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College of Business and Economics

Masters of Business Administration

The Influence of Distribution Channel on Sales Performance: The Case of Ahadukes Food Products Share Company

BY

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*Addis Ababa University
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November, 2020*

**THE INFLUENCE OF DISTRIBUTION CHANNEL ON
SALES PERFORMANCE: THE CASE OF AHADUKES
FOOD PRODUCTS SHARE COMPANY**

By

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**A Thesis Submitted to College of Business and Economics, Masters
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This is to certify that the thesis prepared by Amen Hailu, entitled: *The Influence of Distribution Channel on Sales Performance: The Case of Ahadukes Food Products Share Company* and submitted in partial fulfilment of the requirements for the award of the degree of Master of Business Administration (MBA) in Management, with the regulation of the university and the accepted standards with respect to originality and quality.

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Declaration

I, Amen Hailu, announce this research paper entitled “*The Influence of Distribution Channel on Sales Performance: The Case of Ahadukes Food Products Share Company*” is my own and I have the courage to say, it is original research work that has not been produced by others in any other institutions or universities for any other requirements in any form. To this end, I acknowledge all sources of information that I used to produce the study appropriately and I would say perfectly.

Amen Hailu

Letter of Certification

This is to certify that Amen Hailu has carried out her thesis work on the topic entitled “*The Influence of Distribution Channel on Sales Performance: The Case of Ahadukes Food Products Share Company*” under my guidance and supervision. Accordingly, I here assure that her work is appropriate and standard enough to be submitted for the award of Master of Business Administration (MBA) in Management.

Meskerem Mitiku(PhD)

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Abbreviations

ANOVA	–	Analysis of Variance
DC	–	Distribution Channel
DCA	–	Distribution Channel Administration
DCO	–	Distribution Channel Objective
DCPE	–	Distribution Channel Preference and Effectiveness
DCS	–	Distribution Channel Strategy
P-P plot	–	Probability-Probability plot
SC	–	Share Company
SD	–	Standard Deviation
SP	–	Sales Performance
SPSS	–	Statistical Packaging for Social Science

Abstract

Distribution channel decisions are among the most important decisions companies faces today, as a result, the study aimed to investigate the influence of distribution channel on ales on the performance of Ahadukes food products Share Company. The purpose of this study was to investigate the influence of distribution channels on the sales performance of Ahadukes food complex share company. The study was used quantitative research method and employs survey design to objectively answer the research questions. For achieving the study objective, 52 sales and marketing departments of Ahadukes food Share Company from Addis Ababa, Bishoftu and other sales regions of the company. The research identifies the influence of distribution channel and the four components of distribution channels (distribution channel strategy, distribution channel administration, distribution channel objective and distribution channel preference & effectiveness) on the company sales performance. The correlation analysis result showed that there is a significant positive influence of the overall practice of distribution channels on the sales performance of the company. Moreover, the regression analysis evidenced that the overall practice of distribution channel is predictor of sales performance in the company. It is also found that distribution channel objective and distribution channel administration have a significant positive influence on sales performance; whereas, distribution channel strategy and distribution channel preference and effectiveness have a significant negative influence on sales performance in the company. On the basis of the research findings, appropriate conclusions and recommendations along with implications for further studies were forwarded.

Key Terms: Distribution Channel, Distribution Channel Strategy, Distribution Channel Administration, Distribution Channel Objective, Distribution Channel Preference & Effectiveness, Sales Performance

Chapter One

Introduction

This chapter introduces and provides a brief background information about the topic under consideration and the background of the organizations under this study. It also presents the statement of the problem; the research questions and hypotheses; objectives of the study; significances of the study; delimitations and limitations of the study, definition of key terms, and organization of the study.

1.1. Background of the Study

The distribution channel is a system that helps to bring products from manufacturer to final customers. Companies use distribution channels to ensure that their product gets to customers at the right time convenient location safely. Distribution channels entail intermediary organizations that help in the process to deliver products to end customers (Zikmund and Babin, 2010).

According to Berman and Thelen(2004), the past decade has seen some of the most rapid and substantive changes in channels of distribution for goods and services in developing economies. The choice of distribution channel is quite complicated in the home market of a company but even more complicated when going international and starting to export (Anderson and John, 1997). The choice of distribution channel is central that the decision is given the attention and acknowledgment which is called for because it has such a long-term outcome of the export investment's success (Anderson and John, 1997).

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

As stated by David (2005), now a day many companies rely on indirect sales channels to provide additional sources of market share and revenue that normally are not attainable with a direct sales force. These channels, if well managed, can provide expanded market share in existing markets, open new markets and be cost-effective without a large investment. The formulation and implementation of appropriate distribution strategies is a key to success, in terms of maximizing sales and profits for product-focused companies. Unfortunately, many of these companies often fail to establish or maintain the most effective distribution strategies, which in most cases militate against their business fortunes.

According to economic distribution channel theory, the “ideal” distribution system or the normative distribution channel can be determined by exploring what the consumers want in terms of service outputs from the distribution channel, how much they are willing to pay for a given service level, how the services can be provided to them, and what the costs of the alternative distribution channels are (Stern and Sturdivant, 2006). As a result, they argue that it can be determined which distribution system most efficiently meets the customers’ wants and it can be pointed out that the distribution channel strategy adopted by a firm should take a customer perspective and analyze the output from the commercial part of the different distribution channels and relates it to the customers’ costs and benefits from the different levels of service output offered by the available distribution channels (Cohen et al., 2003).

Ahadukes Food Product S.C. is a manufacturing company primarily engaged in food products, Biscuits and Pasta in Bishoftu town of Oromia state. It is a joint investment between Ahadu P.L.C & UK based Vasari investment Group. Ahadukes started making biscuit in 2015 and owns brands such as Marie Gold, Ginger Crunch and Tiger Cream.

1.2. Statement of the Problem

Many large companies have established their own distribution channels, which allow them to control their expenses. Distribution can have an enormous effect on the sales performance of the companies that can build and afford their own distribution network, have more price flexibility in those markets. It is very important for companies to have their own, if not their own then at least a stable and constant distribution channel. Those companies which operate through other distributors have to calculate additional expenses which in the end will be reflected in higher prices (Saxena, 2005). Different countries in different parts of the world means also different

operational conditions. There are different types of factors which will affect distributions, and are divided as: controlled factors (factors which can be controlled and changed from the company), and uncontrolled factors (factors which cannot be controlled or changed by the company, rather the company must adapt to them). In this context, companies to be able to offer their products they must undertake product or distribution modification, and that means that the initial price must be adjusted to be able to cover those additional expenses (Julian, 2014).

According to Gupta (1999), distribution is thought of as a competitive advantage for those organizations which have built up distribution clout and economies of distribution through sheer size. Distribution plays a vital role in the success of the sales effort by ensuring the availability of the product in the right quantities at the right time and at the right place. (Havaladas and Cavale, 2007). Distribution is a function to distribute or sub-divides the producers' goods on a geographical basis to various specific markets (Bagavthip, 2002). According to Show (2009), distribution is the application of motion to materials as they move from the times, places, forms, and conditions where they have no value to the times, places, forms, and conditions.

Different studies have been done on the distribution channel practices in different perspectives in Ethiopia. For example, Tilahun (2010) conducted a study on the distribution channel practice of Dashen Brewery. Fikre (2010) conducted a study on distribution and channel selection practices in Meta ABO Brewery Company. Alemayehu (2010) conducted a study on an assessment of distribution practices of national lottery administration. Tefera (2014) conducted a study an assessment of distribution in the case of MOHA Soft Drink Share Company. Nega (2014) conducted a study on an assessment of sales promotion practices in the case of Lifan Motor cars. Aynalem (2013) conducted a study on an assessment of product distribution strategy in the case of FAFA food S.C. Demeke (2010) conducted a study on the assessment of SIM-card distribution practices in Ethiopia telecommunication corporation. All researchers were tried to justify the distribution practices in different companies and used descriptive analysis in analyzing the overall distribution channels of the companies but fail to justify the effect of distribution channels on sales performance.

Hence, by giving consideration for the above research gap, this study focuses on what is essentially the effect of distribution channels on sales performance in Ethiopia evidenced by Ahadukes Food Products Share Company.

Therefore, it is important to carry out an analysis of the influence of distribution channels on sales performance in order to better understanding of them and also to identify and provide possible solutions to any shortcomings so as to optimize the sales performance of the company.

1.3. Research Questions

The main research question of this research was: What is the influence of distribution channel on the sales performance of Ahadukes Food Products Share Company.

The sub-research questions of this study were:

- Does distribution channel strategy influence the sales performance of Ahadukes food products Share Company?
- Does distribution channel administration influence the sales performance of Ahadukes food products Share Company?
- Does distribution channel objectives influence the performance of Ahadukes food products Share Company?
- Does distribution channel preference and effectiveness influence the performance of Ahadukes food products Share Company?

1.4. Objectives of the Study

The study had the following general and specific objectives.

1.4.1. General Objective

The general objective of the study was assessing the influence of distribution channels on sales performance evidenced from Ahadukes Food Products Share Company.

1.4.2. Specific Objectives

In line with the above general objective, the study had the following specific objectives.

- Assessing the influence Distribution Channel Strategy on sales performance of Ahadukes food products share company
- Assessing the influence of Distribution Channel Administration on sales performance of Ahadukes food products share company
- Assessing the influence of Distribution Channel Objective on sales performance of Ahadukes food products share company and

- Assessing the influence of Distribution Channel Preference & Effectiveness) on sales performance of Ahadukes Food Products Share Company.

1.5. Significance of the Study

The purpose of this study was to assess the influence of distribution channels on the sales performance of a company. Depending on this purpose, the researcher believes that this study will contribute to the knowledge that exists on the concepts of this study: The influence of distribution channels on the sales performance of a company.

On the other hand, the study will benefit the company in understanding the causal relationship between distribution channels and sales performance. In other words, the companies and marketers will be able to determine the factors distribution channel of which reflects on the company's sales performance. Hence this study will offer perspectives for the company is planning for more effective distribution channels for its product to enhance their sales performance.

The study will also help the company to know how to increase or innovate their sales performance effectively by identifying its strengths and weaknesses and taking corrective measures to develop its sales performance. The company will also support its performance in identifying the effective measures of distribution channels so as to develop the company to become a competitor in this business world.

Finally, the study also initiates other interested researchers to explore the area further. Students and academicians who wish to carry out further research in the distribution channel and sales performance will find the study helpful since it opens up other research gaps.

1.6. Scope of the Study

This study was delimited to Ahadukes Food Products Share Company. Issac and Michael (2005) defined delimitation as arbitrarily narrowing the scope of the study and focusing only on selected aspects of the problem, certain areas of interest, a limited range of subjects, and level of sophistication involved. The study was also delimited to the assessment of the influence of distribution channels on the sales performance of the company. The respondents in the sample of the study were from the marketing and sales department of the company with various degrees of knowledge and experience since there are many more other workers working in the other

departments of the company. The study specifically dealt with the influence of distribution channel strategy, distribution channel administration, distribution channel objective, and distribution channel preference & effectiveness on the sales performance of the company.

1.7. Limitations of the Study

The study was limited due to many reasons in the current situation of the pandemic disease that hinders the method of data collection to be questionnaire-based rather than interview and other methods that may help to gather more detail of the influence of product channels on sales performance.

And also, since the research encompasses only four components of distribution channels, it may become limited in showing the practices in distribution channels but it gives a clear picture of the current status of the practices in the distribution channel and its influence on the sales performance of the company within its specified scope.

Finally, different research studies conducted on the influence of distribution channels on sales performance in the case of food complexes are very limited to access literature and journals. Also, the respondents of the questionnaires were not fully interested during data collection.

1.8. Organization of the Study

This study was organized in to five chapters. The first chapter states the general introduction and background of the study. Chapter two presents theoretical and empirical literatures related to the research area. It also consists of research gap and conceptual framework of the study. The third chapter outlines the research methodology and research design. The research results and discussions are presented in chapter four. The last chapter presents the major findings, the drawn conclusions and recommendation, and wind up the report by highlighting future research areas.

1.9. Definition of Key Terms

Distribution (D): In this study distribution refers to the process of planning, implementing and controlling the physical flow of materials, final goods and related information from point of origin to points of consumption to meet customer requirements at a profit (Philip et al., 1999).

Distribution Channel (DC): In this study distribution channel refers to a set of interdependent organizations involved in the process of marketing a product or service available for use or consumption by the consumer or industrial user (Philip et al., 1999).

Distribution Channel Strategy (DCS): In this study distribution channel strategy refers to the efficient channel arrangements that may be used to make goods and services available to consumers by deciding on which intermediaries and marketing channel structures to be selected to move products in the most competitive and efficient manner to satisfy customer's needs and wants (Philip et al., 1999).

Distribution Channel Administration (DCA): In this study distribution channel administration refers to the process of analyzing, planning, organizing, and controlling a company's marketing channels (Coughlan et al., 2005).

Distribution Channel Objective (DCO): In this study distribution channel objective refers to statements which should be stated in terms of targeted service output levels depending on the nature of the product, company characteristics, characteristics of intermediaries, competitors' channel and environmental factors (Silva, 2008).

Distribution Channel Preference and Effectiveness (DCPE): In this study distribution channel preference and effectiveness refers to identifying major channel alternatives in terms of; types of intermediaries, the number of intermediaries needed, and the terms and responsibilities of each channel member and their effectiveness in terms of cost (Kansal, 2011).

Sales Performance (SP): In this Study sales performance refers to as the behavior evaluated in terms of its contribution to the goals of the organization (Johnston and Marshall, 2006).

Chapter Two

2. Literature Review

2.1. Introduction

This study used the basic concepts: Influence of Distribution Channel on Sales Performance of a company. The issues on these concepts have been the concepts in the literature concerning distribution channels and their influence on food company sales performance. This chapter deals with the arguments highlighted in the literature on some distribution channels and their influence on sales performance. It begins with the varied definitions of distribution channels and factors for the successful practices of distribution channels; and the elements in distribution channels. And also sales performance and its measurements were highlighted. In the end, an empirical review of the relation between the four distribution channels and sales performance was indicated.

2.2 Distribution

Distribution is that the method of constructing a product or service accessible to be used or consumption by a client or business user, victimisation direct suggests that, or victimization indirectly suggests that with intermediaries. Or area unit the movement of products and services from the supply through a marketing, right up to the ultimate client, client or user, and also the movement of payment within the other way, right up to the initial producer or provider. Associate in Nursing order or pattern fashioned by the tendency of a sufficiently sizable amount of observations to cluster themselves around a central price (Wilson and Daniel, 2007). The acquainted normal curve is Associate in Nursing example of nominal distribution during which the most important numbers of observations area unit distributed within the center, with fewer and fewer observations falling equally on either aspect of the middle (average) line. See distribution, nominal distribution, and normal distribution (Wilson and Daniel, 2007).

2.2. Distribution Channel

The channel function concept has already been extensively discussed by academics (Rangan et al., 1992). They also argued that functions area unit thought of to be the fundamental determinants of channel structure. That is, a system designed to hold out the necessary tasks. Some researchers have mentioned channel structure in terms of the performance performed by

channel members (Mallen, 1973). the fundamental plan was that channel functions might be allotted in several combinations among varied channel actors reckoning on the characteristics of the channel (Wren, 2007). Channel functions area unit classes of activities and services that add worth to physical products as they move from makers to customers (Atwong and Rosenbloom, 1995).

Coughlan et al., (2006) outlined marketing as a group of freelance organizations concerned with the method of creating a product or service offered to be used or consumed. the final word goal of marketing is to bridge the gap between producers and customers by adding worth to merchandise or services (Kim and Frazier, 1996). Typically, makers, intermediaries (wholesalers, retailers, specialized) and finish users area unit are perceived because the key actors of marketing (Coughlan et al., 2006). supported these definitions, it's dangerous to work out wherever the marketing really starts, since there may be multiple producers concerned in producing the ultimate merchandise at completely different levels. a number of these producers area unit about to the tip at that stuff is equipped, whereas others area unit nearer to the tip that deals with final consumers or users.

Distribution is one of four selling combine that deals with the method of moving product from its producing supply to its client it helps business concern to attain its primary objectives. Distribution arrangement are unit amongst the foremost necessary factors that Associate in Nursing effect on} the success within the market of an organization's merchandise and services. The place or distribution component of the selling combine refers to the channels and for a location that serves use to every of their consumers for instance direct sell from manufacture to final client represents the shortest channel, longer channel might involve manufacture, one or a lot of service agents, retailers and final customers (Anderson and John, 1997). Distribution strategy influences valuation choices should take into consideration the scale of the gross margins those middlemen's prices and their profit objectives because the cope and importance of the activities every is to perform for the manufacture (Cuneiform, 1985).

As Coughlan et al. (2006) expressed, marketing is that the path by that all product and services should travel gain the supposed client. Conversely, it additionally describes the pathway payments build from the tip client to the first seller. Distribution channels are short or long and depend upon the number of intermediaries needed to deliver a product or service. A marketing as

a group of freelance organizations concerned with the method of creating a product or service offered to be used or consumed. The final word goal of marketing is to bridge the gap between producers and customers by adding worth to merchandise or services. Typically, makers, Intermediaries (wholesaler, retailer, specialized) and finish users area unit are perceived because the key actors of a marketing (Coughlan et al., 2006).

2.3. Distribution Channel Strategy

Palmatier et al. (2016) opined that, channel strategy is the set of activities focused on designing and managing a marketing channel to enhance the firm's sustainable competitive advantage and financial performance. In another perspective, channel strategy is concerned with the entire process of setting up and operating the contractual organization that is responsible for meeting the firm's distribution objectives (Rosenbloom, 2013). Segetlija et al. (2012) identified two major channel strategy alternatives to be the direct channel and the indirect channel. According to them, in a direct channel, the producer sells directly to final consumers through its own sales force. But, this has evolved overtime from the traditional face-to-face selling in the market place to modern selling through the internet in the market space (Berkowitz et al., 2000).

Where it is employed, direct channel strategy leads to disintermediation or elimination of supply chain middlemen (Kotler and Armstrong, 2006). The practice of direct channel strategy is usually aimed at enhancing the efficiency of marketing activities in the areas of communication and distribution and building loyal and profitable customer base (Moller and Halinen, 2000). Indirect channel involves the use of independent intermediaries in the target market (Nhem, 2016).

In addition to opinions in literature regarding the channel practices of direct and indirect strategies of distribution in marketing, multichannel strategy in marketing channels, multichannel retail and multiple marketing channels have all been discussed in literature by various authors (Berman and Evans, 2012; Berman andThelen, 2004; Rosenbloom, 2013; Venkatesen et al., 2007). Multiple channel strategy is a channel strategy that combines traditional and electronic channels (Berman andEvans, 2012). This occurs when an organization uses two or more marketing channels to reach one or more customer segments (Kotler and Keller, 2009).

In addition to the use of internet-based online channels, Rosenbloom (2013) provided a list of other channels that can be combined in a multichannel structure as retail store channels, mail

order channels, wholesale distributor channels, sales representative channels, call center channels, company sales force channels, vending machine channels and company owned retail store channels.

The high expectations of today's customers, which cannot be easily satisfied by one channel strategy structure is a major justification for the increased adoption of the multichannel strategy practices among businesses worldwide (Thornton and White, 2001). To meet these expectations, firms must develop multichannel strategy that complement rather than undermine each other (Rosenbloom, 2013).

2.4. Distribution Channel Administration

Like alternative areas of business, promoting channels need careful administration as superior channel management policies and techniques facilitate a firm attain a differential advantage however concomitantly square measure tough to duplicate (Shusterman, 2013). promoting channel management refers to the method of analyzing, planning, organizing, and dominant a firm's promoting channels (Coughlan et al., 2005). As mentioned in various articles and textbooks, it includes seven call areas: (1) formulating channel strategy, (2) planning promoting channels, (3) choosing channel members, (4) motivating channel members, (5) coordinative channel strategy with channel members, (6) assessing channel member performance, and (7) managing channel conflict (Mehta et al., 2000). Hutt and Speh (2013) emphasize that the first roles of channel administration are; choice of channel members and motivating channel members.

The method of choosing channel members or intermediaries is Associate in Nursing in progress process thanks to the very fact that they have a tendency to depart the channel from time to time, basing on totally different circumstances: market's changes, downside inside their businesses, etc. (Hutt and Speh, 2013). Therefore the method of selecting intermediaries ought to be fine managed so as to not scale back the price of search to the minimum (Coughlan et al., 2005). the foremost vital step to be created so as to satisfy the goal is to secure sensible intermediaries. The lists of probable intermediaries are often reduced to many by obtaining the knowledge concerning the candidates from totally different sources: current partners, salespeople.

Potential and actual shoppers or through database and skilled community (Coughlan et al., 2005). nonetheless, it ought to be remembered that the method of selecting the intermediaries isn't a

unidirectional street in the slightest degree, therefore the corporate ought to hassle concerning its name if it desires to possess the chance to decide on the most effective intermediaries (Kumar and Venkatesan, 2005).

After the channel members or intermediaries are hand-picked, they must be maintained by motivating them. Consistent with Hutt and Speh (2013), if the corporate desires to create robust and helpful relationships inside its promoting channels, the company's methods ought to be betrothed to the capabilities and aims of its distributors, representatives and suppliers. The company's managers ought to perpetually cue themselves that the intermediaries square measure freelance and profit-oriented and therefore as presently as they're not happy with this state of affairs they'll leave the promoting channel (Hutt and Speh, 2013).

The motivation of the channel members starts with the conclusion that each relationship inside the channel could be a partnership (Kumar and Venkatesan, 2005). The communication are often improved by product coaching, recognition programs, consultations with the manufacturer's representatives and informational conferences wherever the plans and techniques are going to be mentioned very well. The goal of connexion the plans and strategy ought to be prioritized (Kumar and Venkatesan, 2005). to boot, so as to boost the performance of the channel, the manufacturer has got to improve the knowledge flow among channel's participants (Hutt and Speh, 2013). This will be created by setting periodical council's conferences among the representatives whose aim are going to be to review distribution policies, offer recommendation on promoting strategy and provide trade intelligence (Hutt and Speh, 2013). Motivation of channel intermediaries can even be increased by setting sensible commission policies since the most aim of the promoting channel's participants is to induce profits (Coughlan et al., 2005). Lastly, makers ought to build trust between and among intermediaries. To be competitive, business marketers ought to build effective networks and collaborations inside channels, and no-hit cooperation exists only if the partners trust one another (Hutt and Speh, 2013).

2.5. Distribution Channel Objective

A company will style any variety of channels they need. Channels square measure classified by the quantity of intermediaries between producer and client (Kotler and Helen Keller, 2009). coming up with a promoting channel concerns analyzing client desires, establishing channel objectives, and distinctive and evaluating the main channel alternatives (Kotler and Helen Keller,

2009). In coming up with the promoting channels, the seller should perceive the output levels desired by the target customers. Channels manufacture 5 service outputs, these include; heap size - the quantity of units purchase on/in one occasion, Waiting time - the typical time customers of that channel await receipt of the products, abstraction convenience - the degree to that the promoting channel makes it simple for purchasers to get the merchandise, Product selection - the assortment breadth provided by the promoting channel; commonly customers like bigger assortment as a result of a lot of selections increase the possibility of finding what they have and last, Service backup - the add-on services provided by the channel (Da timberland, 2008).

According to DA timberland (2008), channel objectives ought to be expressed in terms of targeted service output levels. Channel objectives vary with product characteristics. The company's channel objectives square measure influenced by; nature of the merchandise, company characteristics, characteristics of intermediaries, competitors' channel and environmental factors. Nature of the merchandise needs a lot of marketing to avoid delays and an excessive amount of handling (Kotler and Helen Keller, 2009). Company characteristics determine that functions it will handle, what number channels it will use, that transportation is used.

Characteristics of intermediaries, intermediaries disagree in their talents to handle promotions, client contact, storage and credit e.g. the company's own sales division is a lot of intense in commerce. Competitors' channel, some firms could like better to vie in or close to a similar shops that carry competitors' product, some might not. Environmental factors, economic conditions and legal constraints have an effect on channel style choices producers need to distribute their product within the most economical manner, exploitation shorter channels (Kotler and Helen Keller, 2009).

The provider of a product, service or plan can have clear distribution or promoting channel objective that he or she's going to need the chosen channel of distribution to attain. Morden (1991) has known 9 distribution or promoting channel objectives. These objectives, that should be achieved on an eternal and consistent basis include:

- ☛ Appropriate and adequate marketing can modify the firm to attain penetration, market share aid competitive position.

- ☞ Access to the markets and to focus on client segments. It's vital that the channel selected should be capable of giving access to the target market segments. Do these channels serve the suitable geographic and demographic areas? Is that the coverage of the market to be intensive with product, service or plan being wide available? Or is it to be selective and restricted to focus on locations constrictive specific client types?
- ☞ Relative value effectiveness in access and dealings worth. It's vital that the promoting manager use a channel of distribution that yields some net profit or advantage relative to the prices or disadvantages incurred in using it.
- ☞ Competitive illustration and reseller effort. The selection or availability of channel sort is a key determinant of whether the seller will really implement his competitive distribution methods. Will he or she gain a level of illustration within the market specified product or service will vie on equal terms with similar product or services? Will channel of distribution use typically offer competitive advantage and what's the value of that advantage?
- ☞ Motivation of middlemen or sales personnel. The promoting manager is anticipated to develop effective psychological feature methods for the middlemen and company sales personnel. Generally, middlemen stocks a good variety of merchandise a number of which can be directly competitive. He is able to do this by-motivating the middlemen into achieving consistent and effective sales of the company's product or services. Motivating the middlemen to place a lot of effort into commerce the company's product once he stocks a spread of competitive merchandise. This could be achieved by exploitation sales promotional tools to sensitize the center and sales men to figure more durable.
- ☞ Revenue returns from resellers. The promoting Manager can prefer to optimize his revenue returns from the middlemen or intermediaries used. He would be terribly effective during this regard once a number of the objectives printed higher than square measure achieved.
- ☞ Cost effectiveness in physical distribution. Physical distribution worries with the particular movement of products to their purpose of sale and to locations of storage before sale. the selection of associate explicit pattern of distribution can entail the

employment of an acceptable transportation and storage system. The corporate ought to attempt to use the foremost value effective physical distribution strategy.

- ❏ Customer access to repairs and union facilities. It's pertinent to notice that patrons in goods markets typically suppose retailers, dealers etc. for repairs and union activities and alternative sorts of after-sales-services. This may modify a firm to own edge over its competitors.
- ❏ Cost-effectiveness of client service. The promoting manager needs to balance the value of providing the mandatory level of service to the client at intervals its channels of distribution against the promoting associated competitive advantages to be gained by providing an accessible and economical commonplace of client service.

2.6. Distribution Channel Preference and Effectiveness

After the channel objectives are determined, the corporate ought to determine its major channel alternatives in terms of; (1) kinds of intermediaries, (2) the quantity of intermediaries required, and (3) the terms and responsibilities of every channel member (Kansal, 2011). The companies ought to determine the various kinds of obtainable intermediaries to hold on its channel work. Intermediaries are people or businesses that create it attainable for the merchandise to form it from the manufacturer to the tip user, primarily facilitating the sales method (Kumar and Venkatesan, 2005). There ar four basic kinds of promoting intermediaries, that include: agent, wholesalers, distributors and retailers. Associate in Nursing Agent is Associate in nursing freelance individual or company whose main operate is to act because the primary marketing arm of the producer and represent the producer to users. Agents take possession of merchandise however doesn't really own them (Kansal, 2011).

Agents sometimes create profits from commissions or fees acquired the services they supply to the producer and users. Wholesalers are severally in hand companies that take title to the merchandise they handle. The wholesalers own the merchandise they sell. Wholesalers purchase product in bulk and store it till they'll sell it.

Wholesalers typically sell the merchandise they need purchased to alternative intermediaries, sometimes retailers, for a profit. Distributors are like wholesalers, however with one key distinction. Wholesalers can carry a range of competitor merchandise, as an example cola and Coke merchandise, whereas distributors solely carry complementary product lines, either cola or

Coke merchandise. Distributors can take title to merchandise and store them till they're sold. A merchandiser takes title to or purchases merchandise from alternative market intermediaries. Retailers will be severally in hand and operated on a little scale or they'll be a part of an outsized chain. The merchandiser can sell the merchandise it's purchased on to the tip user for a profit (Kansal, 2011).

After major intermediaries are known, the corporate ought to elect the quantity of intermediaries to use. 3 methods obtainable are; Exclusive distribution, Intensive distribution and Selective distribution (Kotler and author, 2009). Exclusive distribution involves a restricted range of intermediaries with Associate in nursing exclusive dealing arrangement wherever the resellers agree to not carry competitor brands. This strategy is suitable for specialty merchandise that ar costly, occasionally bought and need service or information to suit them to buyers' wants, like Rolex watches, Mercedes-Benz and Rolls Royce vehicles (Kotler and author, 2009). In Selective distribution solely elect obtainable shops in {an ara|a neighborhood|a district|a region|a locality|a vicinity|a part|a section} are chosen to distribute a product. the corporate doesn't got to dissipate its efforts over too many retailers, it allows the producer to realize adequate market coverage with additional management and fewer price than intensive distribution (Kotler and author, 2009). Kotler and author (2009) add that it's applicable for looking of merchandise, that shoppers are willing to pay longer visiting in many stores to check costs, designs, styles, and alternative options of that merchandise. Intensive distribution is that the use of all obtainable shops to distribute a product. it's appropriate for convenience merchandise like soft drinks, bread, candy, newspapers, etc. as a result of they need high replacement rate and need virtually no service (Kotler and author, 2009). Multiple channels are accustomed sell this merchandise.

Each channel different must be evaluated against; economic, management and reconciling criteria. Vibhash and Lakshmi (2008) make a case for that under; a) Economic criteria, a corporation compares the possible sales, prices and profitableness of various channel alternatives; b) management criteria, the corporate should conjointly think about management problems since exploitation intermediaries sometimes means that giving them some management over the promoting of the merchandise, and a few intermediaries take additional management than others, and eventually c) reconciling criteria, the corporate should apply reconciling criteria as a result of channels usually involve long run commitments, however the corporate desires to

stay the channel versatile in order that it will adapt to environmental changes. Channel involving long run commitments ought to be greatly superior on economic and management grounds (Vibhash and Lakshmi, 2008).

After the quantity of intermediaries required are known, the terms and responsibilities of every channel member ought to be set (Kansal, 2011). Every channel member should be treated with all respect and given the chance to be profitable. The most parts are; 1) value policy – list, schedule of discount and allowances, 2) Conditions of sale – payment terms and producers' guarantees, 3) Distributors territorial rights – distributors' territories and therefore the terms underneath that the producer can enfranchise alternative distributors, and 4) Mutual services and responsibilities - significantly in franchised and exclusively-agency channels. The franchiser provides promotional support, training, record keeping system, etc. (Kansal, 2011).

2.7.Sales Performance

Dop and Racolta-Paina (2013) outlined promoting performance because the measure and assessment of selling results exploitation specific indicators. From another perspective, felt hat et al. (2007) outlined promoting performance because the effectiveness associated potency of an organization's promoting activities with relation to market-related goals, like revenues, growth and market share. Moreover, within the opinion of Morgan et al. (2002), promoting performance may be a three-dimensional construct, consisting of effectiveness, potency and adaptableness.

Marketing performance is one in every of the varied aspects of structure performance that is giving promoting professionals increasing pressure on the requirement to justify firm's investments or expenditure on promoting (Gao, 2010). not like promoting irresponsibleness that concentrate on the monetary contributions of selling (Powell, 2002), promoting performance focuses on a broader dimension (Kokkinaki and footer, 1999) with monetary contribution solely as a sub-set. The main focus of this study with relation to promoting performance within the fast-moving commodity business was supported the broader dimension instead of solely monetary contributions. However, the challenge previously and in recent times isn't very on whether or not promoting performance is one-dimensional or three-d. Rather, it's the power of selling to demonstrate its contributions to firm's performance that has been attracting unpleasant comments toward it, each as an inspiration and a profession (Ambler and parliamentarian, 2008).

Perspectives on promoting performance measure have over time evolved from the utilization of economic measures to non-financial measures (Gao, 2010). Some early studies on promoting performance measure targeted a lot of on monetary measures like sales units and sales values, income and profits (Bonoma and Clark, 1988). However contrary views have earlier criticized the utilization of those measures for promoting performance as a result of they lack thought for long factors (Eccles, 1991). These new views embraced non-financial measures {of promoting|of selling|of promoting} performance from the views of selling input resulting in marketing outputs. The argument was that promoting inputs (or activities) ought to manufacture intermediate outcomes like client satisfaction, client loyalty and whole equity (Davidson, 1999). These intermediate outcomes are thought-about as promoting assets to companies which may successively result in monetary performance within the long-term as against measurement promoting performance entirely exploitation monetary measures. In different words, the non-financial measures of selling performance offer sturdy basis for enhancing monetary performance (Srivastava et al., 1998).

Further categorization of selling performance that cut across monetary associated non-financial measures were steered in an beta analysis by Kokkinaki and footer (1999) that include: monetary measures (such as sales volume and turnover, profit, come back on capital); competitive market measures (such as market share, share of voice, relative value and share of promotions); client behavior measures (such as penetration and variety of users, user and client loyalty and user gains and losses); client intermediate measures (such as awareness, attitudes, satisfaction, commitment, shopping for intentions and perceived quality); direct client (trade) measures (such as distribution or accessibility, client gain, satisfaction and repair quality).

A further review of literature showed that, promoting performance is measured exploitation the normative and also the discourse approaches (Morgan et al., 2002). The normative approach describes the chain-like method through those promoting actions translates into monetary performance. Simply put, normative approach describes promoting performance as consisting of successive impacts like client impact, market impact, monetary impact and impact on firm worth. On the opposite hand, viewing discourse approach from the angle of contingency theory, the foremost effective promoting performance measure system is one that most accurately fits associate organization's goals, strategy, structure and surroundings (Morgan et al., 2002).

2.7.1. Sales Performance Measures

Sales performance is defined by Johnston and Marshall (2006) as “behavior evaluated in terms of its contribution to the goals of the organization”. And they further explained, in their study, by separating performance with two areas of sales performance constructs as “relationship performance” and “outcome-based performance”.

To explain the two areas of constructs in a detail concept, first, they expand the importance of relationship marketing as six key constructs i.e., (i) Mutual trust between parties; (ii) Commitment towards mutual benefits; (iii) Empathy towards all parties; (iv) Maintenance of relationships; (v) Provisions of favors to parties; and (vi) Full reciprocation of favors. Second, outcome-based sales performance measures are an important aspect in measuring salesperson performance (Johnston and Marshall, 2006).

Whereas Ahearne et al. (2013) defined salesperson performance measurement as “Sales as a percentage of quota (i.e., sales quota achievement), which is calculated as dollar sales in a given month divided by the period’s sales quota, to measure each salesperson’s performance”. Johnston and Marshall (2006) added another outcome-based sales performance, i.e., quota achievement, growth in average billing size, increases in sales productivity, and overall revenue gain. They also described five sales performance measurements. That is; meeting budgeted sales volume, distribution network expansion, reduce outstanding in the market, reduce slow moving inventory from the sales channel and galvanize the sales team by making them competent and confident.

2.8. Theoretical review

A theory is a set of assumptions, plans, or accepted facts that tries to provide a plausible or rational explanation of cause-and-effect relationships among a group of perceived phenomenon. A theoretical framework on the other hand is a group of related ideas that provides guidance to a research project or business endeavour (Zahra, 1996). The study was anchored on four innovation theories and they were discussed below.

2.8.1. Coalition theory

The Coalition theory explains that weaker (smaller) channel member’s square measure at risk of dominance by additional powerful channel entities (Harvey, 1975). Channel members could unite in a trial to decrease conflict among them or to safeguard themselves against additional

dominant power figures within the channel of distribution. This theory indicates that with increased power, promoting flows square measure controlled and thus goal attainment (sales performance during this case) is additional seemingly to occur (Harvey, 1975).

2.8.2. Dialogue theory

The dialogue theory states that a vital thing about channel relationships between makers and retailers is that the relative dialogue power of each party (Iyer and Villas-Boas, 2003). Dialogue the terms of trade a selling channel consists of a manufacturer that produces the merchandise and a retail intercessor that takes a market action and sells the merchandise to the buyer market. Relationships between makers and their retailers usually turn on the importance of negotiation and its effects on every party's share of the pie, yet as on channel coordination parties (Iyer and Villas-Boas, 2003).

The speculation of distribution channels states that every company within the channel should charge enough to pay expenses and leave a profit (Bucklin, 1966). In line with this theory, knowing wherever you're within the channel helps you perceive your prices and mark-up desires. If you're close to the tip of the channel, you'll pay the foremost for a product, as a result of it's been marked abreast of its thanks to you. If you are close to the start, you'll be expected to charge what area unit unremarkably known as wholesale costs, as a result of your patrons perceive you incur less expense at the beginning of a channel (Bucklin, 1966).

2.9. Empirical Review

Adimo and Osodo (2017), investigated the connection between differentiation strategy and performance of Sameer Africa Ltd set in capital of Kenya, Kenya. This study centered the extent to that channel differentiation strategy adopted by Sameer Africa (K) restricted influenced the company's performance. From the findings of the study, majority of the respondents believed that Sameer Africa (K) Ltd might attain competitive advantage through channel differentiation. This recommend that a rise in channel differentiation strategy like use of market trends to see most acceptable channel strategy, use of various channels with the aim of minimizing value of distribution, marketing a number of the merchandise and services through intercessor and complementary companies and applying completely different distribution channels therefore on satisfy distinctive client wants would end in a rise in performance through market share, revenue, sales and client satisfaction.

A research conducted by Mwanza and Ingari, (2015) in African nation has shown that macro-environmental factors like technological, social cultural, political and physical variables further as internal variables play necessary roles in influencing the channel structure and performance. per economic channel theory, the “ideal” distribution system is one determined by exploring what the shoppers wish in terms of service outputs from the channel, what quantity they're willing to get a given service level, however the services is provided to them, and what the prices of the choice distribution channels area unit (Stern et al., 2006). As a result they argue that it is determined that distribution system most with efficiency meets the clients’ needs and it is acknowledged that the channel strategy adopted by a firm ought to take a customer perspective and analyze the output from the business a part of the various distribution channels and relates it to the customers’ prices and edges from the various levels of service output offered by the obtainable distribution channels (Cohen et al., 2003).

Karimi (2015) conducted study on the determinants of selling channels. the target of the study was to see the results of selling ways on sales performance of economic banks in African nation. The study was meted out in capital of Kenya. The target population was the forty three business banks registered by the financial organization of African nation. The scientist collected knowledge victimization semi structured questionnaires. The quantitative knowledge generated was analyzed with the assistance of applied mathematics Package for Social Sciences. The study disclosed that promoting has become a serious operate within the industry as a results of exaggerated competition led to by bank consolidation and reforms. The findings of the study show Associate in nursing overall significance of the promoting variables adopted.

In most of Ethiopian companies’ merchandise and services area unit sold-out through their own retailers or wholesale to alternative resellers in cities of the country. Since it's troublesome to induce paper works on experiences of distribution networks of firms in Federal Democratic Republic of Ethiopia, the study has tried to ascertain some because the following; Sutton and Kellow (2010) study assessed fifty leading firms in Federal Democratic Republic of Ethiopia, and in their own study they tried to describes the history and current capabilities of Ethiopia’s leading industrial firms (agribusiness, producing and construction) with the assistance of the companies’ profiles. With reference to the distribution network practices of the 50s leading companies; their study represented most companies’ distribution experiences. except for the

good thing about discussion, following companies' distribution practices area unit explained as "better" practices of distribution. Ahadu P.L.C. (Within its completely different attached firms of the P.L.C., there exists wholesaling, personal marketing, marketing and distribution outlets); AQ Roses P.L.C. (Own sales and distribution network firms in Netherland); Cement Factories (Muger and Mesebo) (Distribution agents and sales outlets); geographical area Holdings S.C (It has extremely developed distribution system and distribution outlets); Nas Foods (Distribution networks in nearly each zones of the country); Red Fox (Well established distribution networks in international markets); and Sebeta Agro business (Different distribution channels to plug products: wholesale stores and direct delivery for bulk orders).

Markos (2013) studied the distribution practices of MOHA beverage business and are available up that, MOHA has used direct and indirect distribution through its own sales department, trucks, agents and subagents throughout the country, severally. Per his survey study, the (agent) indirect distribution of the corporate takes solely fifteen.1%, the direct distribution conjointly used fifty seven.3% of the time, wholesalers' distribution was three.1% and also the remaining percent was distributed by "other suggests that of distribution". The study more showed that, there's major distribution downside fifty four. 2% and most of the respondents weren't happy sixty two. 6% by the distribution strategy of the corporate too.

On the opposite hand, the Coca-Cola Company has its own distribution channels within which it works the regular distribution methodology by wishing on trucks and by the network of affordable small Distribution Centers (MDC). The MDCs area unit Associate in Nursing severally owned and surpass native entrepreneurs together with the areas of "Hard to reach". the corporate has established a systematic method for assessing the requirement and locations for MDCs, recruiting house owners and operators, and providing help with fixing operations of a brand new MDC.

According to Serkadis (2010) study on distribution and channel choice apply in Meta Aussie distillery Company, the condition of the corporate regarding receiving and handling the knowledge is low. 37.78% and four-hundredth of shops rated as medium and low severally and around twenty two.22% of them same it's terribly low. Whereas 13.33% and four-hundredth of the wholesalers rated as terrible high and medium severally. However, 46.67% of them same it's

low. The on top of figure witness that the corporate failed to build and maintain sensible and formal communication with distributors particularly with retailers.

2.10. Research Gaps

From the empirical analysis of literature reviewed by the researcher, it is possible to conclude that; generally the result of conducted studies on the distribution channels practice was varied from one company to other companies and determinants factors are different across the companies based on their business types and this can be evidenced from the result of studies conducted by Tilahun (2010), Fikre (2010), Alemayehu (2010), Terefa (2014), Nega (2014) and Demeke (2014). All researchers mentioned above were tried to distinguish the distribution channels adopted by different companies in different business sector. But they don't try to examine the influence of distribution channels on sales performance. Hence, by giving consideration for the above research gap, this study focuses on what is essentially the influence of distribution channels on sales performance in Ethiopia evidenced from Ahadukes Food Products Share Company.

2.11. Conceptual Framework

The figure below was the proposed conceptual framework which is designed to serve as the foundation of the study. The theoretical framework will help researchers to examine the relationships between dependent and independent variables and towards the factors that influence the dependent variable. Thus, this study presents the influence of distribution channel strategy, distribution channel administration, distribution channel objective, and distribution channel preference and effectiveness on sales performance. And there are four independent variables which are distribution channel strategy, distribution channel administration, distribution channel objective, and distribution channel preference and effectiveness, while sales performance is the dependent variable. The proposed framework contains four hypotheses which were tested in determining the relationship between the variables.

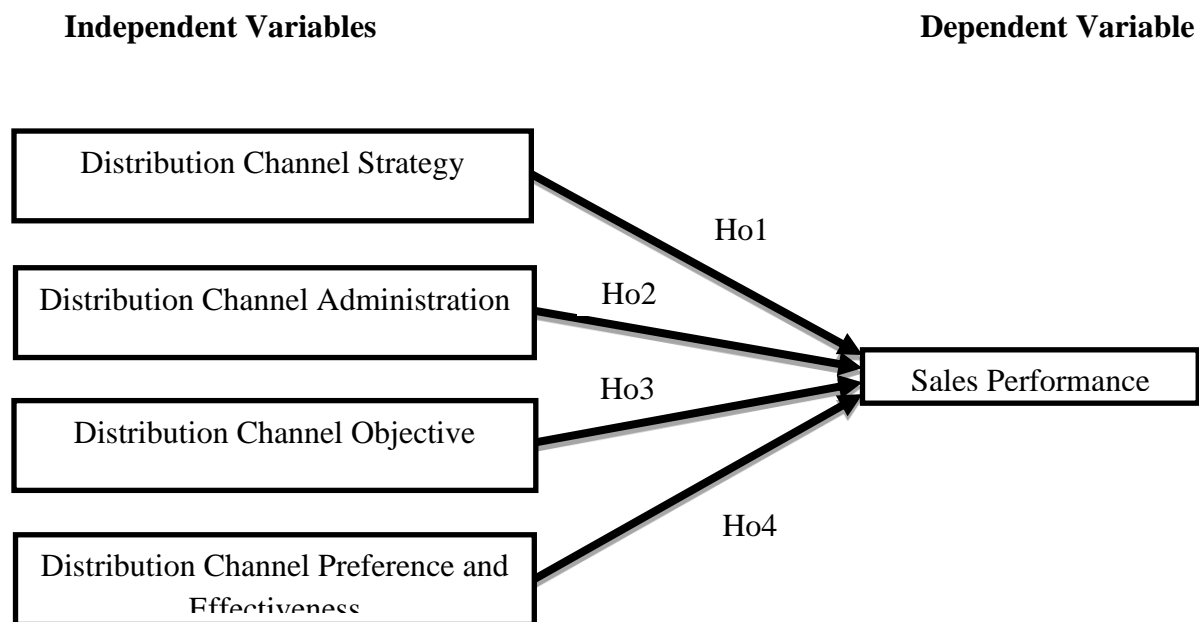


Figure 1: The conceptual framework

2.12. Research Hypotheses

A research hypothesis is a predictive statement capable of being tested by scientific methods that relates independent variables to some dependent variable (Kothari, 2004). It is a statement about the relationship between the dependent and independent variables to be studied.

The development of the research model is based on the theoretical framework mentioned in the literature review. Thus, the following hypotheses are set for the study under consideration:

Ho1: Distribution channel strategy has significance influence on the sales performance of Ahadukes Food Products Share Company.

Ho2: Distribution channel administration has significance influence on the sales performance of Ahadukes Food Products Share Company.

Ho3: Distribution channel objective has significance influence on the sales performance of Ahadukes Food Products Share Company.

Ho4: Distribution channel preference and effectiveness has significance influence on the sales performance of Ahadukes Food Products Share Company.

Chapter Three

Research Design and Methodology

This chapter deals with the research design of the study; sources of data; population, sample and sampling techniques; data collection instruments; data collection procedures; methods of data analysis and interpretation; reliability and validity of instruments; and the ethical considerations in the study.

3.1. Research Approach

Since the aim of this research is studying the influence of independent variables (distribution channel strategy, distribution channel administration, distribution channel objective and distribution channel preference & effectiveness) on the dependent variable (sales performance), and involves numerical scales, which represents respondents' attitude and objective assessment of the research variables. Thus, among the two dominant approaches (qualitative and quantitative research approaches), quantitative research approach was employed for this research.

According to Kothari (2004) quantitative research approach involves the generation of data in quantitative form which can be subjected to rigorous quantitative analysis in a formal and rigid fashion, whereas, qualitative research approach is concerned with subjective assessment of attitudes, opinions and behavior. The numeric values can, then, be used in statistical computations and hypothesis testing, whereas, qualitative researchers are more interested in observing, listening, and interpreting. For these reasons, qualitative research approach said to be more subjective, meaning that the results are researcher-dependent. Therefore, due to these reasons, to attain objectivity in testing hypothesis, and controlling subjective interference from the result, it was apparent to employ quantitative research approach for this study.

3.2. Research Design

As Zikmund et al. (2009) noted, choosing for a research design which can specifies the methods and procedures for collecting and analyzing the needed information and provides a framework or plan of action for the research is essential.

Among the many designs, the survey research design is common strategy in business and management research and is most frequently used design to answer who, what, where, how much

and how many questions. It also enables the researcher to suggest possible reasons for particular relationships between variables and to produce models of these relationships, as Saunders et al. (2009) suggested. According to him, the survey strategy allows collecting quantitative data which can be analyzed quantitatively by using descriptive and inferential statistics. Likewise, the research objective, in this study, also requires employing both descriptive and inferential statistics, and getting optimum data from the population.

Due to these reasons, survey design was found appropriate for this research. Moreover, in studying the relationship of dependent and independent variables, as noted by Saunders et al. (2009), it is appropriate to categorize this research as descriptive survey research.

3.3. Planning research process

According to Saunders et al. (2009), in planning the research process, there are two dimensions of time to be considered, namely: cross sectional and longitudinal. Cross sectional studies involve the study of a particular phenomenon (or phenomena) at a particular time and often employ a survey strategy. On the other hand, as Zikmund et al. (2009) coined, longitudinal studies help us to examine continuity of response and to observe changes that occur over time.

In this regard, because of the time constraint; and since this research concerned the current practice of distribution channels and their influence on sales performance; and above all since the study was employed survey design and a onetime data collection was needed, cross sectional study was employed.

3.4. Population, Sampling and Sample Size Determination

3.4.1. Population of the Study

According to Perry (2003), a population refers to all the elements in a well-defined collection or set of values. And also, he describes population as all members of any well-defined class of people, events or objects. Since this study focuses on assessing the influence of distribution channel on sales performance, the major entities to be studied were members of sales and marketing departments including the distributors of the products in different regions of sales area of Ahadukes Food Products Share Company. There is a total of 52 members in these departments operating in the company. The study targets these 52 members as a population of the study.

3.5. Data Source and Type

The sources of data for this study were the members of sales and marketing departments including the distributors of Ahadukes Food Products Share Company. To measure the dependent and independent variables, to meet the research objectives and answer the research questions developed under study, as Kothari (2004) noted, there should be keep in mind two types of data; which are primary and secondary data. The primary data are those which are collected afresh and for the first time, and thus happen to be original in character. The secondary data, on the other hand, are those which have already been collected by someone else and which have already been passed through the statistical process.

In this regard, to maintain originality, primary data (on distribution channels and sales performance) were collected using self-administered questionnaire from the targeted sample respondents. Furthermore, to strengthen the analysis and to relate results with established frames and conclusions, previous studies and published research outputs were used.

3.6. Data Collection Instruments

Perry (2003) defines data collection tools as the instruments used to collect information in research or the methods employed to collect research data. The choice of the methods to use is influenced by the nature of the problem and by the availability of time and money (Cooper and Schindler, 2006). The researcher was used questionnaires to collect primary data from all participants of the study. Cooper and Schindler (2006) argued that a questionnaire is efficient as a research tool because the researcher is likely to obtain personal ideas from a respondent.

3.6.1. Instruments of Distribution Channel

To measure the independent variables (distribution channel) closed-ended questionnaires were used. The questionnaire has 26 items in five-point Likert scale ranges from 1 (Strongly Disagree) to 5 (Strongly Agree) and respondents was requested to evaluate the practice of distribution channels in Ahadukes Food Products Share Company. The questionnaires have items represented four categories: distribution channel strategy (8 items), distribution channel administration (8 items), distribution channel objective (5 items) and distribution channel preference and effectiveness (5 items). The researcher used the instruments adopted by Shoham et al. (2008) and modified by the researcher Awoke (2019). In this study sub scales of distribution channels were found reliable with Cronbach's alpha coefficient score of 0.811 for distribution channel strategy,

0.890 for distribution channel administration, 0.807 for distribution channel objective and 0.862 for distribution channel preference and effectiveness.

3.6.2. Instruments of Sales Performance

To measure the dependent variable (sales performance) closed-ended questionnaire adopted by Awoke (2019) was used. The participants rated themselves on a five-point Likert scales ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The questionnaire has 8 items of sales performance. The reliability score for this scale in this study (Cronbach's coefficient alpha) was 0.891.

3.7. Pilot Testing

According to Kothari (2004), testing the data collection instruments for their understandability in terms of clarity, validity, readability and completeness has paramount importance. Accordingly, this process allows checking whether sample respondents understand instructions and the meaning of each question and if they get difficulties in responding for questions.

A pilot study was done on the channel members of Coca Cola Company in Addis Ababa areas to test for the reliability and the validity of the questionnaires. Subsequently, 10 questionnaires were distributed for pilot testing and it was found that, there were difficulties in understanding of some questions in the instruments. In this regard, upon finalizing the pilot test, without making significant change on the original tool, some adjustments were performed on the instruction and wording of these items in all instruments.

3.8. Reliability and Validity of Instruments

As discussed previously, at the instrumentation section, all instruments to measure practice of distribution channel and sales performance were found reliable and valid in measuring the variables in previous study of Awoke (2019). To this end, to make sure the instruments employed in this research were free from errors, consistent and to check for stability of the measurement, questionnaire was tested before embarking on data collection to ensure its validity and reliability.

Consequently, to ensure its validity, six experts on marketing management were requested to comment on the representativeness and suitability of the questions in each subscales of the independent variables. They were also asked to comment on the wording of each statement (items). By doing so, the content validity and face validity were insured. Moreover, to ensure

construct validity, literatures, books and journal articles were reviewed. To this end, some adjustments were made on instruments without making significant change on the original tool.

To check for reliability of the instruments, those 10 questionnaires, distributed for pilot testing, were used for reliability analysis; and sales performance instrument scored Cronbach's Alpha coefficient of 0.702. Furthermore, the assessment tool to measure distribution channel practice was reliable with Cronbach's alpha coefficient of 0.710.

3.9. Data Collection Procedures

The research data collection procedure followed the subsequent patterns: respondents were communicated and were asked for their consent to participate in the research; once their consent is obtained, respondents, then, notified how anonymity, confidentiality and ethical principles are preserved during the research process; next, questionnaires were distributed to all selected respondents, during personal meeting, with a covering letter for each respondent. The researcher administered the questionnaire individually to all respondents of the study. The study exercises care and control to ensure all questionnaires that are issued to the respondents are received.

3.10. Data Analysis and Interpretation

According to Kothari (2004), data analysis is the computation of certain indices or measures along with searching for patterns of relationship that exist among the data groups. Analysis, particularly in case of survey design, involves estimating the values of unknown parameters of the population and testing of hypotheses for drawing inferences. Analysis may, therefore, be categorized as descriptive and inferential analysis.

In this regard, to describe the respondent's characteristics, descriptive statistics was employed and frequency distribution (percent), central tendency (mean) and dispersion (standard deviation) were used. Furthermore, to describe the status of subscales of distribution channel and sales performance, the summary of subscales was presented in a table.

Precisely, this study was needed to assess the influence of the independent variables (Distribution Channel Strategy, Distribution Channel Administration, Distribution Channel Objective and Distribution Channel Preference & Effectiveness) on the dependent variable (Sales Performance). To measure the relationship of variables and to answer the research questions and to test the research hypotheses correlation analysis (Pearson's Product Moment

Correlation Coefficient) was employed. Correlation coefficient is a measure of how closely related two variables are.

Multiple regressions were attempted to determine whether a group of variables together predict a given dependent variable (Cooper and Schindler, 2006). The study was used multiple linear regression analysis to test the statistical significance of the various independent variables (Distribution Channel Strategy, Distribution Channel Administration, Distribution Channel Objective and Distribution Channel Preference & Effectiveness) on the dependent variable (Sales Performance). And also, to test for the significance of the combined effect of the independent variables on dependent variable, ANOVA for regression was carried out. Kothari (2004) states that multiple linear regressions is used in situations where the number of independent variables is more than one.

The following multiple linear regression model was used to fit the data.

$$y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + e$$

Where;

- x_1 = is Distribution Channel Strategy (DCS)
- x_2 = is Distribution Channel Administration (DCA)
- x_3 = is Distribution Channel Objective (DCO)
- x_4 = is Distribution Channel Preference & Effectiveness (DCPE)
- y = is Sales Performance (SP)

β_0 is the value of dependent variable when all the independent variables are 0

β_i is the regression coefficients which measures the change induced by x_i on y ($i = 1, 2, 3, 4$)

e is the error term

3.11. Ethical Consideration

To maintain ethical standards in this study, the entire research was conducted with following and abiding by the general direction of the Addis Ababa University Senate Legislation (2013), sub article 177.2 about academic exercises, unauthorized information, plagiarism, negligence and falsification. Moreover, based on the accepted ethical issues suggested by Saunders, et al. (2009), the privacy of participants was maintained, voluntary nature of participation and the right to withdraw partially or completely from the research process was granted and communicated, maintenance of the confidentiality of data provided by individuals or identifiable participants and their anonymity was secured.

Chapter Four

Data Presentation, Analysis and Interpretation

The collected data has been analyzed and interpreted in this chapter. The reliability of the questionnaire and a summary of the sample profile are first provided, followed by descriptive statistics of the variables and correlation analysis was conducted. Lastly, the result of multiple linear regression analysis was conducted to answer the research questions and the results are interpreted.

4.1. Reliability Analysis

To maintain reliability of the instrument and to make sure that the data collection tool provides consistent results, reliability analysis was conducted on the instrument employed in this research after full scale data collection.

4.1.1. Reliability Analysis for Distribution Channel Instrument

To make sure the selected four subscales (Distribution Channel Strategy, Distribution Channel Administration, Distribution Channel Objective and Distribution Channel Preference & Effectiveness) are reliable measures and to maintain internal consistency of the scale, reliability analysis was conducted and the result presented in the following table as follows.

Table 1: Reliability statistics for each components of distribution channel

No.	Distribution Channel Components	Cronbach's alpha	Number of Items	Result
1.	Distribution Channel Strategy	.815	8	Reliable
2.	Distribution Channel Administration	.718	8	Reliable
3.	Distribution Channel Objective	.708	5	Reliable
4.	Distribution Channel Preference & Effectiveness	.704	5	Reliable

Source: (Field Survey, 2020)

As illustrated in table 1, the components of distribution channel were tested for their reliability in measuring the influence of distribution channel on sales performance in Ahadukes Food Products

Share Company. Accordingly, they are found reliable with Cronbach’s coefficient alpha score of 0.815 for Distribution Channel Strategy (DCS), 0.718 for Distribution Channel Administration (DCA), 0.708 for Distribution Channel Objective (DCO) and 0.704 for Distribution Channel Preference & Effectiveness (DCPE). Scales with a coefficient Alpha between 0.70 and 0.80 are considered to have ‘good’ reliability and scales with a coefficient Alpha between 0.80 and 0.95 are considered to have ‘very good’ reliability. Therefore, based on the above test results, we can conclude that, all subscales of distribution channel scored an acceptable Cronbach’s coefficient alpha and the instrument is found reliable for measuring the independent variable.

4.1.2. Reliability Analysis for Sales Performance Instrument

Table 2: Reliability statistics for sales performance

Cronbach's Alpha	Number of Items
.780	8

Source: (Field Survey, 2020)

As indicated in table 2, the 8 items company sales performance scale was tested for its reliability in measuring the sales performance of the Ahadukes Food Products Share Company, and found reliable with Cronbach’s coefficient alpha score of 0.780. Similarly, this instrument was scored high Cronbach’s coefficient alpha and the scale is found reliable.

4.2. Descriptive Statistics

The descriptive statistics conducted on the demographic information of the respondents, the current practice of distribution channel and the level sales performance are presented and discussed below.

4.2.1. Demographic Information of Respondents

Under this section, the demographic information of the respondents which include sex, educational qualification and work experience were presented.

Table 3: Demographic Information of Respondents

Variable	Categories	Freq.	Per.	Valid Per.	Cum. Per.
Sex	Male	19	36.5%	36.5%	36.5%
	Female	33	63.5%	63.5%	100.0%
	Total	52	100.0%	100.0%	
Educational Qualification	2 nd Degree and Above	8	15.4%	15.4%	15.4%
	1 st Degree	23	44.2%	44.2%	59.6%
	Diploma	12	23.1%	23.1%	82.7%
	Below Diploma	6	11.5%	11.5%	94.2%
	Other	3	5.8%	5.8%	100.0%
	Total	52	100.0%	100.0%	
Experience	Less than a year	8	15.4%	15.4%	15.4%
	From 1 to 4 years	21	40.4%	40.4%	55.8%
	From 5 to 10 years	16	30.8%	30.8%	86.6%
	Above 10 years	7	13.4%	13.4%	100.0%
	Total	52	100.0%	100.0%	

Source: (Field Survey, 2020)

As shown in table 3, the majority of the respondents, 33 (63.5%) were female and 19 (36.5%) were male. With regard to educational qualification, the highest number of the respondents, 23 (44.2%) had first degree followed by 12 (23.1%) diploma holders. Therefore, it is possible to say that the product distribution activity in the company has been conducted by those respondents with first degree and diploma holders. To this end, as the organization's primary services are to deliver quality service with quality and high performer employees, the education level and the skill requirement was critical factor for implementing effective distribution channels.

Accordingly, as shown in table 3, in the work experience category, the majority of the respondents which accounts 21 (40.4%) were worked in the company from 1 to 4 years and next to that 16 (30.8%) were experienced from 5 to 10 years. This implies that majority of the respondents have long-lasting relationship with the company and they are capable to give accurate information about the distribution channel in Ahadukes Food Products Share Company.

4.2.2. Perception towards Distribution Channel Components

To assess the existing practice of distribution channel in Ahadukes Food Products Share Company, four components of distribution channel were used and respondents were asked to rate

their level of agreement. Descriptive statistics represents the transforming of raw data into a form that enable researcher to understand and interpret easily in terms of rearranging, ordering and manipulating data in providing descriptive information. The mean and standard deviation were calculated for independent variables (Distribution Channel Strategy, Distribution Channel Administration, Distribution Channel Objective and Distribution Channel Preference & Effectiveness) and dependent variable (Sales Performance). As described earlier, the questions related with both the dependent and independent variables were prepared using a Likert scale. That means, from each perspective questions were prepared in the form of ordinal scale.

In order to explore the perception of the respondents on every variable according to the response of the study, means and standard deviation for the independent and dependent variables were calculated. But, while making interpretation of the results of mean the scales were reassigned as follows to make the interpretation easy and clear (Bassam, 2013). Mean score of less than 1.80 is described as strongly disagree, from 1.81 to 2.60 is described as disagree, from 2.61 to 3.40 is described as neutral, from 3.41 to 4.20 is described as agree and mean score greater than 4.20 is described as strongly agree.

4.2.2.1. Perception towards Distribution Channel Strategy (DCS)

Table 4: Descriptive Statistics for DCS

Code	Distribution Channel Strategy Items	N	Mean	SD
DCS1	Our product is easy for customers to purchase	52	2.2500	0.6824
DCS2	There are various ways in which customers can access our products	52	2.5385	1.1108
DCS3	Our company is flexible on methods of paying for the products	52	2.5577	1.2432
DCS4	It is easy to transport the Daily products	52	2.5000	1.1632
DCS5	Our company has made good progress in understanding how to effectively design channels for distributing products	52	2.6346	1.0670
DCS6	We first analyze customer needs before deciding distributing products	52	2.6923	1.3797
DCS7	Our company deals with agents, wholesalers and other distributors respectfully and treats them well	52	2.5962	1.2249
DCS8	Our pricing strategy give an opportunity to agents, wholesalers and distributors distributors to do business profitably	52	2.5769	1.2579
	Overall DCS	52	2.5433	0.7637

Source: (Field Survey, 2020)

As shown in table 4, based on the statistical data and respondents' evaluation, most of them were disagreed in the practice of overall distribution channel strategy (DCS) in the company with mean and standard deviation of 2.54 and 0.76 respectively. When we see the individual items, the respondents were asked whether the company first analyze customer needs before deciding on distributing products and they rate with mean score of 2.69 and SD of 1.38. This implies that most of the respondents were neutral on the customer needs analyze before deciding on distributing products. In the same way the respondents rate whether the company has made good progress in understanding how to effectively design channels for distributing products with mean score of 2.64 and SD of 1.07.

The respondents were also asked whether the company deals with agents, wholesalers and other distributors respectfully and treats them well and they rate with mean score of 2.60 and SD of 1.23; whether the company pricing strategy give an opportunity to agents, wholesalers and distributors distributors to do business profitably and they rate with mean score of 2.58 and SD of 1.26; whether the company is flexible on methods of paying for the products and they rate with mean score of 2.56 and SD of 1.24; whether in the company there are various ways in which customers can access its products and they rate with mean score of 2.54 and SD of 1.11; and whether in the company it is easy to transport the daily products and they rate with mean score of 2.50 and SD of 1.16. This implies that most ofthe respondents were disagreed on the practice of distribution channel strategy related to these items.

4.2.2.2. Perception towards Distribution Channel Administration (DCA)

Table 5: Descriptive Statistics for DCA

Code	Distribution Channel Administration Items	N	Mean	SD
DCA1	There is good communication between the agents, wholesalers / other distributors and our company	52	2.8077	0.6274
DCA2	Our company frequently trains agents, wholesalers / distributors on customer management	52	2.4231	0.9970
DCA3	Our company prepares recognition programs for agents, wholesalers / other distributors who meet or exceed their sales targets	52	2.4423	1.0368
DCA4	Our company has made good progress in understanding how to manage the process of distributing products	52	2.4038	0.9551

DCA5	We organize periodical meetings with agents, wholesalers / other distributors to review distribution policies to protect distributors and retailers	52	2.4231	1.1087
DCA6	We share industry intelligence information with agents, wholesalers / other distributors to boost sales	52	2.6346	0.9081
DCA7	Our company offers sales support to strengthen the channel partner relationship with wholesalers and other distributor / retailers	52	3.0192	1.1288
DCA8	The way we manage the distribution channel has played a significant role in meeting the customer's needs	52	2.6154	1.0127
	Overall DCA	52	2.5962	0.5697

Source: (Field Survey, 2020)

As shown in table 5, based on the respondents' evaluation, most of them were disagreed in the implementation of overall distribution channel administration (DCA) in the company with mean and standard deviation of 2.60 and 0.57 respectively. When we see the individual items, the respondents were asked whether the company offers sales support to strengthen the channel partner relationship with wholesalers and other distributor or retailers and they rate with mean score of 3.02 and SD of 1.13; whether in the company there is a good communication between the agents, wholesalers or other distributors and our company and they rate with mean score of 2.81 and SD of 0.63; whether the company share industry intelligence information with agents, wholesalers or other distributors to boost sales and they rate with mean score of 2.64 and SD of 0.91; and whether the way that the company manage the distribution channel has played a significant role in meeting the customer's needs and they rate with mean score of 2.62 and SD of 1.01. This implies that most of the respondents were neutral on the practice of distribution channel administration related to these items.

And also the respondents were asked whether the company prepares recognition programs for agents, wholesalers or other distributors who meet or exceed their sales targets and they rate with mean score of 2.44 and SD of 1.04; whether the company frequently trains agents, wholesalers or distributors on customer management and they rate with mean score of 2.42 and SD of 0.10; whether the company organize periodical meetings with agents, wholesalers or other distributors to review distribution policies to protect distributors and retailers and they rate with mean score

of 2.42 and SD of 1.11; and whether the company has made good progress in understanding how to manage the process of distributing products and they rate with mean score of 2.40 and SD of 0.96. This implies that most of the respondents were disagreed on the practice of distribution channel administration related to these items.

4.2.2.3. Perception towards Distribution Channel Objective (DCO)

Table 6: Descriptive Statistics for DCO

Code	Distribution Channel Objective Items	N	Mean	SD
DCO1	Focuses on supplying goods to large masses of customers	52	2.1154	0.7835
DCO2	Considers customers in different geographical areas	52	2.6154	0.9321
DCO3	There is enough consideration for a proper storing of products	52	2.4038	0.9551
DCO4	Customers satisfaction is considered as distribution strategy	52	2.8462	1.1269
DCO5	Company's distribution considers a cost reduction	52	3.1923	1.3582
	Overall DCO	52	2.6346	0.7126

Source: (Field Survey, 2020)

As shown in table 6, based on the respondents' evaluation, most of them were neutral on the implementation of overall distribution channel objective (DCO) in the company with mean and standard deviation of 2.64 and 0.71 respectively. When we see the individual items, the respondents were asked whether the company's product distribution considers a cost reduction and they rate with mean score of 3.19 and SD of 1.36; whether the company's customers satisfaction is considered as distribution strategy and they rate with mean score of 2.85 and SD of 1.13; and whether the company considers customers in different geographical areas and they rate with mean score of 2.62 and SD of 0.93. This implies that most of the respondents were neutral on the practice of distribution channel objective related to these items.

But when the respondents were asked whether in the company there is enough consideration for a proper storing of products, they rate it with mean score of 2.40 and SD of 0.96; and whether the company focuses on supplying goods to large masses of customers, they rate it with mean score of 2.12 and SD of 0.78. This implies that most of the respondents were disagreed on these two items in distribution channel objective in the company.

4.2.2.4. Perception towards Distribution Channel Preference and Effectiveness (DCPE)

Table 7: Descriptive Statistics for DCPE

Code	Distribution Channel Preference and Effectiveness Items	N	Mean	SD
DCPE1	Your company uses the shortest distribution channel	52	2.2308	0.7571
DCPE2	The channel member has its own effect on your price and decrease the sales volume	52	2.8269	0.9439
DCPE3	There is an optional and effective ways of distribution than what your company uses currently	52	3.4615	0.8958
DCPE4	All distribution channels has their own value addition on the distributional activity	52	2.1346	0.9295
DCPE5	Do your company has a bargaining power to change the current distribution chain	52	2.0769	0.8822
	Overall DCPE	52	2.5462	0.5982

Source: (Filed Survey, 2020)

As table 7 indicates, most of the respondents were disagreed in the implementation of overall distribution channel preference and effectiveness (DCPE) in the company with mean score of 2.55 and standard deviation of 0.60. When we see the individual items, the respondents were asked whether in the company there is an optional and effective ways of distribution than what the company uses currently and they rate it with mean score of 3.46 and SD of 0.90. This implies that most of the respondents were agreed on the existence of optional and effective ways of product distribution than the current practice of it in the company.

And when the respondents were asked whether the company channel member has its own effect on the company product price and decrease the sales volume, they rate it with mean score of 2.83 and SD of 0.94. This implies that most of the respondents were neutral on whether the channel member has its own effect on the product price of the company.

But when the respondents were asked whether the company uses the shortest distribution channel, they rate it with mean score of 2.23 and SD of 0.76; whether all distribution channels in the company have their own value addition on the distributional activity, they rate it with mean score of 2.14 and SD of 0.93; and whether the company has a bargaining power to change the current distribution chain, they rate it with mean score of 2.08 and SD of 0.88. This implies that

most of the respondents were disagreed on these items in distribution channel preference and effectiveness in the company.

4.2.3. Perception towards Overall Distribution Channel (DC)

Table 8: Descriptive Statistics for Overall Distribution Channel (DC)

Distribution Channel Components	N	Mean	SD
Distribution Channel Strategy (DCS)	52	2.5433	0.7637
Distribution Channel Administration (DCA)	52	2.5962	0.5697
Distribution Channel Objective (DCO)	52	2.6346	0.7126
Distribution Channel Preference and Effectiveness (DCPE)	52	2.5462	0.5982
Overall DC	52	2.5800	0.3163

Source: (Field Survey, 2020)

The summary of the overall practice of distribution channel and respondents' score for each component in Ahadukes Food Products Share Company were indicated in table 8. In this regard in the company, respondents were neutral on the practice of distribution channel objective with mean of 2.64 and SD of 0.71. And they were disagreed on the practice of distribution channel administration with mean of 2.60 and SD of 0.57; on distribution channel preference and effectiveness with mean of 2.55 and SD of 0.60; and on distribution channel strategy with mean score of 2.54 and SD of 0.76. And generally, the overall practice of distribution channel in the company scored mean of 2.58 and SD of 0.32 which is at a disagreed level by the respondents.

4.2.4. Perception towards Sales Performance (SP)

To assess the perception of the respondents towards sales performance in Ahadukes Food Products Share Company, eight items of sales performance scale, were employed for this study, which can possibly determine whether the sales performance was related to and influenced by distribution channel. To this end, the descriptive statistics for the dependent variable (sales performance) was discussed in the following section.

Table 9: Descriptive Statistics for Sales Performance (SP)

Code	Item	N	Mean	SD
SP1	Encourage purchase of large size unit	52	2.2115	1.0163
SP2	Generate trials among non-users	52	2.3462	0.7379
SP3	Encourage off season buying	52	3.5577	1.3345
SP4	Build brand loyalty and Equity	52	2.9038	0.7736
SP5	Increase the number of customer	52	2.9808	0.8964
SP6	Increase profitability	52	2.2308	0.7825
SP7	Increase competitiveness	52	4.2308	0.7825
SP8	Increase sales volume	52	3.2308	0.7825
	Overall SP	52	2.9615	0.5702

Source: (Field Survey, 2020)

The result in table 9 summarizes the level of agreements of the respondents towards sales performance in Ahadukes Food Products Share Company. Respondents were asked whether in the year 2019/20 the company increase competitiveness. The result of the study shows mean score 4.23 with standard deviation of 0.78. This implies that most of the respondents were strongly agreed on last year sales performance in increase of competitiveness. And they were agreed on the sales performance of the company on encourage off season buying with mean score of 3.56 and SD of 1.34.

Respondents were also asked whether in the same year the company increase sales volume, increase the number of customer, and build brand loyalty and equity. They rate them with mean score of 3.23, 2.98 and 2.90 respectively (SD of 0.78, 0.90 and 0.77 respectively). This implies that most of the respondents were neutral on last year sales performance on increase of sale volume, the number of customer and in building brand loyalty and equity in the company.

Lastly, the respondents were asked whether the company sales performance generate trials among non-users, increase profitability and encourage purchase of large size unit. They rate them with mean score of 2.35, 2.23 and 2.21 (SD of 0.74, 0.78 and 1.02) respectively. This implies that most of the respondents were disagreed on last year sales performance of the company on generating trials among non-users, increase profitability and encourage purchase of large size unit product.

In general, most of the respondents were neutral on the overall sales performance of the company with mean score of 2.96 and standard deviation of 0.57.

4.3. Inferential Analysis

The subsequent section presented and discussed the relationship between distribution channel and sales performance of Ahadukes Food Products Share Company. In this regard, the section covered the direction and magnitude of the relationship between the overall practice of distribution channel and sales performance as well as the relationship between the practice of components of distribution channel and sales performance of the company. Furthermore, the influence of distribution channel and its components on sales performance was also examined in the following section.

Accordingly, inferential statistics (Pearson’s Product Moment Correlation Coefficient and Linear Regression) were used to examine the relationship of those variables under study; and strength of correlation were interpreted through suggestion of Evans, et al. (2002) in the following pattern:

- 1.00 to 0.90 (Very high correlation) 0.49 to 0.30 (Low correlation)
- 0.89 to 0.70 (High correlation) 0.29 to 0.00 (Little if any correlation)
- 0.69 to 0.50 (Moderate correlation)

4.3.1. Pearson’s Product Moment Correlation Coefficient

4.3.1.1. *The Relation between Overall Distribution Channel (DC) and Sales Performance (SP)*

Table 10: The Relation between Overall DC and SP

		DC	SP
DC	Pearson Correlation	1	.461**
	Sig. (2-tailed)		.000
SP	Pearson Correlation	.461**	1
	Sig. (2-tailed)	.000	

** . Correlation is significant at the 0.01 level (2-tailed), N = 52.

Source: (Field Survey, 2020)

The above table (table 10) illustrate the relationship between the overall practice of distribution channel and sales performance in the company. Based on this correlation between the main research variables (distribution channel and sales performance), there is statistically significant

relation between overall practice of distribution channel and sales performance (with low and positive) in the company ($r = 0.461$, $p < 0.01$). This implies that, there is a low practice in overall distribution channel to increase the sales of the products in the company.

Additionally, to investigate the relationship between distribution channel and sales performance in more detail manner, the researcher also run correlation analysis between the four components of distribution channel and sales performance in the company and presented as follows.

4.3.1.2. *The Relation between Components of Distribution Channel and Sales Performance*

Table 11: The Relation between components of DC and SP

Qw`		DCS	DCA	DCO	DCPE	SP
DCS	Pearson Correlation	1	.548**	.389**	-.366*	-.416*
	Sig. (2-tailed)		.000	.000	.007	.004
DCA	Pearson Correlation		1	-.417**	.646**	.623**
	Sig. (2-tailed)			.000	.000	.000
DCO	Pearson Correlation			1	.307*	.697**
	Sig. (2-tailed)				.018	.000
DCPE	Pearson Correlation				1	-.329*
	Sig. (2-tailed)					.003
SP	Pearson Correlation					1
	Sig. (2-tailed)					

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed), N = 52.

Source: (Field Survey, 2020)

As shown in the above table (table 11), the correlation coefficient was moderate and represents statistically significant positive relationship between distribution channel objective and sales performance ($r = 0.697$ and $p < 0.01$) and between distribution channel administration and sales performance ($r = 0.623$ and $p < 0.01$) in Ahadukes Food Products Share Company. In this regard, the companies' effort in practicing and using distribution channel objective and administration; towards increasing sales performance were moderate and positive.

And also, the correlation coefficient was low and represents statistically significant negative relationship between distribution channel strategy and sales performance ($r = -0.416$ and $p < 0.05$) and between distribution channel preference & effectiveness and sales performance ($r = -0.329$ and $p < 0.05$) in Ahadukes Food Products Share Company. In this regard, the companies'

effort in practicing and using distribution channel strategy and preferring distribution channel to its effectiveness towards increasing sales performance were low and negative.

4.4. Regression Analysis

4.4.1. Simple Linear Regression Analysis

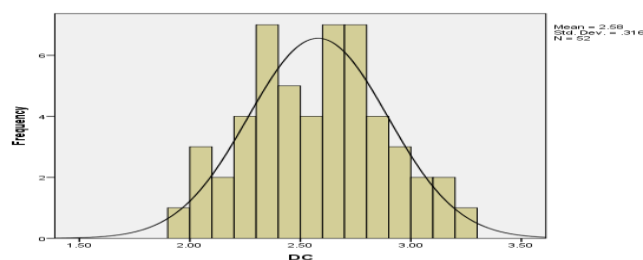
4.4.1.1. Assumptions of Simple Linear Regression Analysis

According to Field (2009), to run a simple linear regression, checking critical assumptions is essential and it is helpful to draw conclusion about the population under study. In this regard, normality of both predictor and predicted variables and the linearity of relationship between the independent and dependent variables were checked, and the results presented as follows.

4.4.1.2. Normality

According to Field (2009), the assumption of normality is important in research using regression (or general linear models) and helpful to generalize the results of the analysis beyond the sample collected. Among several ways to check for the normality assumptions for simple linear regression analysis, it is advisable to inspect to see if a distribution is normal through histogram and a P-P plot (probability-probability plot). Therefore, to establish the validity of these assumptions, the researcher also checks for the normality through histogram and P-P plot as follows.

Figure 2: Histogram for the practice DC



Source: (Field Survey, 2020)

As Field (2009) noted, normal distribution take the form of a symmetric bell shaped curve. Accordingly, as we observed from the above figure, the histogram for the independent variable (Distribution Channel) look like a normal distribution (bell-shaped curve) and the distribution was roughly normal. Moreover, the histogram (the curve) was roughly skewed (symmetrical) to the normal. Therefore, we can conclude that, we have good model for the data; and possibly, we can infer to the population in Ahadukes Food Products Share Company.

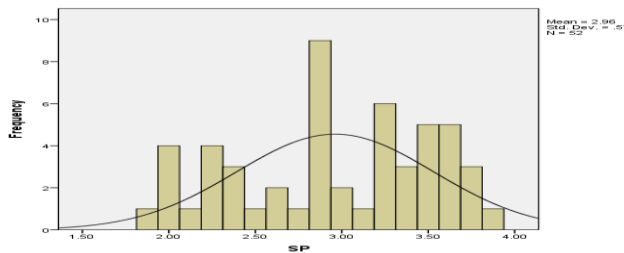
Figure 3: Normally Distributed Error for the practice of DC



Source: (Field Survey, 2020)

The normal probability plot also shows that almost there is small deviations from normality in the independent variable. The straight line in this plot represents a normal distribution, and the points represent the observed residuals in the company. Therefore, in a perfectly normally distributed data set, all points will lie on the line (Field, 2009). Likewise, as we seen in figure 3, the dots are closely plotted to the straight line, which indicate a small deviation from normality and there are no extreme cases observed. Therefore, the assumption of simple linear regression have been met and we can possibly assume that the model is accurate and can probably generalize to the population in the company.

Figure 4: Histogram for SP in the company



Source: (Field Survey, 2020)

As we observe from figure 4, the histogram for the dependent variable (Sales Performance) look like a normal distribution (bell-shaped curve) and the distribution was roughly normal. Therefore, we can conclude that, we have good model for the data; and possibly, we can infer to the population in the company.

Figure 5: Normally Distributed Error for SP in the company



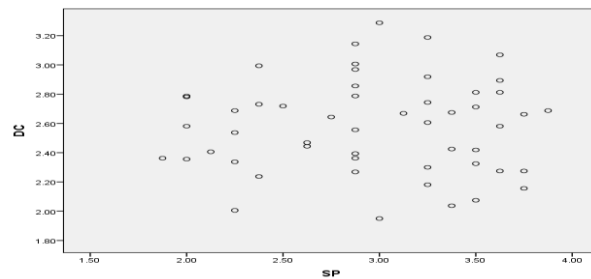
Source: (Field Survey, 2020)

As we seen in figure 5 the dots are closely plotted to the straight line, which indicate a small deviation from normality and there are no extreme cases observed. Therefore, the assumption of simple linear regression has been met and we can possibly assume that the model is accurate and can probably generalize to the population in the company.

4.4.1.3. Linearity

Since general linear model assume linearity, it is necessary testing for non-linearity. In this regard as Field (2009) pointed out, simple inspection of scatterplots is a common method for determining if nonlinearity exists in a relationship. Consequently, the researcher run simple scatterplot to see if there is a linear relationship exists between the variables in the company.

Figure 6: Linearity of DC and SP in the company



Source: (Field Survey, 2020)

As we observe from figure 6, the dots have a shape of straight line. It is also observed that, the dots are scattered at the center (neither positive nor negative slope) which means, there is a linear relationship exists between the main variables (Distribution Channel and Sales Performance) in Ahadukes Food Products Share Company. Therefore, through our linear model for sales performance, we can generalize the finding towards the population in the company.

4.4.2. Regression Analysis of the Practice of Overall Distribution Channel and Sales Performance

Table 12: (Model Summary) overall practice of DC as predictor to SP

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.461 ^a	.216	.189	.51293

a. Predictors: (Constant), DC

Source: (Field Survey, 2020)

From the above model summary (table 12), it can be seen that R is 0.461 and R square is 0.216. This indicates that only 21.6% of the variance in sales performance (dependent variable) can be explained by practice of overall distribution channel in Ahadukes Food Products Share Company (independent variable). The remaining 78.4% of the variance is explained by other variables that are not included in this study.

Table 13: (ANOVA) overall practice of DC as predictor to SP

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11.382	1	11.382	25.064	.000 ^b
	Residual	82.568	50	.518		
	Total	93.950	51			

a. Dependent Variable: SP

b. Predictors: (Constant), DC

Source: (Field Survey, 2020)

The F-test result and p-value in the ANOVA table tests whether the overall regression model is a good predictor and the probability of this result is occurred by chance or not. In this regard, as shown in table 13, the F-test result in the company is 25.064 with a significance of less than 0.01. This implies that, the probability of these results occurring by chance is less than 0.01. Therefore, a significant amount of sales performance is influenced by the overall practice of distribution channel, which means independent variable statistically and significantly predict the dependent variable, and it can be concluded as, the overall regression model is significant, $F(1, 50) = 25.064$, $p < 0.01$, $R^2 = 0.216$ in Ahadukes Food Products Share Company.

Then, the lower value of the standard error of the estimate and the higher F value evidenced that, the interdependence of the two variables, i.e. distribution channel and sales performance is significant in the organization. Therefore, it may be concluded as; the practice of distribution channel influence over sales performance is significant, where, $p < 0.01$ in the company.

Table 14: (Coefficients) overall practice of DC as predictor to SP

Model	Unstandardized Coe.		Standardized Coe.	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.159	.370		6.282	.000
DC	.622	.216	.461	5.639	.000

a. Dependent Variable: SP

Source: (Field Survey, 2020)

The Beta-value of 0.461 in table 14 indicates that there is a direct influence exists between the practice in distribution channel and sales performance which is statistically significant at 99% confidence level in the company. Moreover, the B value (0.622) in unstandardized coefficient column, represent that, considering all other factors constant at zero, for every one unit increase on the practice of distribution channel, we expect 0.622 unit increase in sales performance of Ahadukes Food Products Share Company. Thus the regression equation, in this condition, will be:-

$$SP = 2.159 + 0.622DC + 0.51293$$

This implies that, as the respondents perceive effective practice in distribution channel in place at Ahadukes Food Products Share Company, sales performance rises significantly. From this discussion, in describing the influence of overall practice in distribution channel over sales performance in the company, the sales performance is affected by several factors other than the perception of the practice in distribution channel; and it is confirmed in the regression result as 78.4% of the variance in sales performance is explained by other factors.

4.4.3. Multiple Linear Regression Analysis

The above section discussed and presented the influence of overall practice in distribution channel over sales performance and it is found that there is an influence relationship between these variables in Ahadukes Food Products Share Company. Moreover, it was also evidenced

that overall practice in distribution channel predicts sales performance significantly in the company.

On the other hand, after testing for different assumptions, the following section examined influence of components of distribution channel over sales performance in the company; and help us to identify which components of distribution channel have significant unique influence over sales performance than the others in the company.

4.4.3.1. Assumptions of Multiple Linear Regression Analysis

In conducting multiple regression analysis using regression equation, as suggested by Field (2009), key assumptions should be met. Consequently, to perform the regression analysis involving multiple independent variables, the researcher must check for the variables have linear relationship, the data were normally distributed, homogeneity of variances, and there is no collinearity between independent variables (to determine the separate influence of components of distribution channel).

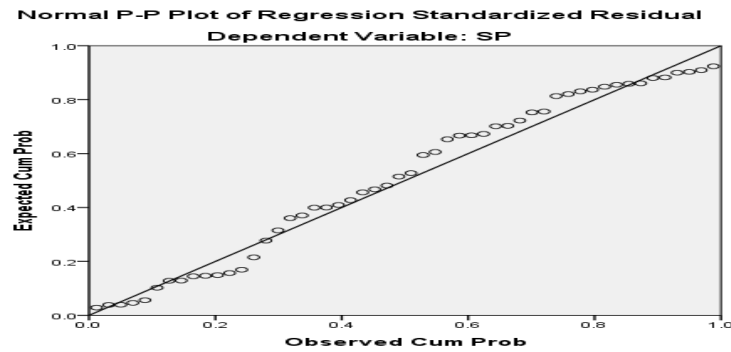
In this regard, the researcher ensured, in the previous sections, that the assumptions of linearity and normality have been met. The remaining assumptions, the assumption of multicollinearity and homogeneity of variances, were presented as follows.

4.4.3.2. Multicollinearity

In multiple regression analysis, the regression coefficients become less reliable as the degree of correlation between the independent variables increases. Thus, if there is a high degree of correlation between independent variables, we have a problem of what is commonly described as the problem of multicollinearity.

In this regard, based on the correlation matrix, the correlation between components of distribution channel ranges from 0.307 to 0.646 and there is a moderate significant relationship between DCA and DCPE ($r = 0.646, p < 0.01$), and between DCS and DCA ($r = 0.548, p < 0.01$) in Ahadukes Food Products Share Company. Furthermore, DCA and DCO ($r = -0.417, p < 0.01$); DCS and DCO ($r = 0.389, p < 0.01$); DCS and DCPE ($r = -0.366, p < 0.01$); and DCO and DCPE ($r = 0.307, p < 0.05$) have a low relationship in the company. Therefore, we have no problem of multicollinearity to determine the separate influence of components of distribution channel on sales performance in Ahadukes Food Products Share Company.

Figure 7: Normally Distributed Errors Components of DC and SP



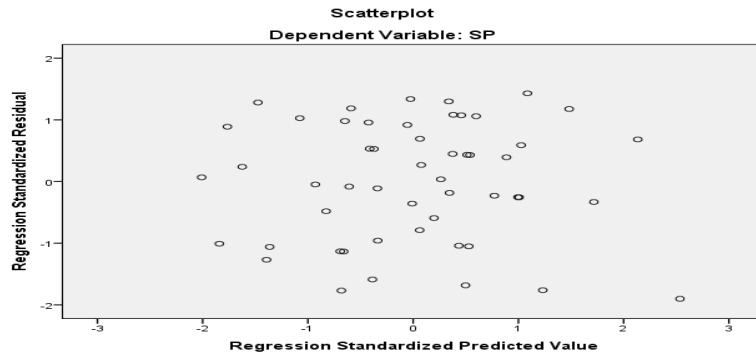
Source: (Field Survey, 2020)

The normal probability plot in figure 7 shows that there is a small deviation from normality in the company (in the dependent variable sales performance). In other words, as we seen in the company, the dots are closely plotted to the straight line, which indicate a small deviation from normality and there are no extreme cases observed. Therefore, the assumption of multiple linear regression has been met and we can possibly assume that the model is accurate and can probably generalize to the population in the company.

4.4.3.3. *Homoscedasticity*

Homoscedasticity is the extent to which the data values for the dependent and independent variables have equal variances. Based on the explanation by Field (2009), at each level of the predictor variables, the variance of the residual terms should be constant. This just means that the residuals at each level of the predictors should have the same variance, therefore checking for this assumption is helpful for the goodness of the regression model. In this regard, to plot the homoscedasticity analysis the researcher plot the standardized residuals, or errors (ZRESID) on the Y axis and the standardized predicted values of the dependent variable based on the model (ZPRED) on the X axis and the result is presented as follows.

Figure 8: Homoscedasticity for components of DC and SP



Source: (Field Survey, 2020)

Homoscedasticity help as to check for the relationship under investigation is the same for the entire range of the dependent variables and lack of homoscedasticity is shown by higher errors (residuals) for some portions of the range, which can be seen on the scatterplot.

In this regard, as Field (2009) describes, the graph of *ZRESID and *ZPRED should look like a random array of dots evenly dispersed around zero, if the assumption of homoscedasticity has to be met. Likewise, as shown in figure 8, the points are randomly and evenly dispersed throughout the plot and there are no obvious outliers on this cloud of dots which are spaced around zero in the company. Therefore, we can conclude that the assumption of random errors and homoscedasticity have been met in the company.

4.4.4. Regression Analysis of Components of Distribution Channel and Sales Performance

Table 15: (Model Summary) DCS, DCA, DCO and DCPE as predictors to SP

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.653 ^a	.377	.367	.48867

a. Predictors: (Constant), DCO, DCA, DCS, DCPE

b. Dependent Variable: SP

Source: (Field Survey, 2020)

As indicated in table 15, considering the influence of all predictors (DCS, DCA, DCO and DCPE), the overall model accounts for 37.7% of the variance in sales performance in Ahadukes Food Products Share Company. This means, 62.3% of the variance on sales performance is

explained by other factors. In other words, components of distribution channel altogether account 37.7% of the variance in the sales performance within the company.

Table 16: (ANOVA) DCS, DCA, DCO and DCPE as predictors to SP

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.293	4	8.121	39.471	.000 ^b
	Residual	56.014	47	.369		
	Total	93.307	51			

a. Dependent Variable: SP

b. Predictors: (Constant), DCPE, DCS, DCA, DCO

Source: (Field Survey, 2020)

The above ANOVA table (table 16), help us to make sure the above model (on model summary table 15) is evidenced that the model is statistically predictor of sales performance because the p value is less than 0.01 in Ahadukes Food Products Share Company. Therefore, a significant amount of sales performance is influenced by the company practice in components of distribution channel which constitutes DCS, DCA, DCO and DCPE. Thus, components of distribution channel found statistically and significantly predict sales performance and it can be concluded as, the overall regression model is significant, $F(4, 47) = 39.471$, $p < 0.01$, $R^2 = 0.377$, in the company.

Table 17: (Coefficients) DCS, DCA, DCO and DCPE as predictors to SP

Model	Unstandardized Coe.		Standardized Coe.	t	Sig.	
	B	Std. Error	Beta			
(Constant)	5.428	.317		7.684	.000	
1	DCS	-.457	.175	-.416	-9.182	.004
	DCA	.621	.176	.623	10.640	.000
	DCO	.746	.172	.697	10.768	.000
	DCPE	-.355	.168	-.329	-3.390	.003

a. Dependent Variable: SP

Source: (Field Survey, 2020)

From the above model summary table (table 16), both components of distribution channel together explain about 37.7% variance in sales performance in Ahadukes Food Products Share Company and the regression equation is:-

$$SP = 1.328 - 0.457(DCS) + 0.621(DCA) + 0.746(DCO) - 0.355(DCPE) + 0.48867$$

From this influence exerted on sales performance in the company, DCO and DCA have a better statistical contribution for the outcome with Beta Value of 0.746 ($p = 0.000$) and 0.621 ($p = 0.000$) respectively. With this statistical data, we can conclude as, DCO and DCA have a better contribution than the other components of distribution channel to explain the change in sales performance, since 0.746 and 0.621 are larger than the other beta values. Moreover, given the other variables constant, one unit increase in DCO and DCA will increase 0.746 and 0.621 units of sales performance respectively in the company. Therefore, an effective practice of distribution channel objective and distribution channel administration influence the sales performance of Ahadukes Food Products Share Company positively and significantly.

And also, DCS and DCPE have Beta Value of -0.457 ($p = 0.004$) and -0.355 ($p = 0.003$) respectively. That implies given the other variables constant, one unit increase in DCS and DCPE will decrease 0.457 and 0.355 units of sales performance respectively in the company. Therefore, an effective practice of distribution channel strategy and distribution channel preference and effectiveness influence the sales performance of Ahadukes Food Products Share Company negatively and significantly.

4.5. Testing the Proposed Hypotheses

In this study four hypotheses were formulated. The statistical tests run for these hypotheses were briefly discussed below.

Ho1: Distribution channel strategy has significance influence on the sales performance of Ahadukes Food Products Share Company.

From table 17, the significant value for distribution channel strategy is 0.004 which is less than p value of 0.05, which indicates that distribution channel strategy has a statistically significant influence on the sales performance of Ahadukes Food Products Share Company. Besides, the value of beta for distribution channel strategy is ($\beta = -0.457$) and this shows that distribution channel strategy has negative and significant influence on sales performance of Ahadukes Food Products Share Company. **Therefore, hypothesis Ho1 is accepted.**

Ho2: Distribution channel administration has significance influence on the sales performance of Ahadukes Food Products Share Company.

From table 17, the significant value for distribution channel administration is 0.000 which is less than p value of 0.05, which indicates that distribution channel administration has a statistically significant influence on the sales performance of Ahadukes Food Products Share Company. Besides, the value of beta for distribution channel administration is ($\beta = 0.621$) and this shows that distribution channel administration has positive and significant influence on sales performance of Ahadukes Food Products Share Company. **Therefore, hypothesis Ho2 is accepted.**

Ho3: Distribution channel objective has significance influence on the sales performance of Ahadukes Food Products Share Company.

From table 17, the significant value for distribution channel objective is 0.000 which is less than p value of 0.05, which indicates that distribution channel objective has a statistically significant influence on the sales performance of Ahadukes Food Products Share Company. Besides, the value of beta for distribution channel objective is ($\beta = 0.746$) and this shows that distribution channel objective has positive and significant influence on sales performance of Ahadukes Food Products Share Company. **Therefore, hypothesis Ho3 is accepted.**

Ho4: Distribution channel preference and effectiveness has significance influence on the sales performance of Ahadukes Food Products Share Company.

From table 17, the significant value for distribution channel preference and effectiveness is 0.003 which is less than p value of 0.05, which indicates that distribution channel preference and effectiveness has a statistically significant influence on the sales performance of Ahadukes Food Products Share Company. Besides, the value of beta for distribution channel preference and effectiveness is ($\beta = -0.355$) and this shows that distribution channel preference and effectiveness has negative and significant influence on sales performance of Ahadukes Food Products Share Company. **Therefore, hypothesis Ho4 is accepted.**

4.6. Summary of the Hypotheses Test

The overall result of the hypotheses test was indicated in the table below.

Table 18: Summary of the Overall Outcome

Hypothesis	Result	Reason
Ho1: Distribution channel strategy has no significance influence on the sales performance of Ahadukes Food Products Share Company.	Accepted	$r = -0.416$ $p = 0.004$ $\beta = -0.457$
Ho2: Distribution channel administration has no significance influence on the sales performance of Ahadukes Food Products Share Company.	Accepted	$r = 0.623$ $p = 0.000$ $\beta = 0.621$
Ho3: Distribution channel objective has no significance influence on the sales performance of Ahadukes Food Products Share Company.	Accepted	$r = 0.697$ $p = 0.000$ $\beta = 0.746$
Ho4: Distribution channel preference and effectiveness has no significance influence on the sales performance of Ahadukes Food Products Share Company.	Accepted	$r = -0.329$ $p = 0.003$ $\beta = -0.355$

Source: (Field Survey, 2020)

Chapter Five

Summary, Conclusion and Recommendation

A summary of major findings, conclusions, recommendations and suggestions for further studies were presented in this chapter. Conclusions were drawn from the major findings and review of the literature. Implication and recommendations for further studies were included.

5.1. Summary of Major Findings

In this study, the researcher was interested in assessing the current practice of distribution channel and investigating its influence on sales performance at Ahadukes Food Products Share Company. Accordingly, to meet the research objective, the researcher collected data from all respondents; and analyzed the collected data through descriptive and inferential statistics. By doing so, the following major findings were obtained.

The descriptive statistics result revealed that, mean score for components of distribution channel ranges between 2.54 and 2.64 in the company, which fall around the moderate mean. Accordingly, the highest mean score ($M = 2.64$, $SD = 0.71$) attributed to distribution channel objective and the lowest mean score ($M = 2.54$, $SD = 0.76$) is for distribution channel strategy, which revealed that, from the four components of distribution channel, 'DCO' was practiced better and 'DCS' was practiced at the least in the company. But the overall practice of distribution channel ($M = 2.58$, $SD = 0.32$) was good in moderate mean value.

The descriptive statistics employed for assessing the sales performance in the company also revealed that, the overall sales performance ($M = 2.96$, $SD = 0.57$) was in the moderate mean value in the company. And also, it is found that, most of the respondents were strongly agreed on last year sales performance in increase of competitiveness. And they were agreed on the sales performance of the company on encourage off season buying. On the other hand, most of the respondents were neutral on last year sales performance on increase of sale volume, the number of customer and in building brand loyalty and equity in the company. Additionally, they were disagreed on last year sales performance of the company on generating trials among non-users, increase profitability and encourage purchase of large size unit product.

In investigating the relationship between overall practice of distribution channel and sales performance, the correlation coefficient result evidenced that, a positive and statistically significant relationship was found in Ahadukes Food Products Share Company with ($r = 0.461$, $p < 0.01$) between the two major variables mentioned (overall practice of distribution channel and sales performance). This means that, overall practice of distribution channel has statistically significant positive relationship with sales performance in the company.

In examining the relationship between components of distribution channel and sales performance in the company, a positive and statistically significant relationship was found between DCO and sales performance ($r = 0.697$, $p < 0.01$) and between DCA and sales performance ($r = 0.623$, $p < 0.01$). And also a negative and statistically significant relationship was found between DCS and sales performance ($r = -0.416$, $p < 0.01$) and between DCPE and sales performance ($r = -0.329$, $p < 0.01$) in Ahadukes Food Products Share Company.

In investigating the influence of overall practice of distribution channel over sales performance, the simple linear regression analysis evidenced that, only 21.6% the variation in sales performance in the company is explained by its overall practice of distribution channel, at Beta value of 0.461 ($p < 0.01$). And overall practice of distribution channel a statistically significance, weak and positive influence on sales performance of the company. Furthermore, the multiple linear regressions also revealed that, 37.7% the variation in sales performance in the company is explained by the practice of the four components of distribution channel. And among the four components in the practice of distribution channel, DCO and DCA at Beta value of 0.746 and 0.621 ($p < 0.01$) respectively have statistically positive significant influence on the variation in sales performance in the company. In the same way, DCS and DCPE have statistically negative significant influence on the variation in sales performance in company with Beta vale of -0.457 and -0.355 ($p < 0.01$) respectively.

5.2. Conclusion

The aim of this study was two dimensional; assessing the practice of distribution channel and investigating its influence on sales performance in Ahadukes Food Products Share Company. In the mean-time, the researcher raised and addressed specific research questions, which are: - 'What is the nature of product distribution channel used by Ahadukes Food Products Share Company?', 'What are the influences of product distribution channel components (Distribution

Channel Strategy, Distribution Channel Administration, Distribution Channel Objective and Distribution Channel Preference & Effectiveness) on sales performance of Ahadukes Food Products Share Company' and 'To what extent the key product distribution channel components are organized and practiced at Ahadukes Food Products Share Company?' Accordingly, at the center of these enquiries, the result is discussed in chapter four under each sub headings; and it is clear that, the research objectives of this study have been met and the research questions have been answered. Thus, based on the analysis, the following conclusions were drawn.

During the investigation the researcher used both descriptive and inferential statistics and based on the findings of the research the researcher made conclusions by outlining the following points.

As the results of the descriptive statistics depicted most of the respondents are not happy with each of the distribution channel components and practices of the company. This implies that the respondents are working with displeasure in terms of distribution channel strategy, distribution channel administration, distribution channel objective, and distribution channel preference and effectiveness of the company. From the result of the study, it can be concluded that most of distribution channel components are not properly implemented in the specific study area.

Distribution channel objective and distribution channel administration have a moderate positive and statistically significant correlation with sales performance and distribution channel strategy and distribution channel preference and effectiveness have a little negative correlation with sales performance in the company.

The pre-model fitting assumptions (i.e., sample size, linearity, multi collinearity of the variables, and independence of residuals) of multiple regressions are met accordingly. Furthermore, the multiple linear regression analysis (The R square) implies that about 37.7% shows that the four distribution channel components (distribution channel strategy, distribution channel administration, distribution channel objective, and distribution channel preference and effectiveness) can determine the variation of the sales performance of Ahadukes Food Products Share Company. Therefore, the researcher can convincingly conclude that the distribution channel components have significant influence on sales performance of the company.

As far as the relative influence of an individual component of distribution channel on sales performance is concerned, the result of multiple linear regression coefficient shows that distribution channel objective has the highest beta value which indicates the most dominant effect in determining the variation of sales performance followed by distribution channel administration with a beta value of 0.697 and 0.623 respectively.

The multiple linear regression analysis of the independent variables and dependent variables shows that all the variables (distribution channel strategy, distribution channel administration, distribution channel objective, and distribution channel preference and effectiveness) have a statistically significant influence for predicting sales performance of Ahadukes Food Products Share Company.

Generally, to address for the final markets end-to-end in an efficient and effective ways, working with distribution channel member of is a key marketing strategy. Therefore, for addressing greater market coverage and better sales performance through greater sales, determination and consideration of the above discussed distribution channel components have great influence on sales performance.

5.3. Recommendations

This study has demonstrated that the influence of distribution channel on sales performance in Ahadukes Food Products Share Company. Considering the findings and conclusions made above, the following possible recommendations are suggested as being valuable to the company for improving distribution channel activities to assure and improve the sales performance. The practices of all distribution channel components have to be enhanced at all point of sales, in order to increase sales performance. This can be enhanced and developed through the following:

- Ahadukes Food Products Share Company should develop modern ways of distribution channel to satisfy the channel members and treat them as families of the company so as to retain and attract more channel members for the purpose of sales maximization.
- The responsible employees of the company should approach the channel members politely, evaluate their performances periodically and give consultancy services to maximize their sales of the company's product.
- In order to improve the sales performance and to create a bond for future intimate relationships between the distribution channels, the company should implement different

strategies. Such as; making the product easy for customers to purchase and transport, creating different ways in which customers can access the product and pay for it in flexible ways, and setting goals and strategic discussions by including the lower levels of distribution channel members to analyze customers need and to treat them in respectful way.

- Distribution channel administration should have to be made continuously on the distribution channel of the company. Consequently, the company should have to prepare a system to made good progress in understanding how to manage the process of distribution of products, to organize periodical meetings with agents, wholesalers and other distributors to review distribution policies to protect distributors and retailers, and to frequently train agents, wholesalers or distributors on customer management.
- The company should develop and lead the distribution channel to meet the objectives for the channel members like; focusing on supplying large masses of goods to customers, working on enough and proper storing of products, and considering and satisfying customers in different geographical areas. On the other hand, build the capacity of the channel members by promising further reward systems.
- The company should select appropriate and effective channels of distribution to bargaining power to change the current distribution chain, to has their own value addition on the distributional activity, to gain the shortest distribution channel, to find an optional and effective ways of distribution, and to get channel member which has its own effect on the price and decrease the sales volume.
- Ahadukes Food Products Share Company should collect information from customer and intermediaries on their weakness and strength of the distribution practice to give solutions.
- The company should react to solve partners complain and problems using new and creative techniques.

5.4. Suggestions for Further Studies

In studying the practice of distribution channel and its influence on sales performance in Ahadukes Food Products Share Company, the researcher addressed the stated objective by employing several statistical methods and strictly following the research methodology. Hence, this study addressed the research problems, draws conclusion and forward practical

recommendations. In addition to this, the researcher believed that, there are issues remain uncovered in this study due to the scope limitation and need to be addressed in future studies to add broad insight in to the subject, since it is a good phenomenon. Thus, the following points are taken as limitations of this study and future research directions.

- This study only encompasses four components of distribution channel, which are widely used in the literature and in actual practice, but to make full picture of distribution channel, future researchers may include additional components of distribution channel, such as distribution channel motivation, distribution channel communication, distribution channel commitment and distribution channel cooperation in their researches.
- The study also limits itself on the practice of Ahadukes Food Products Share Company, towards its practice of distribution channel, and the conclusion and recommendation remains within the company. In this regard, to make the conclusion and recommendation more wide and applicable for two or more organizations, future researches may conduct the research in industry wide or nationwide by increasing the sample size.
- This research employed only quantitative research method, future researchers may employ mixed approach (qualitative and quantitative) in their data type; by including document review.
- Finally, as the results of the regression analysis indicated, the distribution channel components determine 37.7% of the sales performance of the company which indicates there are other factors which can explain the variability of the sales performance of the company. Hence, other researchers should consider such factors and the company should enhance other researchers to find out such factors for better the better practice of distribution channel and sales performance.

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Appendixes

Questionnaire

Addis Ababa University

College of Business and Economics

Masters of Business Administration (MBA)

This questionnaire is designed to collect information for a study which is conducted in order to enable the researcher to assess the influence of distribution channels on sales performance in Ahadukes Food products S.C. The study is part of the researcher's academic work for the accomplishment of the Master of business administration degree at Addis Ababa University. The findings of the study will be strictly utilized for the intended purpose. Therefore, you are requested to respond to all of the given questions. Please feel free to give out information and express your opinion, which will be received and treated with all due respect and confidentiality. I appreciate your cooperation Please give answers in the spaces provided And tick () in the box that matches your response to the questions where applicable.

Section I: General Information

Sex: Male Female

What is your highest level of education qualification?

- Post graduate level University
 College Secondary Other

Length of continuous service with the department?

- Less than a year From 1 to 4 years
 From 5 to 10 years Over 10 years

Section II: Distribution channel (DC)

Distribution channel strategy

Use 1-Strongly disagree, 2-Disagree, 3-Moderate extent, 4-Agree and 5-Strongly agree.

Distribution channel strategy (DCS)	5	4	3	2	1
1. Our product is easy for customers to purchase (DCS1)					
2. There are various ways in which customers can access our products (DCS2)					
3. Our company is flexible on methods of paying for the products (DCS3)					
4. It is easy to transport the Daily products (DCS4)					
5. Our company has made good progress in understanding how to effectively design channels for distributing products (DCS5)					
6. We first analyze customer needs before deciding distributing products (DCS6)					
7. Our company deals with agents, wholesalers and other distributors respectfully and treats them well (DCS7)					
8. Our pricing strategy give an opportunity to agents, wholesalers and distributers distributors to do business profitably (DCS8)					

Distribution Channel Administration

Distribution Channel Administration (DCA)	5	4	3	2	1
9. There is good communication between the agents, wholesalers/ other distributors and our company (DCA1)					
10. There is frequent trainings for agents, wholesalers / distributors on customer management (DCA2)					
11. Our company prepares recognition programs for agents, wholesalers/ other distributors who meet or exceed their sales targets (DCA3)					

12. Our company has made good progress in understanding how to manage the process of distributing products (DCA4)					
13. We organize periodical meetings with agents, wholesalers/ other distributors to review distribution policies to protect distributors and retailers (DCA5)					
14. We share industry intelligence information with agents, wholesalers / other distributors to boost sales (DCA6)					
15. Our company offers sales support to strengthen the channel partner relationship with wholesalers and other distributor/retailers (DCA7)					
16. The way we manage the distribution channel has played a significant role in meeting the customer's needs (DCA8)					

Company's distribution channel objective

Distribution channel objective (DCO)	5	4	3	2	1
17. Focuses on supplying goods to large masses of customers (DCO1)					
18. Considers customers in different geographical areas (DCO2)					
19. There is enough consideration for a proper storing of products (DCO3)					
20. Customers satisfaction is considered as distribution strategy (DCO4)					
21. Company's distribution considers a cost reduction (DCO5)					

Distribution channel preference and effectiveness

Distribution channel preference and effectiveness (DCPE)	5	4	3	2	1
22. Your company uses the shortest distribution channel (DCPE1)					
23. The channel member has its own effect on your price and					

decrease the sales volume (DCPE2)					
24. There is an optional and effective ways of distribution than what your company uses currently (DCPE3)					
25. All distribution channels has their own value addition on the distributional activity (DCPE4)					
26. Does Ahadukes food products share company can make a deal to change the current distribution chain (DCPE5)					

Section III: sales performance (SP)

To what extent distribution channels has influenced sales performance of your company? Use 1- Strongly disagree, 2-Disagree, 3-Moderate extent, 4-Agree and 5-Strongly agree.

27. Encourage purchase of large size unit (SP1)					
28. Generate trials among non-users (SP2)					
29. Encourage off season buying (SP3)					
30. Build brand loyalty& Equity (SP4)					
31. Increase the number of customer (SP5)					
32. Increase profitability (SP6)					
33. Increase competitiveness (SP7)					
34. Increase sales volume (SP8)					

Thank You.