stride to Development

The Ethiopia Commodity Exchange (ECX) said that it is working hard to make Ethiopia a major coffee and sesame market. **The Ethiopia Herald:**

<http://www.ethpress.gov.et>

ECX Launches Officially

The Ethiopia Commodity Exchange (ECX) was launched officially on April 4, 2008 in the presence of Prime Minister Meles Zenawi.

Capital: <http://www.capitlethiopia.com>

Commodity Exchange to Go Global

The Ethiopia Commodity Exchange (ECX) has geared up to connecting the global market as it unfolds its plan to launch coffee trading in October 2008.

Addis Fortune: <http://www.addisfortune.com>

Ethiopia Commodity Exchange to Launch Coffee Trading

The Ethiopia Commodity Exchange (ECX) announced that it has finalized preparations to launch coffee trading in the coming few months.

Walta info: <http://www.waltainfo.com>

Ethiopia: ECX Grants Membership to 60 Actors, 53 Others to Join Soon

The Ethiopia Commodity Exchange (ECX), a newly established market on Friday announced it sold out 60 seats to cooperatives it calls market actors to officially become members and another 53 market actors are in the process.

The Daily Monitor: <http://allafrica.com>

2.5. 4.2 ECX in the News – International

Electronic Trading Boos for Ethiopia's Coffee Farmers

A commodity exchange run by the Ethiopia Government and supported by the World Bank is helping protect about 12 million small-scale farmers from exploitation. Prices agreed on the trading floor are transmitted round the world and the farmer is guaranteed payment within 24 hours.

BBC:<http://www.bbc.com> (Thursday, 3 October, 2010. 13:04 GMT 14:04 UK)

Ethiopia Tops Grain Exchange in its Battle on Hunger

Now Ethiopia has hopes of breaking its deadly cycle of famine. Not with a green revolution, but with a market revolution.

The Wall Street Journal:<http://online.wsj.com>

Ethiopia Launches Electronic Trade for Coffee

Ethiopia's commodity exchange plans to trade coffee through a new electronic system, starting next month, the exchange said on Monday.

Reuters Africa: <http://Africa.reuters.com>

Ethiopia Commodity Exchange to Improve Efficiency

Africa's biggest coffee producer opened its first commodities exchanges as it seeks to provide more transparent price information to millions of small-scale farmers and improve market efficiency in the famine-prone nation.

Bloomberg: <http://www.bloomberg.com>

Ethiopia Launches Commodity Exchange

Ethiopia on Thursday launched a commodities exchange market, aimed at boosting fair trade and stabilizing its food market

AFP: <http://afp.google.com>

Safer Trading for Ethiopia

A new commodity marketing system in Ethiopia could “revolutionize” the country’s trade in agricultural products.

New agriculturist: <http://www.new.agri.co.uk>

The introduction of these new media technologies in the area of marketing communications by ECX is in fact a quantum leap and something that would put an utterly different face on the issue of marketing communications. All the same, it dose not mean that the efforts would come to completion as easily as one might think. The news indicates that the trend is being changed but still there are a host of challenges that face this organization in the realization of its objectives and achievement of total success in the area.

CHAPTER THREE

RESEARCH METHODOLOGY

The previous chapter discussed theories and fundamental notions that are related to the paper in one way or another. This chapter deals with the methodology of the study, i.e. sampling techniques, data collection and analysis methods.

3.1 Introduction

This study explores the effectiveness of marketing communication channels used by Ethiopia Commodity Exchange (ECX) for disseminating information. In order to seek answers to the research questions, the researcher combined quantitative and qualitative analysis. This chapter describes and discusses the research process as well as sampling procedures and modes of data analysis. Some methodological issues were also discussed.

3.2 Description of the Study Area

The study was carried out in Gedeo Zone of the Southern Nations and Nationalities and People's Regional State. It is found 365 kms away from Addis Ababa in the southern direction in Awassa zuria where in Gedeb, Kochore, Dilla zuria, Wonago and Yirgacheffe were the districts or woredas administratively categorized under Gedeo Zone.

In the area where this study was conducted, coffee is the major crop produced and marketed both under individual farmers and coffee systems that included intercropping of various crops, namely enset, maize, and haricot bean; vegetables, spices and fruits including 'khat' as commodity crops.

In addition to small scale farmers, suppliers 'Akrabiwoch', wholesalers, exporters and other local traders were customers of Ethiopia Commodity Exchange (ECX). They were simply transacting coffee by using modern technologies with ECX. The role of ECX was designed to be a market place where buyers and sellers met to trade.

3.3 Method of the Study

In order to answer the research questions, the researcher employed a combination of quantitative and qualitative analysis. Quantitative methods are research techniques mainly dealing with numbers and measurable features.

Whereas qualitative methods allow for smaller samples and are more interested in the depth of the data, quantitative methods tolerate larger samples and make generalization easier. Bryman (2001) also emphasizes that qualitative methods tend to be associated with words as unit of analysis, whereas quantitative methods tend to be linked with numbers.

Qualitative research holds great potential for the study of marketing communications because of its ability to enable researchers to be closely involved with research participants. This helps researchers to better understand social processes, the motivations of human beings, and the contexts in which they are situated (Daymon and Holloway, 2002).

3.4 Sampling Techniques Used

For the purpose of assessing the effectiveness of channels used by Ethiopia Commodity Exchange to transfer market data for buyers and sellers, Gedeo Zone was purposefully selected. In purposive sampling, research locations are selected by the researcher subjectively. All the districts located in the zone were purposively considered.

Kultar (2007, 108) states that, "Purposive sampling, as the name suggests, is done on purpose, which means that selection of sampling units is purposive in nature. Purposive sampling can be very useful for situations where you need to reach a targeted sample quickly and where a random process of selection or proportionality is not primarily concerned."

Ethiopia is home to 100 traditional coffee varieties with known names as Harar, Yirgacheffe, Sidama, Nekempti, Limu, Bebeke, Tepi and Djimmah coffee (www.ecx.com.et). Gedeo zone is very known with Yirgacheffe coffee, therefore; traders

were actively involved in this cash crop with the system of ECX. Coffee was also the first commodity under Ethiopia Commodity Exchange. Purposive sampling was more appropriate for the researcher to select the area for the study.

In order to select respondents, stratified and snowball sampling techniques were also used in the study. The respondents were various. They were farmers or coffee producers, suppliers, wholesalers and exporters. Their area were also various. In this case, stratified sampling was suitable to select the respondents.

The market actors were not homogeneous in terms of gender, age, education, geography and membership status. In order to select samples from all groups, the researcher used stratified random sampling.

The basic reason for choosing this technique was random sampling is a set of items that have been drawn from a population in such a way that each time an item was selected, every time in the population had an equal opportunity to appear in the sample (Hoffman, 2002).

Similarly, Kultar (2007) emphasizes that stratified random sampling, sometimes also called proportional or quota random sampling, involves dividing the population into mutually exclusive from random samples are singled out. This indicates that sampling is the process of selection of sampling units from the population parameters in such a way truly represents the population. Stratified random sampling technique was used to select respondents for quantitative data.

In the study, in depth interview technique was also used. For this process, 20 respondents were selected randomly from the whole areas by using snowball-sampling technique. According to Biernacki and Waldorf (1981), researchers use snowball sampling technique in studies where they cannot identify informants, or they are not easily accessible. Snowball sampling is especially useful when the researchers are trying to reach populations that are difficult to find.

Sampling is generally used in the case of explorative research study or design, where researchers do not have much lead information. It starts by identifying respondents who

meet the criteria for selection in the study and can give lead for another set of respondents or information to move further in the study (kultar, 2007).

3.5 Sampling Size

The total number of individuals included in the sample was 120. Out of the total population, indicated above, 100 individuals were selected as the sample from whom data would be gathered through questionnaires.

Purposive sampling technique was employed to handle the selection process, as the group was a highly heterogeneous one in terms of literacy. Besides there were also differences in business category, sex and age. Above all, the literacy factor was used to determine the ones who had to fill in questionnaires and those that would be interviewed. According to Daymon and Holloway (2002), a heterogeneous sample contains individuals or groups of individuals who differ from each other in a major aspect.

Accordingly, interview was conducted with 20 respondents, whereas 100 of them were asked to fill in questionnaires. Purposive sampling, one of the most common sampling strategies, groups participants according to preselected criteria relevant to particular research question. Sample sizes, which may or may not be fixed prior to data collection, also depend on the resources and time available, as well as the study's objectives (Family Health International,nd:5).

3.6. Sample selection

Marketing communications are delivered both to consumers in their homes and business people in their workplace. The media choice for the consumer and business segments is often very different, with broadcast media being more commonly used for consumers and print media more relatively popular for business people.

In this study, for selecting the target audiences, mixed sampling technique was chosen. The survey work was conducted throughout Gedeo zone in the five districts, where the proportion of the population fulfilling marketing communication with ECX in order to sell or buy commodities.

Respondents from all districts were purposively selected. For that matter, the researcher applied for stratified sampling technique. This technique was suitable for including the study respondents who are different in geography, gender, age and education.

Ethiopia Commodity Exchange opened office and warehouses facilities where coffee was sampled, weighed, graded, and certified in the Dilla town. Customers came to Dilla from all districts for services. Hence the researcher used this opportunities to distribute 42 questionnaires randomly and this was hundred percent successful.

The researcher visited personally two districts namely; Wonago and Yirgacheffe. 10 respondents from Wonago and 48 respondents from Yirgacheffe were selected by mixed sampling techniques (deliberate or purposive, stratified random and snowball) to fill in questionnaires.

3.7 Characteristics of Target Audiences

The target populations of this study included all market actors (suppliers, exporters, wholesalers and farmers) ranging from the age of 20-80. Some of them were selected from places where they could have easy access to ECX's price ticker, which was found in Dilla town.

With the aim of securing better price in coffee market and entering into export marketing, farmers are members of the Ethiopia Commodity Exchange through their cooperatives. Therefore, the researcher paid attention to this target group by taking half of the total population.

Individuals from district agriculture office who were responsible for executing marketing activity between ECX and farmers were purposively selected. This was because the researcher believes that officials have extensive knowledge on market data transmission. Program Officers in the Ethiopia Commodity Exchange were also included because they were the one who designed the message and work with the customers.

3.8 Data Collection and Processing

In conducting this study, the researcher employed a quantitative approach (questionnaire) and a qualitative approach (in-depth interview).

3.8.1 Questionnaire development

Questionnaire method can be used for collecting information. It consists of relevant questions, which the respondents can easily answer. It is the most common and effective way of getting the answers as it means direct contact with the user and gets the replies to the problems baffling the marketer (Mathur, 2008:367).

A questionnaire is usually self-administered, allowing respondents to fill them out themselves (Kultar, 2007:69). For developing questionnaire for the study, model questionnaires with standardized format are reviewed. Primary data required for assessing the effectiveness of communication channels used by ECX to transfer market data were collected from sample customers. The data were collected using structured questionnaire.

The questionnaires were developed both in Amharic and in English versions. Both open-ended and close-ended questionnaires were employed. The close-ended ones require respondents to specify extent of their agreement to a particular statement. While the open-ended ones were used to gather attitudes, beliefs, preferences, perceptions and wider views of the respondent.

The questionnaires were distributed to the target customers to survey their preferences and perceptions towards the communication channels used by ECX for transferring market data and to find out the dominant channel.

In the data collecting process, two enumerators were used. These individuals was recruited and trained on interviewing techniques and the general approach to respondents. They were closely supervised during data collection period.

3.8.2 In-Depth Interview

An interview is typically defined as a face-to-face discussion or communication via some technology like the tape recorder, telephone or computer between an interviewer and a respondent. (Kultar, 2007:69).

Carolyn and Palena (2006:3) also emphasize that the primary advantage of in-depth interviews is that they provide much more detailed information than what is available through other data collection methods such as surveys.

In-depth interviews are useful for getting people to talk about their personal feelings, opinions, and experiences. They are also an opportunity for us to gain insight into how people interpret and order the world (Family Health International, nd: 30).

The interviewees were selected purposively from the five districts in Gedeo zone who were engaged in various businesses. The researcher used a snowball sampling technique for selecting the respondents purposively. The technique allowed the researcher to choose a respondent with the suggestion of the interviewee.

In this regard, Biemacki and Waldorf (1981) suggested that a variation of a purposive sample is snowball or chain referral sampling where you find one participant through another. For example, the researcher might ask someone you have just interviewed to suggest another person who has knowledge of a particular area or topic and would be willing to take part in the study. In turn, he or she nominates other individuals for the research.

This allows the researcher to present the meaningfulness of the experience from the respondent's perspective (Frechtling and Westat, 1997). Such interviews elicit rich, detailed material that can be used in analysis.

In-depth interviews were undertaken with influential senior executives who were responsible for market data dissemination channels in Ethiopia Commodity Exchange (ECX). The researcher believed that this enabled to crosscheck the observed situation in the field.

3.8.3 Methods of data Analysis

This study was categorized under descriptive data analysis. The study was conducted using qualitative and quantitative data analysis. In other words, the results gained through questionnaire, and interviews were analyzed quantitatively; categorized into appropriate categories for analysis using cross tabulations, tables, charts and graphs. Cross tabulation helped the researcher to analyze and address the research questions and measure possible association with the categories of businesses.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

Introduction

This chapter provides presentation, analysis and findings by exploring the effectiveness of communication channels used by the Ethiopia Commodity Exchange (ECX) to its customers for transferring market data.

Based on this, the chapter deals with the analysis and interpretation of the questionnaire and interview obtained from respondents who live in Gedeo zone within five districts. The questions were prepared following the steps in communication process: source, message, channel, receiver and feedback. The data collected through the interview were also analyzed and interpreted together with the questionnaires.

4.1. Descriptive Analysis

Descriptive analysis was used in an attempt to understand the socio-economic and institutional characteristics of the sampled household or members of the market actors organized in the study area.

The first part presents the responses obtained from the market customers who were the main focus of the research. In this regard, the findings obtained from the questionnaires are presented together with the responses collected by means of in-depth interview. The second part presents the result in-depth interview conducted among market officers, analysts and programmers. The last part presents with discussions on the findings of the results.

4.1.2 Analysis and Interpretations of Customer Response

Table 1 Customers distribution by districts

No	Name of districts	Business Category	No	%
1	Dilla and its environs	Suppliers	8	8
		Exporters	4	4
		Wholesalers	2	2
2	Wonago	Suppliers	18	18
		Farmer	4	4
3	Kochere	Suppliers	4	4
		Farmers	4	4
4	Gedeb	Suppliers	4	4
		Exporters	1	1
		Wholesalers	1	1
		Farmers	2	2
5	Yirgacheffe	Suppliers	11	11
		Exporters	2	2
		Wholesalers	1	1
		Farmers	34	34
Total	5		100	100

The above table shows in figures the geographical distribution of the respondents who were selected to fill in a questionnaire based on their businesses. As shown in the above table, out of the total respondents, 45% were suppliers, 44% were farmers, 7% were exporters and 4% were wholesalers.

According to the information given in the table, the majority of the respondents were selected from Yirgacheffe since the district is renowned in coffee yields from the zone. Out of the total respondents, farmers were numerous. Customers such as suppliers,

wholesalers and exporters were also actively involved in the coffee trading stream using various communication channels in different districts with the system of ECX.

Table 2 Customers responsiveness to communication channels advertisements

Communication Channels			Customers					%	Total	%
	Farmers	%	suppliers	%	Whole salers	%	Exporters			
Television	21	47.73	22	64.71	2	50	6	85.71	51	50.50
Radio	19	43.18	3	8.82	0	0	0	0	22	21.78
Mobile Phone	0	0	9	26.47	0	0	1	14.29	10	9.90
Internet	0	0	0	0	0	0	0	0	0	0
Fax	0	0	0	0	0	0	0	0	0	0
Newspapers	0	0	0	0	0	0	0	0	0	0
Magazine	0	0	0	0	0	0	0	0	0	0
Word of mouth	4	9.09	12	35.29	2	50	0	0	18	17.822
Total	44		34		4		7		101	100

Ethiopia Commodity Exchange publicized to marketers by various channels about the beginning of its work. As table 4 indicates, in the study area, out of the total respondents, 50.5% marketers obtained the information through the television channel. Among the total respondents, 64.71 % were suppliers and 47.73% were farmers.

On the other hand, 21.78% of the respondents used radio as a means of channel of communication to get information. As indicated in the findings, 17.82% respondents obtain information by word of mouth. People who do so may be those who have little access to electronic media or those who do not have the habit of making use of such paraphernalia. In this regard, out of the total respondents, suppliers ranked first in using the channel. No figure was found regarding users of Internet, SMS, IVR, fax and print media.

Overall, the majority of the respondents use television, radio, mobile phone and face -to – face channels of communication dominantly. There is no mention of new media channels of communication.

Table 3 Customers opinion about the usage of communication channels

Communication Channels	Customers									
	Farmers	%	Suppliers	%	Wholesalers	%	Exporters	%	total	%
Television	10	22.73	18	32.73	2	40.00	5	50.00	35	30.70
Radio	31	70.45	0	0	0	0	0	0	31	27.19
Mobile Phone	3	6.82	26	47.27	1	20.00	3	30.00	33	28.95
Internet	0	0	7	12.73	1	20.00	2	20.00	10	8.77
Price ticker	0	0	0	0	0	0	0	0	0	
Fax	0	0	0	0	0	0	0	0	0	
Newspaper	0	0	0	0	0	0	0	0	0	
Magazine	0	0	0	0	0	0	0	0	0	
Word of Mouth	0	0	4	7.27	0	0	0	0	4	3.51
SMS	0	0	0	0	1	20.00	0	0	1	0.88
IVR	0	0	0	0	0	0	0	0	0	0
Total	44		55		5		10		114	100

As it can be seen in the above table 3 above, Ethiopia Commodity Exchange offered various channels for customers in the area of marketing communication. According to the findings, 30.70% of the respondents indicated that they liked to communicate using television, whereas 28.95% said they did so mobile phones.

Yet 27.19% of the respondents were secured contact with ECX through the radio channel. Based on the findings, out of the total respondents, exporters preceded by 50.00 % with preferring television while wholesalers followed by 40.00 %.

With regard to mobile phone, out of the total respondents, 47.27 % of suppliers chose to communicate whereas 70.45% of farmers secured using radio to their communication. In short, the findings indicted that the majority of the respondents conveyed television, mobile phone and radio were convenient to them in order to get market information from ECX.

Table 4 The frequency of communication between the respondents and ECX

	Frequency of communication						
	Every day	%	Sometimes	%	Not at all	Total	%
Customers							
Farmers	32	41.03	12	54.5	0	44	44
Suppliers	39	50	6	27.27	0	45	45
Wholesalers	3	3.85	1	4.5	0	4	4
Exporters	4	5.13	3	13.64	0	7	7
Total	78	78	22	22	0	100	100

As illustrated in the above table, the majority of respondents communicated day by day with ECX using various channels to obtain market information. From the total respondents, suppliers preceded by 50 % and farmers followed by 41.03%.

In contrast, 22 % respondents were switching with ECX occasionally. In this regard, farmers can be taken as the prior example. With respect to communication, all the respondents in various ways and at different rates used the market data from ECX to run their own business. According to the findings, no customer marketed without market information disseminated by ECX. However, the primary users were suppliers and farmers.

Table 5 Customer responses by channels used

Communication channels	Types of customers								Total	%
	Farmers	%	Suppliers	%	Whole salers	%	Exporters	%		
Television	20	45.45	15	28.30	3	50	4	50	42	37.84
Radio	24	54.55					2	25	26	23.42
Mobile Phone			35	66.04	2	33.33			37	33.33
Internet			1	1.89			1	12.50	2	1.80
SMS										
Telephone							1	12.50	1	0.90
Fax										
Price Ticker			2	3.77	1	16.67			3	2.70
Newspaper										
Magazine										
Word of Mouth										
Total	44		53		6		8		111	

As can be seen from Table 5, out of the total respondents, 37.8 % of the customers said that they used television channel predominantly while 54.55% farmers' respondents claimed that they dominantly utilized the radio channel. On the other hand, 33.33% respondents said that they relied on mobile phones. As customers indicated that they alternatively used television and mobile phone channels to obtain market information from ECX.

Similarly, 66.04% suppliers stated that they used mobile phone for business transactions with ECX. As explained above, customers also used telephone, Internet and price ticker to obtain market data. But there is no figure in the choice of SMS (Short Message Service), fax, print media like newspaper or magazine and communicate by word of mouth.

Table 5 presents for receivers in the consumer segment, television, mobile phone, and radio were the most popular media for promotional channels. Television was well ahead of all other media for market information.

Table 6 Customer responsiveness to the evaluation of market data circulation

Customers	Rate of market data circulation										
	Excellent	%	Very good	%	Good	%	Poor	%	Very poor	Total	%
Farmers	26	46.43	11	50.00	6	30.00	1	50.00	0	44	44.00
Suppliers	24	42.9	10	45.45	10	50.00	1	50.00	0	45	45.00
Wholesalers	3	5.36	1	4.55						4	4.00
Exporters	3	5.36			4	20.00			0	7	7.00
Total	56		22		20		2		0	100	100

Table 6 reveals that out of the total respondents, 46.43% farmers said that ECX market data offered by Ethiopia Commodity Exchange through channels of communications is tremendous while 42.9% suppliers replied similar responses.

An insignificant number of respondent said that the market data circulation was poor. Be that as it may, no respondent rated the quality of information dissemination at ‘very poor’.

Overall, the majority of the respondents claimed that the rate of market data circulation was very good and well designed.

Table 7 Customers by their channels of preference

Customers	Preferable Channel								Total
	Television	Radio	Mobile	Price Ticker	Internet	SMS	Fax	News paper	
Farmers	24 54.55%	18 40.91%	2 4.55%	0	0	0	0	0	44 100.0%
Suppliers	21 32.81%	2 3.13%	34 53.13%	0	3 4.69%	1 1.56%	0	3 4.69%	64 100.0%
Wholesalers	1 20%	0	3 60%	0	1 20%	0	0	0	5 100.0%
Exporters	3 37.50%	0	3 37.50%	0	2 25%	0	0	0	8 100.0%
Total	49 40.50%	20 16.53%	42 34.71%	0	6 4.96%	1 0.83%	0	3 2.48%	121 100.01%

As demonstrated by table 7, 40.50% respondents picked out television as channel of preference. 54.55% farmers were a head of others in choosing television and 37.50 % exporters opted the same channel. In contrast, 34.71% respondents singled out mobile phone as their channel of communication. 60% exporters asserted that they preferred mobile phone as their means of communication. Similarly, 53.13% suppliers indicated mobile phone as their channel of preference.

As the table shows, no one preferred price ticker and fax as means of communication channels. This indicates that the majority of the respondents did not seem to pay attention to the channel even if the price ticker erected in their hometown, Dilla.

With regard to the general pattern of distribution, it appears variation in preference among customers. Those who claimed television was their channel of preferences said that television could combine sight, motion and sound while it informed market information. They also claimed that it could easily catch people’s attention and more reliable.

While those who claimed mobile phone as their channel of preferences explained that it is the best to report the latest market information than other communication channels and it is easily accessible. Respondents preferred Internet as their means of communication channels had also the same justification. This was justified by only those who have an access of desktop or laptop.

Table 8 Customer views about market data timeliness

Customers	Respondents reaction on market data timing					Total
	Yes	%	No	%	I do not know	
Farmers	43	44.79	1	25	0	44
Suppliers	43	44.79	2	50	0	45
Wholesalers	4	4.17	0	0	0	4
Exporters	6	6.25	1	25	0	7
Total	96	100	4	100	0	100

As depicted in table 8, the majority of respondents indicated that there was no market data obstruction from ECX. In this regard, farmers and suppliers (44.79%) stated the case with the same tone. According to the respondents, ECX diminished the problems by using various channels. If a channel failed to provide a market data, there were alternative channels to offer the chance.

Those mentioned there was a failure in market data dissemination attributed with outage and network intermittence.

Table 9 Customer responses on market data clarity and accuracy

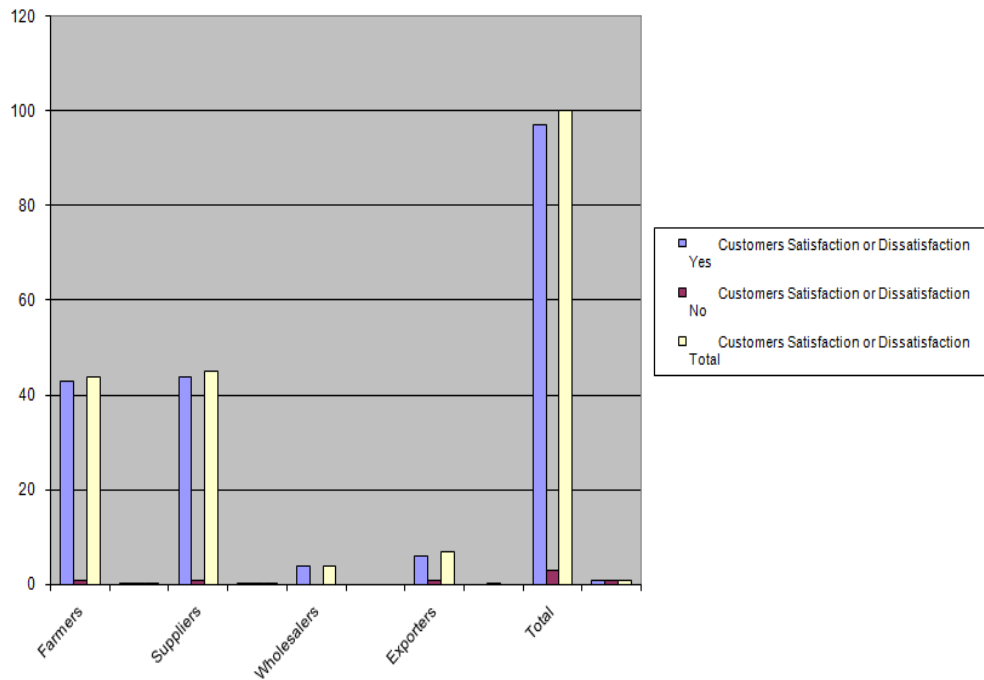
Values of responses	Customer								Total
	Farmers		Suppliers		Wholesalers		Exporters		
Responses given	Yes	No	Yes	No	Yes	no	Yes	No	
Number	34	10	40	5	4	0	7	0	
Percent	40	66.7	47.06	33.33	4.71	0	8.24	0	
Total	44		45		4		7		100

As the table shows, the message or the market data seemed to be clear for 40% of farmers while 66.7% of the farmers found the message confusing. Similarly, 33.33% of suppliers had the same impression.

Out of the total respondents, especially for the majority of farmers the message was unclear. The findings show that the message was not designed in a decipherable way where the respondents could easily grasp the essence. The farmers stated that the message or the market data did not take their language into account. They speak Gedeo. The market information is sent in Amharic, which they do not manage message comfortably.

As demonstrated in the table, 33.33% suppliers also found the market data from ECX was inaccurate. The respondents indicated that the market data or message, which is transmitted on television and radio, was inaccurate while the market data customer obtained from individuals through mobile channel found to be accurate.

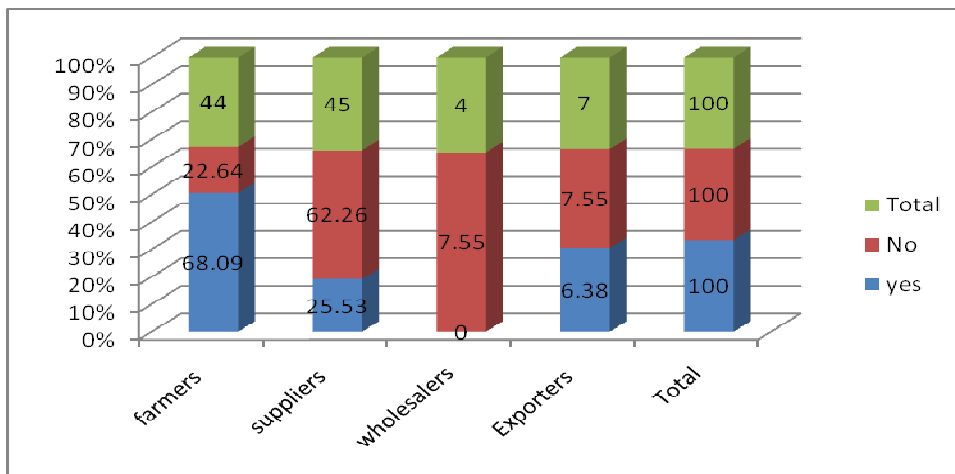
Graph 1 Customer Satisfaction for information dissemination channels.



As indicated in the graph, out of the respondents, 44.33% farmers said that they were satisfied with ECX modern market data system while 45.36% suppliers replied the same.

As illustrated on the graph, 33.33% farmers and suppliers revealed that they were displeased with the system. The respondents associated the case with administration.

Graph 2 Customer responses on market information delivery



As can be observed on the graph, 68.09% farmers revealed that there was a failure in information exchange. 25.53% suppliers also replied in the same way. The respondents attributed the information failure with outage. Respondents who used mobile medium as a means of marketing communication related the failure to network intermittence.

Some respondents specified that the price ticker which is erected in Dilla town, did not serve as a source of price information. Based on the respondents response the majority of the customers indicated there was smooth market data dissemination in the marketing system.

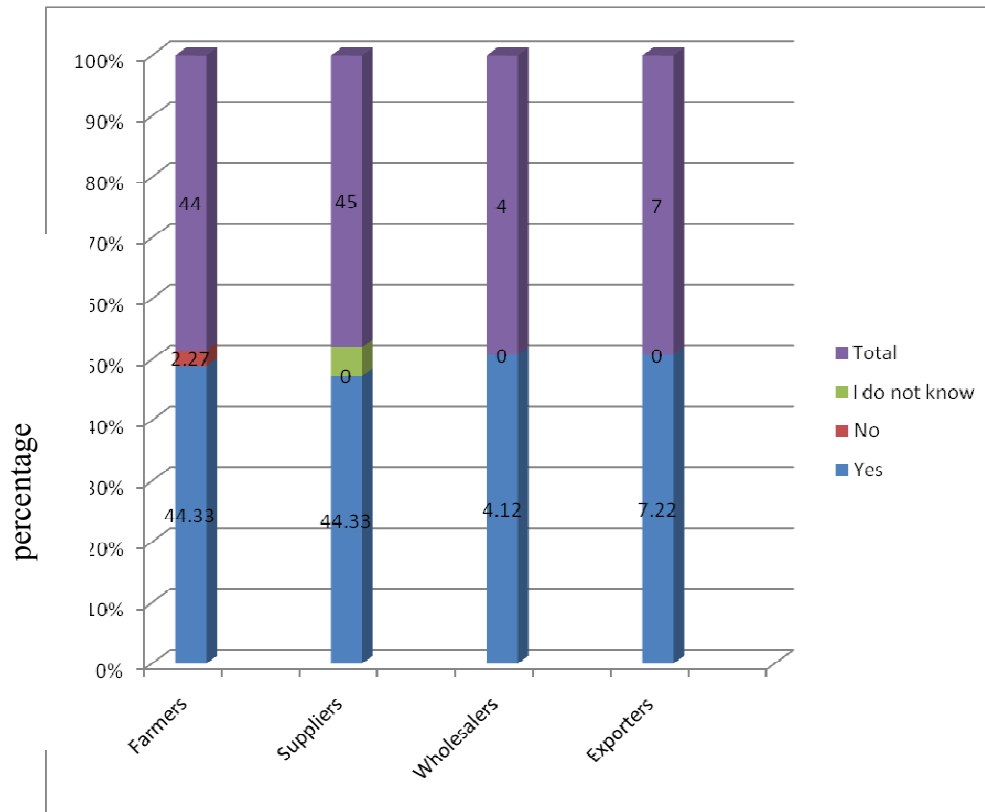
Table 10 Customers views about communication channels accessibility

Customers	Value in number & percent	Customers view and ECX's market data accessibility to benefit them					Total (in numbers)
		Most	More	Good	Less	None	
Farmers	Number	21	12	11	0	0	44
	Percent	36.8	48	61.11	0	0	
Suppliers	Number	29	11	5	0	0	45
	Percent	50.88	44	27.78	0	0	
Wholesalers	Number	4	0	0	0	0	
	Percent	7.02	0	0	0	0	
Exporters	Number	3	2	2	0	0	7
	Percent	5.26	8	11.11	0	0	
Total	Number	57	25	18	0	0	100
	Percent	100	100	100	0	0	

As can be observed in Table 10, 48% farmers stated that they were beneficiaries of ECX modern market data dissemination. 36.84% the respondents also indicated that they benefited most. Out of the total customers, 61.11% of farmers said that they were beneficiary. 50.88% suppliers said that they most benefited from the market information they obtained from the channels.

Overall, the result indicated that all of the respondents claimed that they benefited from the market data accessed by Ethiopia Commodity Exchange.

Graph 3 Customers responsiveness about communication channels applicability



As can be seen in graph 3, nearly 100% respondents described that the communication channels used by ECX for disseminating market information was appropriate in the country's reality. 44.33% farmers and suppliers agreed that the channels used to transmit price information were appropriate to the situation of the country.

Some respondents said that information -delivering mechanisms were not appropriate to the country's context. The respondents stated that infrastructures were poor. For example, they could not use their mobile phone adequately because of irregular failures of network. Television and radio transmissions are also intermittently disrupted because of power outage. Customers therefore are times unable to get access to market information.

4.2 Interview

One way to increase the validity, strength and interpretative potential of a study and decrease investigator biases and to provide multiple perspective is to use interview. Twenty customers and four key officers from ECX were involved in the in-depth interview.

4.2.1 In-depth interview with respondents in Gedeo Zone

Jebo Genela, 80, a resident of Kochore woreda, says:

I have been trading coffee for more than 30 years. I can assure that I was not profitable in coffee market trading trend. Now since the last two years I have benefitted from the modern market system. No one is able to deceive me in marketing since I often follow media, particularly television to obtain market information.

Jebo also stated that he used mobile phone more than television but he blames the lack of network that occurs frequently. When all other channels of communication fail , he said, he tried to obtain information by word of mouth.

Bedecha Girma, 72, a resident of Wonago woreda, similarly states: “I am a farmer and listen to the radio to obtain market information. On top of that I use price ticker as the source of information but it is often confusing.”

Dessie Sokuw, a resident of Gedeb woreda, also says:

I am an illiterate farmer. I often follow radio to hear information but it is usually difficult for me to understand the message from reporters. I can say that the medium used by ECX did not take our literacy level into account.”

Yeshu Mebrati, a female respondent, in Yirgacheffe woreda, shared Dessie’s point of view. She said that she watched television to obtain market information; however, she often got tricked. As a result, she contacted individuals to solve the problem. The other female respondent was Elefenesh Rofu. She is a mother of five. Elefenesh said that in her rural area, Dill woreda females asked further information from others to obtain

accurate information rather than other media as the sole channels of communication. She added, however, that she listened to the radio to find the information.

Yonas Dema, a chairperson of Konga cooperative, said:

The majority of farmers here in Yirgacheffe woreda are members of the cooperative. In the marketing system of ECX cooperatives are directly trade in coffee. When a farmer comes to the cooperative, he or she is very aware of the market prices. This was not previously trend, but it has been common over the last two years. Farmers often follow radio to obtain information. What I am saying is that ECX disseminates market information through various channels but farmers do not have access to all of the genres.

Berehanu Ayel, cooperative coordinator in Yiregacheffe, said: “I am very close to farmers. I personally have observed that farmers predominately use TV, radio, and mobile phone to get market information. Farmers usually come to the office to report the overall marketing system. They need help to get market information in their local language. So I personally believe that it is better to have an access to information using the local language.”

Tefera W/ Mariam, a coffee supplier in Yiregacheffe, states: “I mainly use mobile phone as a source of information more than I use television. You know why the message send on radio and television do not match that send on the mobile phone. I get accurate information when I use mobile phone. These days, however, it is difficult to have access to network so I am beginning to make more use of television than mobile phone. I am also using SMS and IVR. Sometimes you know can create a better chance for users when there is a communication failure. I do not directly attend a spot trading. Because the spot trading or the system that allows customers to trade face to face is found only in Addis Ababa. Therefore, I suggest that it is better to have equal accesses here in Yiregacheffe as well.”

Gethune Gebre Gorgies, head of trade office in Yiragcheffe, says:

As an officer, I have observed that Ethiopia Commodity Exchange has played a significant role in changing the traditional way of marketing system to a modern one. But there are a number of problems which I observed in the system. The feedback mechanism of ECX is very poor. Customers do not understand the message from the media due to various reasons like education, language and other related cases. I personally reminded individuals concerned about the existing situation but there was no response at all.

4.2.2 In-depth interview with ECX's communication analysts and program Officers

Ayalew Abebe, market data manager in ECX, asserted that since ECX officially opened in May 2008, has played a vital role to connect buyers and sellers through transferring market data in various channels.

Similarly, Daniel Lulu, the manager of the newly established ECX Research Institute, says:

ECX uses daily printout, rural based market information tickers, mobile phone, short messaging services (SMS), interactive voice response (IVR) services, radio, television and website to disseminate market information. The website comprises both the current and historical data. It is possible to check daily website visitors.

Wossen Belachew, market data analyst in ECX, also added that ECX uses mass media intensively. ECX disseminates price information using the electronics media like television, radio, the whole FMs in Addis Ababa and Awassa in three languages: Amharic, Oromofia and Tigrigna. According to Wossen, newspapers such as Fortune, Capital and Herald are used by ECX to provide price information in English. Addis Zemen and Negadrese also disseminate similar information in Amharic.

However, Ayalew Abebe disclosed that Ethiopia Commodity Exchange has heterogeneous customers. Among the customers farmers stand out so newspapers may not be the right medium to reach farmers. He explains: "Currently, our focus is to give information about commodities traded on the exchange, but in the future we are planning

even to give price information and probably stock information concerning commodities. In this case, we will use local electronic media.”

According to Ayalew, it is difficult to be sure about the exact number of customers who watch television and listen to the radio with regard to price information. As a market manager, he said he was sure about whether customers are clear enough about the kind of message his organization was sending. But for the sake of making message or information open to customers, ECX uses different methodologies. For instance, at least the organization can be sure that the number of people who are visiting the website with the help of Google. He also said that the number of people who receive text message (SMS) and the number of people who receive the market data through the IVR system can be checked because it could be recorded by the machine itself.

Ayalew also pointed out that the daily average number of people who were using the Interactive Voice Response (IVR) was about forty two thousand while twenty thousand people were usually requesting to pass price information through text message (SMS).

The daily average number of people who were visiting the website was close to one thousand. Eyoile Meteku, Business application developer, in ECX, explained that Ethiopia Commodity Exchange received 929 for IVR and 934 for SMS from the Ethiopia Telecommunication Corporation. He says “Users or customers are familiar with the number and they simply dial 929 in order to obtain the daily price through IVR. If they need to know about the price of coffee or other commodities, they are required to send a short message on number 934. SMS is applicable to those who can read and write in English language while IVR is applicable for farmers.”

In the same vein, Ayalew stated that ECX tried to reach its customers through various channels. For instance, the price ticker (the data display board) is a very good communication channel just like IVR and SMS. It is able to deliver market price in 2or3 minutes. He further says:

ECX is intended to expand market transformation services using different channels. The European Union is now working along with ECX to support the expansion. In this project, several rural towns will benefit from the expansion. We are planning to put many price tickers in various centers including the expansion of other channels. I think this can create opportunities to fill the existing gap between the organization and customers. After this project ends, we will begin to use indigenous languages to deliver market information.

Ayalew concluded that ECX believes that research is the best tool to dig out customers' needs in order to create good relationship. According to him, research also reveals the problems that are obscure to users. However, as far as his knowledge goes, he does not see any study conducted in this area.

4.3 Discussion

The research was conducted in Gedeo Zone, in the Southern Nations and Nationalities Regional State, to get a better understanding of the relative effectiveness of marketing communication channels. The study was comprehensive in that it covers various customers like farmers, suppliers, wholesalers, exporters, and senders of marketing information communications (Ethiopia Commodity Exchange communication analysts and program officers).

Based on the data gathered through questionnaire and in-depth interview, the researcher concludes that, in order to provide market information or message the sender should take into account the receivers knowledge and preferences. The findings showed that Ethiopia Commodity Exchange used various channels like TV, radio, Internet and print media to disseminate market information but respondents used television, mobile phone, and radio predominantly.

According to integrated communication theory proponents, using various channels by ECX to deliver market information for customers is recommended. The findings from the in-depth interview suggest that what ECX used to promote itself with various genres of media is acceptable but the organization reaches market data to customers in various ways. "ECX makes use of daily printout, rural based market information tickers, mobile phone, short messaging services (SMS), interactive voice response (IVR) services, radio, television and

website to disseminate market information. The website comprises both the current and historical data. It is possible to check daily website visitors,” as explained by Daniel Lulu.

However, an integrated marketing communication theory emphasizes the importance for effective marketing. This means the sender is best to use new media technologies to communicate more directly by considering consumer needs and preferences (Zinka and Watson 1996). The media technologies used by ECX were designed with the belief that farmers would make use of it but they did not use all the media genres to obtain information.

This shows that there is a clear gap between the receivers and the senders. The receivers used to traditional media while ECX uses both the digital (requires literacy) and traditional media.

Ethiopia Commodity Exchange circulates price information to its customers through television and radio from Monday to Friday. ECX employs Internet and newspapers are also one means of advertisements. The new media like SMS, IVR, and Mobile phone are part of the advertising channels. But the findings indicated that customers due to various reasons not used the whole media genres. .

Hsu and Power (2002) asserted that advertising employs various paid, impersonal mass media to communicate with potential buyers and sellers. Mass media advertisements include not only newspaper, radio, and television commercials, but also signs and billboards and other media, such as direct mail, that can be used to address large numbers of people without any personal contact. Integrated communication theory advocates also support this.

The data collected through both the questionnaire and the in-depth interview showed that television, radio and mobile channels were more effectively used by customers in order to obtain information from ECX. As observed in the findings, radio was used by rural customers extensively to obtain the market data while urban dwellers used television and

mobile phone to get price information. Communication channels such as Internet, SMS, IVR and newspapers failed to be used by the target customers in the same trend.

This shows that there is a clear gap between the receiver and the sender with regard to channels. One reason for this may be that consumers have only limited experience of marketing communication in digital channels and print media. Therefore, the sender does not take into account customers knowledge of the channels. In communication process, the sender should consider the knowledge, the needs, the language and the culture of the receivers (Singh and Pandey, 2005).

Currently the digital method of communication is accepted as the new electronic media technologies. The dramatic rise of new electronic media drastically altered the way customers conduct their daily businesses.

This is supported by the diffusion of innovations theory proponents, people's thoughts and actions can be influenced by adopting a new technology or idea (Ryan and Gross 1943). This suggests that media technology can contribute to closing the knowledge gap. It can also assist marketers to have well-organized market information rapidly.

Lerner (1967), supporter of the Development theory said that mass media facilitate the exchange of ideas, information, opinions, etc. among individuals, friends, families, nations, etc. The exchange of information is also helpful for the development of a country and it has the power to mobilize people for mass participation.

The findings indicated that the traditional media users were farmers while the new media users were other customers. This shows that ECX should revise the media selection strategy in connection to customers' knowledge. The other thing observed through the research in terms of channels of communication preferences was that the majority of farmers preferred television while suppliers preferred television and mobile phone. Enlightened customers also preferred internet, SMS, price ticker /display board and newspapers.

Communication can be effective when it meets the preference of the communicator channel or medium. East (2003) also emphasizes that effectiveness can be judged in

several ways. A well-known model particularly suited to direct-response communication is the AIDA model (Attention-Interest-Desire-Action). This type of communication aimed at catching attention and invoking interest, desire, and action.

The classical model of communication postulates that the sender's message will be most effective when the sender has correctly anticipated the needs and preference of the receiver, that is, when the sender's encoding of the message corresponds with the receiver's decoding of it (Shannon and Weaver 1949).

The in-depth interview results also demonstrated that customers liked to use both the traditional media like television, radio and newspapers combining and the new media like mobile, internet, SMS and the like. However, ECX had not assessed customers media preference before it started its work. This indicates that research has not been conducted in the concerning audience media preferences by the organization.

Ayalew Abebe is one of the interviewees in the study. He is a market data manager in ECX, stressed the importance of research. According to him, research is the best tool to dig out customers' needs in order to create good relationship with customers. It also reveals the problems that are not visible to senders in the communication process. However, as far as his knowledge goes, he does not see any research conducted in this area.

In this regard, Kotler and Lee (2007) stated that research is narrowing the existing gap between the sender and the receiver. In order to develop customer-centered strategies, companies need information (market research) to answer fundamental questions regarding cost barriers, target customers interest in products etc.

The other thing observed through the research is that the market price information released by ECX is not understood by the majority of the customers. This is due to the medium, the language selection and the allotted airtime for advertisement. As most farmers reported in both the questionnaire and the in-depth interview, the message presented on the television and radio channels was in a very hurried way. This makes it difficult for them to understand the meaning of the message clearly.

For effective communication to occur, the message decoding process of the receiver must match the encoding of the sender. Simply put, this means the receiver has to understand and correctly interpret what the source is trying to communicate. Effective communication is more likely when there is some common ground (Belch, 1998).

The majority of the respondents reported that the price information transmitted through television or radio did not match that sent on the mobile channel. In this regard, the findings observed from both techniques indicated the situation. For example, Tefera W/Mariam is one of the interviewees from the suppliers group. Tefera stated that he mainly uses mobile phone as a source of information more than he uses television. He claimed that the message sends on radio and television do not much that sends on the mobile phone. The customer obtains accurate market information when he uses mobile phone. This shows that there is the problem of precision from the senders side.

According to the Use and Gratifications Theory, we compare the media or channels in terms of a list of relevant attributes. This implies that the message sends from the source should be compatible with the receivers. From the proponents of this theory, Lasswell (1948) considers communication in the same way. He said that communication is who (source or sender) says what (message), in which channel (medium), to whom (audience or receiver), with what effect.

Over all, there was also a gap in the preferences of the media and its accessibility. For instance, respondents liked to have an access of price ticker but the price ticker is erected in only Dilla. This shows that there was information gap between ECX and customers.

The information gap between the respondents and the provider (ECX) arises due to lack of the feedback channel. As the findings showed in both the questionnaire and the interview, customers sent their message back to the sender (ECX) but there was no response or message delivered back to receivers from the sender (ECX).

This shows that the feedback mechanisms of ECX to solve problems that comes from customer was very weak. Similarly, Kourdi (2009) states that collecting feedback from customers ensured their satisfaction and lifts the image of company.

The research results also indicated in the marketing communication process the problem lies on ECX is media selection, coverage, ways of presentation and the medium (the language). If the sender selects appropriate channel in a clear and accurate way the receiver can easily understand the message. Communication can also be effective if the sender responds to the feedback correctly that comes from the receiver.

Lack of infrastructures is another problem that hampers communication between customers and ECX. Ethiopia Commodity Exchange has practically implemented the modern marketing dissemination system but this was hampered by lack of access to infrastructures. As shown by the in-depth interview results, ECX strives to solve the problem in conjunction with European Union.

According to Ayalew Abebe, ECX intends to expand market transformation services using different channels. The European Union is now working along with ECX to support the expansion. In this project, several rural towns will benefit from the expansion. It is also planning to put many price tickers in various centers including the expansion of other channels. In Ayalew's opinion, this can create opportunities to fill the existing gap between ECX and customers.

Ethiopia Commodity Exchange tries to reach its customers in various channels. This is supported by Development Theory. Lerner (1967), protagonist of this theory, explained that mass media facilitates the exchange of ideas, information, opinions, etc., among individuals, friends, families, nations, etc. This shows that information exchange through various channels is helpful for the development of a country and it has the power to mobilize people for mass participations.

According to the Modernization paradigm, development is a linear progress from traditionality to modernity. In this regard, the mass media play a significant role in bringing about faster change. As the findings indicated, the majority of the customers benefited from the market information access through various channels especially from television, mobile phone and radio. This shows the introduction of new media technologies in the area of marketing communication by Ethiopia Commodity Exchange has played a significant role in changing the traditional marketing trend.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

Of the genres of media used for the dissemination of market information, the customers did indicate that they did heavily rely on television, mobile phones and the radio, in the order given. In other words, television was the channel most widely used followed by the other two. Given the nature of television-the fact that it integrates image and audio formats and that it does not require much literacy to use-made it the first and the foremost as it has power to appeal to more senses, especially when one is illiterate. Mobile phones were also used to somewhat similar level. In fact, the case with radio has to do with the relative affordability and that it is one of the most ancient media gadgets that are quite rife in the country in particular to date.

Yet another issue that has to be raised in the same tone is the fact that a state-of-the-art price ticker was in place in Dilla town but mostly out of circulation. It breaks down at various points in time. Moreover, the messages transmitted through this modern channel were encoded in the users' second language, Amharic which they found hard to decipher. Besides, the speed at which the messages zoom on the screen of the price ticker and the speed of televised messages is too fast to comprehend. Worth mentioning is also the fact that the Internet, which was massively complicated for the ordinary uneducated farmer to use, was used as part of the multimedia package of market information dissemination launched by ECX.

With the abovementioned problems that affected the clarity and comprehensibility of the message, the likelihood of the message being fully understood would be somewhat watered down.

5.2 Conclusion

Based on the findings of the study, it can be concluded that Ethiopia Commodity Exchange uses various marketing communication channels to disseminate market information to its customers. However, in the area in which the research was conducted, customers used and preferred television, mobile and radio dominantly. Therefore, it would be fair to conclude that the organization should consider customers' interest and their level of understanding.

On the other hand, the message transmitted through these channels of communication did not match with the language of the respondents. The message lacked clarity and accuracy. The study, therefore, found out that the messages communicated to the stakeholder were not as successful and as effective as they should have been owing to the aforementioned factors.

To sum up, it seemed that there was something of a mismatch between the path the organization pursued and the reality of the stakeholders residing in the area, which has been the focus of this study were not taken into account. ECX provides multichannel communication system to its customers in order to enhance information dissemination but customers were not found to be familiar and comfortable with all of these channels.

5.1 Recommendations

Based on the results of this study the following recommendations are given.

- In the study area, customers chiefly used television mobile and radio but Ethiopia Commodity Exchange disseminates market price through various channels. Even the new media like the Internet, SMS, and IVR and print media are some of the channels used by ECX. Though these are communication equipment that makes communication instant, the customers could not use them. Therefore, arranging orientation or awareness creation programs on the use of the new media would help tackle this problem.
- With respect to message, the findings showed that there was inconsistency and inaccuracy. The message should take into account the level of literacy and background of customers. For effective communication, messages should be practicable. Introducing a local community radio broadcast could ensure access to and simplicity of messages.
- The price ticker that is erected in Dilla town was not appropriately providing service to customers. Moreover, the price tickers were not equally distributed in all woredas. It was found only in Dilla town but customers who live in other woredas liked to have access. In order to satisfy the whole customers there ought to be equal access.
- According to the findings, ECX could not come up with solutions to marketing communication barriers. This can be ascribed to poor feedback mechanism and lack of research. So, giving priority to research and revising the feedback mechanism would be advantageous.
- The role of Ethiopia Commodity Exchange is to bring buyers and sellers together with feeding market information. The findings showed that there was a limited face-to-face or spot trading that occurs only in Addis Ababa. The majority of customers participated through their representatives. Expanding spot

trading to cater for customers in different regional towns should be given due attention.

- As revealed by the research, customers faced challenges posed by network intermittence and transmission interruption that is caused power outages. In order to minimize these challenges, ECX should consider working in collaboration with bodies concerned, especially with telecommunications and the power corporation.

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Appendix A

NAMES OF THE INTERVIEWEES

Ayalew Abebe - market data manager in ECX

Daniel Lulu - manager of the newly established ECX Research Institute

Wossen Belechew - market data analyst in ECX

Eyoile Meteku - Business application developer

Gethune Gebre Gyorgies - head of trade office

Yonas Dame - chairperson of Konga

Berhanu Ayele, cooperative coordinator in Yiregacheffe

Yesu Mebreti , a female respondent, in Yirgacheffe woreda

Dessie Sokuw, a resident of Gedeb woreda

Bedech Girma Farmer and member of ECX

Jebo Genela Coffee supplier

Tefera Wold Mariam, a coffee supplier, in Yiregacheffe

Appendix B

አዲስ አበባ ዩኒቨርሲቲ

የጋዜጠኝነትና ኮሚኒኬሽን የድህረ ምረቃ ትምህርት ክፍል መጠይቅ

የዚህ ጥናት አላማ የኢትዮጵያ ምርት ገበያ ለተገበያዮቹ ቀልጣፋ አገልግሎት ለመስጠት በሚጠቀምባቸው የመረጃ ማስተላለፊያ መንገዶች ላይ ዳሳሳ ማድረግ ነው። ቀጥሎ ለቀረቡት ጥያቄዎች እርስዎ የሚሠጡት ቀናና ሁነኛ ምላሾች ለዚህ ጥናት መሳካት የሚያበረክተው ድርሻ የላቀ ነው። የሚሠጡን ማንኛውም አይነት መረጃ በሚስጡራዊነት እንደሚያገዝ እያረጋገጥንልዎ ለሚያደርጉልን ትብብር ላቅ ያለ ምስጋና እናቀርባለን።

የመኖሪያ አድራሻ _____

እድሜ _____

ፆታ: _____

የአባልነት ሁኔታ :-

ተገበያይ: ላኪ

አቅራቢ

ጅምላ ሻጭ

ሌላ ካለ ይገለፅ _____

አገናኝ: ላኪ

አቅራቢ

ጅምላ ሻጭ

ሌላ ካለ ይገለፅ _____

አባላ ያልሆነ (ደንበኛ): ላኪ

አቅራቢ

ጅምላ ሻጭ

ዩኒይን

ሌላ ካለ ይገለፅ _____

1. ወደ ኢትዮጵያ ምርት ገበያ ዘመናዊ የግብይት ሥርዓት መቼ ተቀላቀለ?

2. ስለ ኢትዮጵያ ምርት ገበያ እንዴት ሰሙ/አወቁ?

ከቴሌቭዥን

ከሬዲዮ

ከጋዜጣ

ከመጽሔት

ከኢንተርኔት

ከሰው

ከሞባይል

ሌላ ካለ ይገለፅ _____

3. ከኢትዮጵያ ምርት ገበያ ጋር ያልሆኑትን የመረጃ ለውውጥ ቀጣይነቱን በምን መልኩ ያረጋግጣሉ?

በቴሌቭዥን

በጋዜጣ

በሬዲዮ

በሞባይል

በጋዜጣ

በመጽሔት

በኢንተርኔት

በሰው

ሌላ ካለ ይገለፅ _____

4. ከኢትዮጵያ ምርት ገበያ ጋር በየስንት ጊዜው የመረጃ ለውውጥ ያደርጋሉ?

በየቀኑ

አንድ አንድ ጊዜ

ምንም ጊዜ

ሌላ ካለ ይገለፅ _____

5. የትኛውን የመረጃ መለዋወጫ መንገድ በብዛት ይጠቀማሉ?

ቴሌቭዥን

ኢንተርኔት

ሰው

ሬዲዮ

ሞባይል

ስልክ

ጋዜጣ

ኤሌክትሮኒክስ ቢል ቦርድ

መጽሔት

ሌላ ካለ ይገለፅ _____

6. በኢትዮጵያ ምርት ገበያ የሚከናወነውን የገበያ መረጃ ለውውጥ ሂደት እንዴት ይገመግሙታል?

እጅግ በጣም ጥሩ

በጣም ጥሩ ነው

ጥሩ ነው

ዝቅተኛ ነው

በጣም ዝቅተኛ ነው

ሌላ ካለ ይገለፅ _____

7. የትኛውን የመረጃ መለዋወጫ መንገድ በይበልጥ ይመርጣሉ?

ቴሌቭዥን

ሰው

ኤሌክትሮኒክስ ቢል ቦርድ

ሬዲዮ

ሞባይል

ሌላ ካለ ይገለጹ _____

መጽሐፍት ስልክ

ኢንትርኔት ፋክስ

8. ከላይ የመረጡትን የመረጃ መለዋወጫ መንገድ(ዶች) የመረጡት ከሁሉም በበለጠ በተአማኒነቱ ስለሚያምኑበት/ባቸው/ ነው?

አዎን አይደለም አላውቅም

9. ከላይ ለቀረበው ጥያቄ ምላሽዎ አዎ ከሆነ ምክንያቱን ቢገልጹልን?

10. የገበያ መረጃ በጊዜ ይደርስዎታል ወይ?

አዎን አይደለም አላውቅም ሌላ ካለ ይገለጹ_____

11. ከላይ ለተጠቀሰው ጥያቄ መልስዎ "አይደለም" ከሆነ በጊዜ ላለመድረሱ ምክንያቱ ምንድን ነው ይላሉ? _____

12. ከኢትዮጵያ ምርት ገበያ ድርጅት የሚያገኙት የገበያ መረጃ ግልፅና ትክክለኛ ነው ይላሉ? አዎን አይደለም አላውቅም

ሌላ ካለ ይገለጹ_____

13. የኢትዮጵያ ምርት ገበያ ድርጅት የዘረጋው ዘመናዊ የገበያ መረጃ ስርአት

አጥጋቢ ሆኖ አግኝተውታ ወይ? አዎን አይደለም

አላውቅም ሌላ ካለ ይገለጹ_____

14. ከላይ ለቀረበው ጥያቄ ምላሽዎ አይደለም ከሆነ ምክንያቱ ምንድን ነው ይላሉ?

15. ወቅታዊነት ያለው መረጃ ከኢትዮጵያ ምርት ገበያ ለማግኘት የሚቸገሩበት ጊዜያት ያጋጥሙዎታል?

አዎን አይደለም አላውቅም

16. ከላይ ለቀረበው ጥያቄ ምላሽዎ አዎ ከሆነ ለችግሩ መንስኤ ሊሆኑ የሚችሉ ጉዳዮች ምንድን ናቸው ይላሉ?

17. የኢትዮጵያ ምርት ገበያ ድርጅት የሚያስራጨውን የገበያ መረጃ በማግኘትዎ

ምን ያህል ተጠቃሚ ሆኛለው ይላሉ? በጣም በተወሰነ

ደረጃ በትንሹ ምንም ሌላ ካለ ይገለጹ_____

18. የትኛውን ምርት መረጃ በተለይ ይጠቀማሉ?

ቡና ሰሊት ጥራጥሬ የማናቸውንም አልጠቀምም

ሌላ ካለ ይገለጹ _____

19. የኢትዮጵያ ምርት ገበያ ድርጅት የሚጠቀምባቸው የመረጃ ማሰራጨ ክውታሮች

ከሀገሪቱ ነባራዊ ሁኔታ አንፃር ሲታይ ተስማሚ ነው ይላሉ?

አዎን አይደለም አላውቅም

ሌላ ካለ ይገለጹ _____

Appendix B

ለተወሰኑ መረጃ ሰጪዎች የቀረበ ቃለ መጠይቅ

1. የኢትዮጵያ ምርት ገበያ ድርጅት በሚሰራጩ መረጃ በቂ መሆን አለመሆን ቀጣይ እንቅስቃሴዎችን ለማድረግ በሚኖረው አጋዥነት ዙሪያ ያለዎት አመለካከት ምን ይመስላል?
2. ከኢትዮጵያ ምርት ገበያ የሚደርስዎን መረጃ በቅጡ ለመረዳት እንዳይችሉ የሚያጋጥሙዎ ችግር ምን መልክ አላቸው?
3. ከላይ የጠቀሷቸውን ችግሮች ለመቅረፍ ምን ያደርጋሉ?
4. እነዚህ በመረጃ አቀባበል ሂደት ውስጥ የሚያጋጥሙዎ ችግሮች ከምን የመነጨ ናቸው ይላሉ?
5. የኢትዮጵያ ምርት ገበያ ድርጅት እነዚህን ችግሮች በዘላቂነት ማስወገድ እንዲያስችሉ ምን ምን የአሰራር መንገዶችን ዘርግቷል?
6. የኢትዮጵያ ምርት ገበያ ድርጅት የጥራት ደረጃውን የጠበቀ አገልግሎት መስጠት ይችል ዘንድ ማሻሻል ይኖርበታል የሚሉት ነገር ምንድን ነው?

Appendix B

Addis Ababa University
Graduate School of Journalism and Communications

Questionnaire:

Dear respondent:

This study aims to undertake an assessment of channels of communication used by the Ethiopia Commodity Exchange (ECX) to disseminate market information.

Please provide answers to all questions with honesty and integrity. Your cooperation is of paramount importance to the success of the study. Rest assured that all information you would fill herein shall be kept confidential.

Residence _____

Age _____

Sex _____

Membership status _____

Trading Member Exporter Domestic wholesaler Supplier

Intermediary Member

Exporter Domestic Wholesalers Supplier Clients Exporters

Akrabi Domestic Wholesalers

Non-member (Client):

Farmers: Exporters, Domestic Wholesalers

Cooperatives: Exporters, Domestic Wholesalers

1. When did you join the Ethiopia Commodity Exchange?
 Before a year After a year Other, please specify

2. How did you hear about the Ethiopia Commodity Exchange?
 Television Radio Newspaper Magazine
 Internet Word of mouth SMS IVR
 Others, please specify

3. How do you keep in touch with ECX?
 Television Radio Newspaper Magazine Internet
 Electronic Ticker (Display Board) Mobile Telephone
 Fax Word of mouth SMS IVR
 Others, please specify

4. How often do you communicate with ECX?
 Every day Sometimes Not at all
 Others, please specify -----

5. Which communication channel do you use mostly?
 Television Radio Newspaper Magazine
 Internet Electronic Ticker (Display Board) Mobile
 Telephone Fax Word of mouth SMS
 IVR Others, please specify
 Why? -----

6. How do you rate ECX market data dissemination?
 Very Good Good Fair
 Poor Very poor
 Others, please specify

7. Which channel of information do you prefer most?
 Television Radio Newspaper Magazine
 Internet Electronic Ticker (Display Board) Mobile
 Telephone Fax Word of mouth SMS
 Others, please specify

8. If your answer to the above question is “Yes,” what is your reason for preference?

9. Do you use the above channel(s) because you believe it is the most reliable?

Yes No I do not know Other, please specify

10. If your answer to the above question is “Yes,” what is your reason for preference?

11. Do you get market data on time?

Yes No I do not know other, Please specify

12. If your answer to the above question is “No,” what do you think the reason for failing to get it on time?

13. Are the market data that you get from ECX clear and accurate?

Yes No I do not know other, Please specify

14. Are you satisfied with the level of access you have to market data from ECX?

Yes No I do not know other, Please specify

15. If your answer to the above question is “No,” what do you think is the reason?

16. Are there times when you fail to get the information about the latest developments from ECX?

Yes No I do not know Other, please specify

17. If your answer to the above question is “yes,” what would you attribute the case to?

18. How much do you think you have benefited from access to ECX market data?

A lot to some extent a little nothing
Other, please specify

19. What data do you use the most?

Coffee Sesame cereals None

Other, please specify

20. Do you believe that the market information dissemination channels used by ECX are appropriate the country's reality?

Yes No I do not know Other, please specify

Appendix B

Interview questions for some selected respondents. (For those who did not get the chance to fill in the questionnaire.)

1. What is your take on whether or not ECX disseminates sufficient information to act on?
2. What kind of challenges do you face if any, when cottoning on the information you receive from ECX?
3. How do you overcome those challenges?
4. To what do you put down the setbacks and glitches you encounter in the process of receiving information?
5. What mechanisms has ECX put in place to help you overcome the problems?
6. What do you suggest ECX should do to render its service in the best possible way?

Appendix C

Interview questions for Chief ECX executives

1. What type of channels do you use to disseminate market information to your customers?
2. In what ways do you ensure that your messages reach all of your clients?
3. How do you make your messages fathomable across the board as your customers
4. are rather heterogeneous?
5. Have you ever conducted the survey in order to know which one of the channels you use effectively does the job?
6. What types of communication system have you put in place to see to it that buyers and sellers are granted instant access to market information?

6. How do you manage problems and barriers you face in disseminating market information, if you face any?