Assessment on Marketing Performance of Oromia Agricultural Output Market Enterprise

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Statement of Declaration

I hereby declare that **‘’Assessment on Marketing Performance of the OAOME’’** is the outcome of my own effort and study .This study has not been submitted for any degree in this university or any other, it is offered for the partial fulfillment of the degree of marketing management.

Henok Getaneh

June, 2014

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List of Abbreviations

OAOME	Oromia Agricultural Output Market Enterprise
AGP	Agricultural Growth Program
AMD	Agribusiness and Market Development
GDP	Gross Domestic Products
PIF	Policy and Investment Framework
EGB	Ethiopian Grain Board
AMC	Agricultural Marketing Corporation
EGTE	Ethiopian Grain Trade Enterprise
EOPEC	Ethiopian Oil Seeds and Pulses Export Corporation

Abstract

The study focused on the assessment of marketing performance of Oromiya Agricultural Output Market Enterprise. The primary objective of the study is to examine the practice and implementation of the four Marketing Mix elements. Descriptive research type was used for conducting this study. Total population size of 226 of respondents was used to collect data using structured questionnaire. Structured Questionnaire and in depth interview were used as data collection methods and of the 226 questionnaire distributed, 198 were filled properly and returned. The systematic random sampling technique was applied to gather data using in depth interview from the marketing department of the OAOME. Generally, based on the analysis of the data, the status of the overall marketing performance of the enterprise is good but with some need for improvement on which the researcher has recommended applicable points based on the findings.

Key words: ***Marketing Mix, Marketing performance, Agricultural Marketing***

Chapter one

Introduction

1.1. Background of the study

Agriculture is the foundation of Ethiopia's economy, accounting for half of gross domestic product (GDP), 83.9% of exports, and 80% of total employment. Ethiopia's agriculture industry accounts for nearly half of the country's GDP and 90 percent of the country's foreign exchange earnings in 2013. Ethiopia has excellent resources such as ample land, generous water resources and enough farmers and workers to support the country's agriculture-based economy. An opportunity exists to increase the marketability of the country's agricultural products on a large and small scale. As a top producer of many of Africa's crops (and known specifically for the unique qualities of some of them), Ethiopia's agricultural environment is one that enables farmers to produce large quantities of quality agricultural products. (*IFDC* Agricultural Growth Program-Agribusiness and Market Development (AGP-AMD) Project *2013*)

Oromiya agricultural output marketing enterprise was established in 2002 according to Ethiopian calendar with the funded amount of 70 million birr obtained from the Oromiya regional state. The enterprise is located 20 kilometers away from Addis Ababa on the road taking to Ambo, with a special local name called "Ashewa Meda". The main objectives for establishing the enterprises were the following among others. To facilitate the ways of connecting farmers and appropriate intermediaries directly without an involvement by non value adding distribution channel members; To create a modern and organized marketing environment by avoiding unnecessary jammed market information and extended distribution channels ; To form a balanced demand and supply correlation in the market; To enabling the farmers to focus their production on cash crops by providing an adequate market information and finally, making a quality control over the supplied products in order to sustain a specified level of quality.

1.2. Statement of the Problem

In a market that isn't well organized and the role of the participants or channel members like whole sellers and retailers in the system is not well defined, securing the benefits of the producers or farmers is a hard task. In the developed countries, controlling mischievous deeds of the channel members is not left for the producers or farmers only but also for consumer associations who stands on behalf of the final users of the products. The level at which different distribution channel members involve in the supply of a product to a market matters in various ways. Absence in ways of controlling the negative effects of these intermediaries has resulted in uncontrollable price inflation of agricultural outputs, supply shortage, jammed market information, less quality products availed for export purpose and less bargaining power of sellers followed by much minimized amount of profit earned by the producers.

As part of resolving these problems, Oromiya Agricultural Output Marketing Enterprise was established by the regional state of Oromiya in 2002 E.C. The existence of the enterprise between the farmers or producers of agricultural outputs and the final consumers, should meet some level of achievements to the main goals of the enterprise's establishment. Improving the market access for agricultural output producers in Oromiya region is its major objective. Terminal market place" is a new market place concept for agricultural product in all over the country at a level that the government counts for ownership of the places and responsibility for managing them.

The major cause of the problems in the marketing performances of agricultural products in the Ethiopia are; the uncontrollable price inflation of most of the agricultural products, long channel of distribution (large number of middleman), the nature of the product being seasonal (inconsistent supply), fake shortage of supplies created by the channel members and unorganized mechanism of selling the outputs. These factors initiated the researcher to conduct this study to assess the marketing performance and achievements of OAOME. This study will attempt to make an assessment as to what extent the OAOME is able to market agricultural outputs in line with the objective of its establishment.

1.3. Research Questions

This study mainly intended to examine the marketing performance of the enterprise. As it is important to develop research question to set the objectives of the study, the researcher has raised and answered the following questions.

- Does OAOME succeeded in achieving the following objectives?
  - Making a quality control over the supplied products in order to sustain a specific level of quality?
  - Determining the bases of pricing of the agricultural outputs?
  - Creating a modern and centralized market to provide first hand market information to agricultural output producers, traders and customers?
  - Create a market where customers with different needs and preferences can be served at one and centralized place?
  - Promoting the agricultural outputs and the market through different promotional mechanisms?
  - Eliminate fictitious supply shortage and market information which will lead to a mismatch in demand and supply?
- What were the major challenges faced by OAOME to realize the above objectives?
- What were the major achievements or contributions that OAOME has realized?

1.4. Objectives of the study

1.4.1. The General objective of the study:

The general objective of this research is to assess the marketing performance of the OAOME in marketing agricultural outputs focusing on examining the performances of the marketing mix of the organization.

1.4.2. The Specific objective of the study

The specific objectives of the study are:-

- To assess the existence of quality control systems that the enterprise uses
- To identify the bases of the price determination of the agricultural outputs.
- To assess the adequacy of the distribution channels which are used by the enterprise?

- To assess techniques used to promote the agricultural out outputs.
- To assess the existence of modern and organized marketing environment that can entertain diverse customer need and preferences.
- To assess the major challenges faced by OAOME.
- To identify the major contributions in realizing the marketing objectives of OAOME.

1.5. Significance of the study

This study is expected to provide a practical significance for the enterprise by:

- Assessing the marketing performance of OAOME on agriculture outputs and identifies the challenges faced by the enterprises.
- Recommending possible ways of tackling the challenges faced by the enterprise to curb future obstacles.
- Identifying possible unutilized marketing mixes for further exploitation of their application
- It is expected to contribute to the corpus of knowledge of the level of marketing performance of the OAOME in marketing agricultural outputs to the next level and help the readers to have further information and insights on this field.

1.6. Delimitation / Scope of the study

The boundary of this research is delimited on assessing the marketing performance of the OAOME. The study addresses the distribution channel members of agricultural products and the employees of OAOME which are located in ``Ashewa meda`` in order to assess the marketing performance of the enterprise. The geographical location of the study covered the OAOME offices and terminals (shades) of the enterprise. This study assessed and described the marketing performance of the OAOME that have a significant effect on the achievements of the company marketing objective.

1.7. Limitation of the study

The major limitation of this study is that the instruments of the data collection are not exhaustive. Had it been focus group discussion held, the findings of the study would have been wider. In related to the translation of the English version of the questionnaire to Amharic language, finding replacement for some technical words was a problem therefore the questionnaire attached in the annex may need further refinement.

1.8. Organization of the study

This study is organized in five chapters. Chapter one starts with the introduction of the study with describing the background, reviewing the basics regarding the Oromiya agricultural output market enterprise. The statement of the problem provides the focuses and directions of the study and justification of the problems that have been observed in marketing performance of OAOME and the basic research questions has been asked to help identify the general and specific objective of the study. The general objective and a list of specific objectives as well as the definition of key terms are discussed followed by the significance of the study that states a specific and accurate outline of the overall importance of the study. At the end of chapter one, the delimitation and possible limitation of the study are discussed. The second chapter of the research paper reviewed related literatures explaining the views of scholars from different angles describing the main topics the study emphasis. The third chapter is the methodological part of the study which appears to be the important building blocks including the research design, sample and sampling technique, source of data collection, instrument of data collection, data collection procedures, method of data analysis, validity and reliability and ethical consideration. The fourth chapter contains the results and discussions followed by the fifth chapter which is summary, conclusions and recommendations.

Chapter Two

Literature Review

2.1. Introduction

The review of related literature of the this study includes the definition of agricultural marketing, agricultural markets in developing countries, the agricultural sector in Ethiopia, market performance, characteristics of agricultural product, marketing of agricultural products, cereal crops market price policy in Ethiopia, agricultural output distribution, agricultural output promotion and the conceptual framework of the study is presented.

2.2. Definition of Agricultural Marketing

Agricultural marketing covers the services involved in moving an agricultural product from the farm to the consumer. Numerous interconnected activities are involved in doing this, such as planning, production, growing and harvesting, grading, packing, transport, storage, agro and food processing, distribution, and sale. (Kohl 2005), define agricultural marketing as the performance of all business activities involved in the flow of food products and services from the point of initial agricultural production until they are in the hands of consumers. (Tajmeela 2011.)

(Ritson 1986) explained that agricultural marketing is the process whereby in order to fulfill its objectives, an organization accurately identifies and meets its customer's wants and needs. Such activities cannot take place without the exchange of information and are often heavily dependent on the availability of suitable finance. Marketing is the way in which any organization or individual matches its own capabilities to the need of its customers given by (Christopher 1980).He also explained that it is philosophical concept and founded on the belief that profitable sales and satisfactory terms of investment can only be achieved by identifying, anticipating and satisfying customer needs and desires. (Tajmeela 2011.)

2.3. Agricultural markets in developing countries

The agricultural markets in much of the developing world includes poor communications and transport infrastructure, limited rule of law, and restricted access to commercial finance, all of which make markets function much less effectively than textbook models typically assume. A long-standing empirical literature documents considerable commodity price variability across space and seasons in developing countries, with various empirical tests of market integration suggesting significant and puzzling forgone arbitrage opportunities, significant entry and mobility barriers, and highly personalized exchange (Christopher 2005)

Widespread inefficiencies result from incomplete or unclear property rights, imperfect contract monitoring and enforcement, high transactions costs, and binding liquidity constraints. Such failures often motivate government intervention in markets, although interventions have often done more harm than good, either by distorting incentives or by creating public sector market power. The history of agricultural markets in developing countries reflects evolving thinking on the appropriate role for government in trying to address the inefficiencies created by incomplete institutional and physical infrastructure and imperfect competition. The emphasis in the 1960s and 1970s on government intervention to resolve market failures gave way in the 1980s to market-oriented liberalization to 'get prices right' and, more recently, to a focus on 'getting institutions right. (Christopher 2005)

Markets aggregate demand and supply across actors at different spatial and temporal scales. Well-functioning markets ensure that macro and sect oral policies change the incentives and constraints faced by micro-level decision makers. Macro policy commonly becomes ineffective without market transmission of the signals sent by central governments. Similarly, well functioning markets underpin important opportunities at the micro level for welfare improvements that aggregate into sustainable macro-level growth. For example, without good access to distant markets that can absorb excess local supply, the adoption of more productive agricultural technologies typically leads to a drop in farm-gate product prices, erasing all or many of the gains to producers from technological change and thereby dampening incentives for farmers to adopt new technologies that can stimulate economic growth. (Christopher 2005)

Markets also play a fundamental role in managing risk associated with demand and supply shocks by facilitating adjustment in net export flows across space and in storage over time,

thereby reducing the price variability faced by consumers and producers. Markets thus perform multiple valuable functions: distribution of inputs (such as fertilizer, seed) and outputs (such as crops, animal products) across space and time, transformation of raw commodities into value-added products, and transmission of information and risk. (Christopher 2005)

2.4. The Agricultural Sector in Ethiopia

The agricultural sector greatly influences economic performance in Ethiopia. About 11.7 million smallholder households account for approximately 95 per cent of agricultural GDP and 85 per cent of employment. About 25 per cent of rural households earn some income from non-farm enterprises, but less than three per cent rely exclusively on income from such enterprises. With a total area of about 1.13 million km2 and about 51.3 million hectares of arable land, Ethiopia has tremendous potential for agricultural development. Only about 11.7 million hectares of land, however, are currently being cultivated; just over 20 per cent of the total arable area. Nearly 55 per cent of all smallholder farmers operate on one hectare or less. The agricultural sector accounts for roughly 43 per cent of GDP, and 90 per cent of exports. Cereals dominate Ethiopian agriculture, accounting for about 70 per cent of agricultural GDP. Livestock production accounts for about 32 per cent of agricultural GDP and draught animal power is critical for all farming systems. Over the past decade, cereal production has more than doubled to nearly 15 million tones, as a result of horizontal expansion and increased yields. Nevertheless, food security remains a critical issue for many households, and for the country as a whole. Moreover, expansion of the cropped area to more marginal lands has led to severe land degradation in some areas. (Ethiopia's Agricultural Sector Policy and Investment Framework (PIF) 2010)

Ethiopian agriculture is dominated by subsistence, low input-low output, rain fed farming system. The use of chemical fertilizer and improved seeds is quite limited despite government efforts to encourage the adoption of modern, intensive agricultural practices. Low agricultural productivity can be attributed to limited access by smallholder farmers to agricultural inputs, financial services, improved production technologies, irrigation and agricultural markets; and, more importantly, to poor land management practices that have led to severe land degradation. Ethiopia has one of the highest rates of soil nutrient depletion in sub-Saharan Africa. Estimates suggest that the annual phosphorus and nitrogen loss nationwide from the use of dung for fuel is

equivalent to the total amount of commercial fertilizer applied. Land degradation is further exacerbated by overgrazing, deforestation, population pressure and inadequate of land use planning. (Ethiopia's Agricultural Sector Policy and Investment Framework (PIF) 2010)

The agricultural sector has performed strongly over most of the last decade, but there is still substantial potential to improve productivity and production. Since 1996/97 the average growth rate of the agricultural GDP has been about 10 per cent per annum, and since 2004-05 the sector has been reported to have expanded at around 13 per cent per annum, which easily surpasses the CAADP target of 6 percent. Over this period the food poverty head count decreased from 44 per cent in 1999/00 to 38 per cent in 2005/06, and is expected to be below 30 percent by 2009/10. Per capita grain production increased from below 150kg in 2003/04 to 213kg in 2007/08, which is close to meeting the minimum 2,100 kcal/day nutritional standard. The share of agriculture in GDP declined from 53 per cent to 43 percent between 1995/96 and 2008/09, reflecting strong growth in other sectors of the economy. Despite these achievements, however, the government has made poverty and hunger reduction its top priorities. It recognizes much remains to be done in the agriculture sector to realize the vision to become a middle income country (defined as GDP/capita of USD 1,000) by 2020. Government has demonstrated strong commitment to agriculture and rural development through allocations of more than 10 percent of the total budget. To enhance the delivery of improved production technologies and support services, the Government has, with strong support from development partners, embarked on (i) expanding coverage of the national agricultural research system into arid and semi-arid areas; (ii) training and deploying at least three development (extension) agents to each kebele; (iii) establishing farmer training centers in all 18,000 kebeles; and (iv) strengthening research-extension-farmer linkages to improve technology generation, transfer, utilization and feedback. (Ethiopia's Agricultural Sector Policy and Investment Framework (PIF) 2010)

Droughts periodically reverse agricultural sector performance gains with devastating effects on household food security and poverty levels. Vulnerability to droughts is greatest in the pastoral areas of the lowlands and the densely populated, food-insecure districts of the highlands. Drought-induced famines are further exacerbated by limited coping mechanisms and inadequate contingency planning for drought mitigation and the threat of climate change. Ethiopia has an irrigable potential of about 4.3 million hectares, but only about six percent of this

potential is currently being utilized. Gender disparities significantly impede women's empowerment. While the constitution guarantees gender equality and supports affirmative action, on average, women have fewer years of schooling and heavier workloads than men. They perform a significant portion of farm work but tend to be excluded from control of farm income and inheritance of property. Women also suffer disproportionately from environmental degradation as they have to walk longer distances to collect water and firewood. The lack of draught animal power tends to intensify their vulnerability. They also shoulder a greater burden of rural poverty because of their vulnerable socio-economic position. The incidence of poverty in woman-headed households is also higher. (Ethiopia's Agricultural Sector Policy and Investment Framework (PIF) 2010**)**

2.5. Market performance

The performance of a market should describe "how well a market does", but it needs to be clarified in which categories and dimensions 'good performance' can be measured. In recent economist's work it is acknowledged that it is important for different stakeholders like theorists, policy makers and entrepreneurs to have objective ways to measure market performance of different market types (Friedman 2007). Economists traditionally understand a well doing market as one in which the allocation of supply and demand works most efficiently, which means that maximum earnings are achieved for each participant. An efficient market may be one that benefits overall welfare, but it is also clear that gains for one group of market participants often mean losses for another group. Identifying factors that influence the costs and benefits of certain markets for different participants and that constitute market performance is thus a complex undertaking and requires simplification in order to keep analysis tractable (O'Hara 1995),

It is further to be noticed that successful markets or marketplaces are not necessarily those that are the most efficient, i.e. that have the best performance (O'Hara, 1995). Market participants may have no choice but using a certain marketplace due to the market power of their most important client (e.g. small suppliers in the automotive industry). According to Shepherd, the performance of a market is determined by four performance goals: (1) The efficiency of the allocation of resources in the market, (2) the technological progress that can be

witnessed, (3) equity in distribution of resources and (4) other dimensions like cultural factors (Shepherd 1985)

2.6. Characteristics of Agricultural product

A Raw Material

The output of agriculture is largely a raw material that will be used for further processing. This processing may be limited, as in converting livestock into meat, or it may be highly complex. as in converting wheat into breakfast cereal. Regardless of the complexity, however, the product sold by the farmer soon loses its identity as a farm product and become food. The marketing system completes the production process began on the farm and provides much of the final food value that consumers desire. This means that there is a considerable distance between the products that farmers produce and the final products that consumers eat. It is both a graphic distance and also an economic distance, As a result, food producers sometimes are led to believe that their task is only the produce raw commodities, and the food marketing system has the sole responsibility or producing and selling the final foods that satisfy consumers. Nothing could be further from the truth. Successful farmers will and must become more market oriented and learn to produce value added products that meet food consumers, processers, and distributers' needs. (Richard 2002)

There are increasing opportunities for farmers who add more value to their products. This can be done by altering the production process to differentiate the product, as when farmers engage in low input, organic, " natural" , conservation, sustainable, or animal friendly agriculture. Producers can also sometimes receive price premium for specialty products, such as high oil or white corn or breeds of animals in high demand. Food producers may also move forward in the food marketing channel to add more value to farm products and project the identity of the producer to buyers. Farmer direct sales to consumers at road side or farmers markets are examples. But here the rule holders, producers can illuminate the middlemen only by assuming their functions and costs. (Richard 2002)

Bulky and perishable products

Compared to most other products, agricultural products are both bulkier and more perishable. Bulk affects the marketing functions concerned with physical handling. Products that occupy a lot of space in relation to their value are expensive to transport and store. A track load of breakfast cereal would be considerably more valuable that a truckload of wheat. Sometimes it is possible to reduce the bulkiness and weight of food products before marketing them. The frozen concentrated juice industry develop a response to a need to ship higher valued, less bulky products to markets instead of raw farm products. Perish ability also influences the marketing of farm and food products. All biological products ultimately deteriorate. Some agricultural products, like fresh strawberry or fresh peaches must move in to consumption very quickly or they completely lose their value. Products such as hogs or cattle continue to grow and change if ”storage” in the form of withholding some from market is attempted. Grains, on the other hand, can be stored for a considerable length of time without much deterioration. Even the most storable agricultural products, however, are usually are more perishable than industrial products. These product characteristics have their effect on the facilities necessarily to market farm product. Bulkiness requires large storage capacities. Perishable products require speedy handling and perhaps special refrigeration. Quality control often becomes a real and costly problem. From the farmers view point, withholding farm products from the market is extremely difficult. When products are ready, they must move to market. (Richard 2002)

Quality variation

The quality of agricultural commodities varies from year to year and from season to season. During some years the growing conditions are such that the crop is generally of high quality. In other years, unfavorable conditions may prevail and the crop is of much lower quality. Farmers and food marketing firms rely on standardization and grading to sort out the price farm products of differing qualities. (Richard 2002)

Variations in qualities may also change marketing patterns, For example, during a year in which corn does not mature properly, large amount of “soft “corn are harvested. Corn will spoil if it is not used before the following spring. Farmers may then by additional feeder animals in order to utilize this corn. The marketing pattern of these feeders, however, will be different from the usual pattern because the feeding period is adjusted to the condition of the corn. Significant

changes are occurring. Increasingly, the quality of farm products may be controlled by the following certain production practices. Some control over quality is possible through the control of the breeds and kinds of the parent stock used. Crop spraying and other production practices can be used to affect quality. As such developments are perfected; the marketing system may have to contend with less variation in the quality of agricultural products. This possibility of quality control through improved technology and production practices is another factor that is encouraging closer relationships between food marketing and production unites. (Richard 2002)
The development and rapid adoption of genetically modified crops by American farmers in the 1990 created some marketing problems. Genetically modified organisms (GMOs) have the potential to lower costs of the production, increase yields, and change characteristics of farm products to better meet. Some governments have denied imports of GMOs, required segregation of these products from others, or mandated labeling of foods containing GMOs. This is seen as an unwarranted trade barrier by some certain companies have also declined to use GMOs and advertise their products as GMO free. As a result, separate marketing systems are developing the non GMO and GMO food products. This has increased the cost of marketing their products and a created to tiered pricing system with a premium prices for non biotic products. (Richard 2002)

Despite this quality variation, farm products in general are said to be homogeneous. This means that overall, buyers have little reason to prefer on farmers product over another. Consequently, each farmer receives about the same price for the same quality of product. Individual farmers can do little to raise the general price level of their commodities although some farmers with superior marketing skills do receive higher prices than others or like quality products. (Richard 2002)

2.7. Marketing of Agricultural Products

There are two important aspects to the marketing of agricultural products. The **first** has to do with the physical process that brings products from producers to consumers; the fundamental stages of this process are the collection, packaging, transport, processing, storage and lastly the retail sale of agricultural products. This first aspect shall be dealt with in detail in the fact sheet on post-harvest management. The **second** aspect involves the market pricing mechanism. Emphasis will therefore be placed on the market mechanisms that contribute to the pricing of agricultural products and on the way that producers can obtain acceptable prices for their crops. Understanding the pricing mechanism according to

the law of demand and supply when as is often the case in Africa - a multitude of small farmers are faced with a limited number of buyers, it is hard for them to influence prices and they often just accept the price that is offered to them. Nevertheless, the situation has greatly evolved in African countries. In Africa, for several decades, it was the State that set the price of agricultural products, especially cereal and export products. With the withdrawal of State funding and privatization, farmers have become increasingly exposed to the market and need guidance in their marketing activities. Agricultural prices depend upon various factors which depend upon the conditions of demand and supply. The supply depends upon the total available amounts of a given product and can include depending on the product local production, the production of neighboring countries as well as world production in the case of export products. It also depends upon the needs of producers for ready cash: the more they need cash at harvest-time, the more they will be inclined to accept low prices. On the contrary, if they decide to stockpile instead of to sell immediately, market prices will go up. (Andrew 2004)

Demand originates from the end users or consumers and is supplied by dealers or intermediaries. End user demand is influenced by product quality and price. Consumers will buy more if the price is low, but they may be willing to pay a higher price (depending on their income) if product quality is good. The dealer, who acts as intermediaries between the producer and the consumer, make their profit from the difference between the price at which they purchase the product from producers and that at which they sell it to consumers. To do this, they tend to seek out production areas that are easy to access and which require lower transport costs, and those where crops are abundant. If crops are more abundant in neighboring countries, traders will go there to collect the available products at a lower cost. Distant production area combined with poor road and railway infrastructure are factors that drive producer prices fall down. If infrastructure is bad, part of the money that the dealer could pay to the producer will be used to pay for transport; therefore, the dealer will tend to bring down the price offered to the producer in order to make up for the high costs of transport. Another factor that influences prices is competition among dealers. If there are many dealers who want to buy the available products, producer prices will tend to rise. On the contrary, if there is only one dealer and many producers or abundant production, a modest price will be offered. (Andrew 2004)

Lastly, prices vary depending on the seasons. During harvest time, prices are low, while they rise as sowing time draws near. The ability of producers to stockpile their production can help to minimize these seasonal fluctuations by placing on the market only amounts of production sufficient to maintain a given price. It is therefore important for producers to know when, where, and what amount of their production to sell, bearing in mind the market price. Ideally, they should be able to get the most out of the existing prices. In order to do so, they must have access to information on markets and prices. (Andrew 2004)

2.8. Cereal crops Market Price Policy in Ethiopia

Cereal market policies in Ethiopia have undergone dramatic changes over the past several decades. To a large extent, these changes mirror the underlying ideological positions of successive governments, from the feudalistic system during the 1950s and 1960s, to the pervasive state interventions under the Derg regime, followed by considerable market liberalization, accompanied by an extended period of major investments in road and telecommunications infrastructure after Ethiopia became Democratic Republic of Ethiopia. (Shahidur 2010)

2.8.1. The Imperial Regime (1960-1974)

Ethiopia's cereal markets under the feudalistic regime of Emperor Hailie Selassie in the 1960s were characterized by limited government intervention, a high volume of marketing relative to production, and very high transport costs due to limited infrastructure. During this period, agricultural land in the country was almost equally distributed among the state, church, and the social aristocrats. Thus, small farmers had to lease lands from local landlords and political or religious authorities. Because rents to landlords and tributes to the state or church were paid in kind, marketed "surplus" of cereals is estimated to have been fairly high (25-30 percent of production), even though production of most farmers was near subsistence levels. One key policy instrument that led to expanded intervention in cereal markets during the later years was the formation of the Ethiopian Grain Board (EGB), established in 1952. The mandate of the EGB included export licensing, quality control, overseeing marketing intelligence, and the regulation of domestic and export purchases and sales. (Lirenso 1987)

2.8.2. State-Controlled Markets (1975-1990)

Consistent with its ideology, the socialist government of Ethiopia instituted a wide range of controls over cereal production and marketing. These included determination of annual quotas, restrictions on private grain trade and interregional grain movement, determination of days on which the local markets had to be held, and rationing of grain to urban consumers. Wholesale prices of cereals were administratively set for many provincial markets and changed little between 1976 and the late 1980s (Webb & von Braun 1994), land reforms under the Derg regime had assigned ownership of land to the state, but operational control to small holders, who were no longer obligated to pay large rents in kind. When this system failed to generate sufficient marketed surplus to supply urban consumption needs, in 1976 the government reorganized the EGB as the Agricultural Marketing Corporation to procure grain for public distribution and price stabilization. The agency was made responsible for handling almost all aspects of agricultural input and output markets. It was involved in export and imports of agricultural products, buying and selling inputs, and processing and marketing of finished products. In addition, AMC was engaged in the construction of storage facilities, such as silos, and other structures and machinery. In short, the government and AMC took over the grain markets. (Webb & von Braun 1994)

2.8.3. Liberalization and Rapid Growth (1991-2009)

Following the overthrow of the Derg regime in May 1991, various economic reform programs were launched, including major reforms in cereal markets. As part of the reorganization and re-structuring of government parastatals that began in 1992, the Agricultural Marketing Corporation (AMC) was reorganized as a public enterprise and allowed to operate in the open market in competition with the private sector. The name of the agency was also changed to the Ethiopian Grain Trade Enterprise (EGTE) and it was given a mandate to: (a) stabilize prices with an objective to encourage production and protect consumers from price shocks, (b) earn foreign exchange through exporting grains to the world market, and (c) maintain a strategic food reserves for disaster response and emergency food security operations. However, the EGTE encountered at least three major problems in the subsequent years. First, there was a constant tension between fulfilling its mandate of price

stabilization and that of competitiveness and profitability (Bekele 2002). Second, EGTE was not effective in stabilizing grain prices due to its limited grain purchases and sales network and shortage of working capital. The closure of branch offices and purchase and/or sales centers in regions with less potential for grain production, and in remote areas reduced procurement and led to under utilization of EGTE's resources (Lirenso 1994). Finally, the EGTE was often not able to guarantee purchases at pre-announced prices due to logistic and capital constraints, which had led to shaken farmers' confidence and loss of policy credibility (Rashid & Assefa 2006)

EGTE's mandate was substantially revised through a series of proclamations and regulations during 1999-2000. These proclamations required EGTE to gradually move away from price stabilization and focus on export promotion and facilitation of the administration of Strategic Food Security reserves and national disaster prevention and preparedness program. The EGTE was also merged with the Ethiopian Oil Seeds and Pulses Export Corporation (EOPEC) in 1999 in order to increase its logistic ability. But there were incidences of serious policy challenges after the 1999 and 2002 policy reforms. The most recent and important attempt towards market development in Ethiopia has been the establishment of the Ethiopian commodity exchange. While the original thrust of the exchange was on cereals, the exchange did not succeed in attracting large volume of grain. (Rashid & Assefa 2006)

2.9. Agricultural output Distribution

Agricultural distribution or marketing is primarily concerned with moving agricultural produce from the farm gate to consumers at home and abroad. However, to bring agricultural produce from the farm to the consumers involves a complex distribution system performing several functions including assembling, cleaning, sorting, transporting, storing, processing, grading, wholesaling, retailing, importing, and exporting. Complimentary or support services include financing and market information services. Marketing costs are necessarily incurred at each stage of the distribution system. (Ponciano & Luis 2001)

The new concept of marketing was considered since 1960 and the focus shifted from the product to the customer. In the past, persuade the potential customers to purchase the product was the Instrument to achieve greater profitability, but in new Paradigm, all elements of the marketing mix (4P) are constituted the instruments to achieve this goal. These elements are product, price,

persuade, channel and location of distribution. Agricultural marketing is a form of marketing that encompasses all goods and services related to the field of agriculture. (Keegan 2001)

All these products directly or indirectly support the effort to produce and deliver agricultural products from the farm to the consumer (Sedaghat 2000) in his research about the problems of pistachio marketing recognized that the pistachio marketing is ineffective. (Ashrafi 2005) revealed that the share of intermediaries is very high in agricultural trades while (Mehdipour 2005), emphasizes on high rate of agricultural marketing margin in Iran. (Rinarts 2005) and (Dong 2007), believed that Lack of effective communication between the producer and the consumer can enhance rate of agricultural marketing margin. Mutual effective relations between the producer and the consumer have mentioned in (Mizuno 2008) and (B. Jama 2008) researches too.

(Roosta 2009), in their research believes that major marketing channels of agricultural crops are:

Producer Consumer

Producer Retailer Consumer

Producer Wholesaler Retailer Consumer

Producer Broker Retailer Consumer

Producer Broker Wholesaler Retailer Consumer

(Badsar 2002) says that brokers are Undeniable subject but main problem is the Proportion between the role and share of brokers in marketing process. Results of (Salem 2000) showed that 8 main marketing channels are current in the Pomegranate marketing and 4 routes leads to exporting and the others are related to domestic consumer. Also the less marketing margin is in which rout that producer deliver his production to retailer directly and the most marketing margin is related to when the producer deliver his production to wholesaler. Moreover the most share of producer is while producer deliver his crop to retailer. (Azizi 2006) has discovered five major marketing channels for rice marketing in Gilan province and states that farmers are forecasting future prices by attention to last month's prices changes trend, and so based on the results of this act, marketing channels and the time to supply of good is determined.

2.10. Agricultural output promotion

(McCarthy 1998) defines the Marketing communications mix as the specific mix of advertising, personal selling, sales promotion, public relations, and direct marketing, a company uses to pursue its advertising and marketing objectives.

The integrated marketing communications mix is a comprehensive marketing communication plan that combines and evaluates a variety of strategic communication disciplines – general advertising, personal selling, sales promotion, direct marketing, public relations, sponsorships and others, to provide clarity, consistency and maximum communication impact (Plessis, Jooste & Strydom 2005)

(Kotler 2006) adds that the mix also includes product styling and prices, the package's shape and color, the salesperson's manner and dress and the place's décor. All this communicates something to the buyer. He further posits that marketing communications are the means by which firms attempt to inform, persuade and remind consumers, directly or indirectly, about the products and brands that they sell. They tell the consumer how and why a product is used; by what kind of person; where and when; who makes the product; what the company and brand stand for; and it can give consumers an incentive or reward for trial and usage. Marketing communications mix thus plays a critical role in creating awareness and arousing interest and desire of trial and ultimately purchase of the product/service. It can contribute to the brand equity by crafting brand image and embedding the brand in the consumer's memory. (Kotler 2006)

While it is correct that promotion yields positive results and ultimately business growth, it is not automatic that everyone who runs promotional activities is guaranteed of winning. It is mostly how the promotion is run. Thorough planning is essential, so that the implementation of the promotion program is such that positive outcomes can be achieved. Promotion does not yield immediate tangible success, hence the need to commit resources towards it, in anticipation for future (indirect) payback. (Kotler 2003) explicitly put it when he expressed that it is one thing to create awareness, it is another thing to sustain the attention attained, and still another thing to trigger action (in the form of purchasing the promoted product/service).

2.11. Conceptual Framework

The conceptual framework of this study comprises the following Marketing mix elements:

Product	Price	Place	Promotion
Packaging Labeling Product quality Product volume	Bases for pricing Affordability	Accessibility Length of distribution channel	Advertisement Sales promotion Publicity practice Direct marketing

Source: The researcher's conceptual framework

Chapter Three

Methodology

3.1. Introduction

This chapter is about how the study was conducted. The research methodology includes the research design, sampling and sampling technique, source of data, instrument of collection, procedure of data collection, method of data analysis, validity and reliability, and ethical considerations are discussed.

3.2. Research Design

The qualitative research approach is used along with quantitative research approach to analyze the data collected through the in depth interview and standard survey questionnaire. The main difference between qualitative and quantitative data analyses is that statistics and mathematical formulas are not used with qualitative analyses. Consequently, the data are verbal in nature rather than numerical and consist of detailed notes on what was observed through the particular methodology used. (Glenn 2013) Therefore, both type of research approaches' are used in conducting this study.

3.3. Sampling Procedure

The total population of this study includes 24 employees of the OAOME and 202 traders who are engaged in trading of agricultural outputs with the service provided by the enterprise. The total number of the population is 226. There are 361 shades in 12 terminals; only 202 are of the service rented by the OAOME and there are 24 employees of the organization. The data was collected from the whole population using questionnaire and in depth interview was held using systematic random sampling technique.

3.4. Source of Data

The data collection method has relied on primary data which was collected mainly through in depth interviews and structured questionnaires. The in depth interview was held with five employees in marketing department of the OAOME. The structured questionnaire was distributed to all employees of the OAOME and traders.

3.5. Instrument of data collection

The study used structured questionnaire to obtain first hand information through direct solicitation of responses from the employees of the OAOME and the traders. While Valsa (2005) confirmed the use of questionnaires can often be very useful because it helps to collect a range of information with relative ease. The in depth interview was also used to obtain brief discussion about the subject matter.

3.6. Procedure of data collection

The first step of the data collection procedure was interviewing the marketing department personnel's on 25 March 2014 with important questions to get in-depth information, free response and flexibility that cannot be obtained by other procedure but interview. The next step was the distribution of the standard survey questionnaires to the employees and traders on 8 April 2014 by personally going to where they were working and collected on 2 May 2014 within a reasonable time period.

3.7. Method of Data Analysis

Both quantitative and qualitative method of data analysis was employed. Unlike quantitative analyses in which data analysis cannot take place until after all data have been collected, with qualitative analyses the results of early review of the data guides what data is collected later in the study. The frequency distribution was used to analyze the data collected from the structured questionnaire.

3.8. Validity and Reliability

Validity

The validity indicates whether the instrument measures what it claims to measure. There are several types of validity from which the content, construct and criterion validity are discussed below.

Content Validity

The professional expertise received from an academic adviser on which he gave the researcher a consultancy service throughout the process of conducting this research paper helped to strengthen the content validity of this study.

Criterion Validity

The criterion validity of the study attempted to examine the marketing performance of the OAOME in marketing agricultural output which is estimating the performance.

Construct Validity

The comparison of the marketing performance of the OAOME before conducting the research with the description of the marketing performance of the OAOME after the completion of this study aids the construct validity of the study to be visible.

Reliability

The instruments of measurement cannot be reliable without being valid and cannot be valid without being reliable. The interdependence of the two can bring out a study in to its best performance. The inclusion of all respondents to the study contributed to proper representation of the results to the whole population.

3.9. Ethical Considerations

The information which is generated out of this study is solely based on the information gathered from the respondents. The data is collected and analyzed in genuine ways, nothing which is a result of other studies is inferred other than in the literature review. During the data collection process, all the participants were informed clearly about the purpose of the study and their participation were based on their freewill. There is no physical and psychological harm experienced on the participants. Since the sole purpose of this study is an academic knowledge enhancement, all the information gathered and processed through this study is kept confidential and served only for the research purpose.

Chapter Four
Data presentation, analysis and discussion

4.1. Introduction

This chapter presents data presentation, analysis, and discussion of the data collected through structured questionnaires with a total of 226 employees and traders at OAOME. The analysis is based on the data obtained from 174 traders and 24 employees of the enterprise. The analysis also incorporated the data obtained through an in depth interview made with five marketing department personnel of the OAOME. In order to increase the representativeness of the study, the researcher took the whole population. The questionnaires were prepared and distributed to the respondents and filled properly with the total number of 198 returned questionnaires. Thus, the analysis is based on the valid questionnaires and the response gained from the respondents.

4.2. Demographic Profile of the respondents

In table 4.1, the demographic profile of the respondents is categorized in to groups based on the common characters they share and according to the attributes set by the researcher. This will help to indicate the dominance level of each group that is in favor of a specific response gained for the specific question raised in the questionnaire.

Table 4.1: Demographic profile of respondents

Sex	Frequency	Percent
Male	174	87.9
Female	24	12.1
Total	198	100.0
Age	**Frequency**	**Percent**
18-24	17	8.6
25-34	86	43.4
35-45	56	28.3
>45	39	19.7
Total	198	100.0
Educational level	**Frequency**	**Percent**
Grade 10 or less	142	71.7
Grade 12	15	7.6
Diploma	28	14.2
Degree	9	4.5
> Masters and above	4	2.0
Total	198	100.0
Occupation	**Frequency**	**Percent**
Employees	24	12.1
Traders	174	87.9
Total	198	100.0
Knowledge on agricultural marketing	**Frequency**	**Percent**
High	29	14.6
Medium	73	36.9
Low	96	48.5
Total	198	100.0

Source: The researcher's survey data 2014

The male population has the highest composition in this study with the coverage of 87.9 % of the total population that leaves the female population with only 12.1%. There are 8.6% of respondents with the age range of 18-24, 43% with 25-35, 28.3% with 35-45, and 19.7% with the age of above 45. The dominant group of respondents in the population is the male respondents and those who fall within the age range of 25-35 constituting 43% of the total population and followed by the group from 35-45 which will be 19.7% from the total.

The proportion of educational backgrounds of the respondents is much larger with grade 10 and less implicating that most of the respondents don't have an adequate educational background. There are 71.7% of respondents under the category of grade 10 or less, 7.6% are grade 12, 14.1% of the respondents are with a Diploma, 4.5% with a degree, and only 2.0% with Masters degree. In order to make use of the information available in business environment, to make informed decisions based on analyses and forecasts, academic back ground will play a great role. Unlikely to these facts, the marketing routines which are carried out by the majority of the traders is not backed by the modern marketing techniques.

The employee of the OAOME covers the 12.1% of the total population and the traders working under the service of OAOME counts 87.9%. As the figures illustrate, the number of the traders is higher by more than five (5) folds from the number of the workers at the enterprise. The respondents with a high level of knowledge about the agricultural marketing are 14.6%, the share of the respondents with medium level of knowledge in the area contributes 36.9%, and the remaining 48.5% of the respondents fall under the category with a low level of knowledge on the subject.

4.3. Marketing Mix Practices

In this section of the study, the response from the respondents regarding the marketing mix practices in the enterprise is presented and analyzed. It comprises the product, price, promotion and place (distribution) elements of the mix and the variation in the supply and demand of the agricultural outputs during different seasons.

Table 4.2: Agricultural outputs

The quality of Agricultural outputs	Frequency	Percent
Strongly agree	48	24.2
Agree	110	55.6
Neutral	25	12.6
Disagree	10	5.1
Strongly disagree	5	2.5
Total	198	100.0
The quantity of agricultural outputs	**Frequency**	**Percent**
Strongly agree	73	36.9
Agree	107	54.0
Neutral	4	2.0
Disagree	10	5.1
Strongly disagree	4	2.0
Total	198	100.0
The packaging of agricultural outputs for protection than promotion	**Frequency**	**Percent**
Strongly agree	27	13.6
Agree	133	67.2
Neutral	18	9.1
Disagree	20	10.1
Total	198	100.0
The labeling of agricultural outputs	**Frequency**	**Percent**
Strongly agree	3	1.5
Agree	4	2.0
Neutral	15	7.6
Disagree	148	74.8
Strongly disagree	28	14.1
Total	198	100.0
Varieties of agricultural outputs	**Frequency**	**Percent**
Strongly agree	33	16.7
Agree	126	63.6
Neutral	9	4.5
Disagree	17	8.6
Strongly disagree	13	6.6
Total	198	100.0

Source: The researcher's survey data 2014

As indicated in Table 4.2, the 24.2% of the respondents strongly agree on the quality of the agricultural products which are available at OAOME, 55.6% of them agree, 12.6% were neutral, 5.1% of the respondents disagree to the quality of the agricultural products and the remaining 2.5 % of the respondents strongly disagree.

The result for the question regarding the volume of the agricultural outputs in the market, 36.9 % of the respondents strongly agree to the availability of large quantity of agricultural outputs in the market, 54% of them agreed, and only 2.0% respondents were neutral, the respondents who disagreed count to 5.1% and 2% strongly disagree.

On the question which was asked if the packaging of the agricultural output is for protection purpose than promotion, 13.6% of the respondents strongly agree that the packaging of the agricultural outputs is for protection than promotion, 67.2% agree, 9.1% of the respondents were neutral, 10.1% disagreed, and 10.1% of the respondents strongly disagreed to the argument.

The display of the labeling of the agricultural outputs were responded with 1.5% of strongly agree, 2% of agree, 7.6% were neutral, 74.8% of the respondents disagreed that there has been any labeling of the agricultural outputs' information on the packages, and 14.1% strongly disagreed, agreeing on no effort of labeling on the packages of the agricultural products.

The availability of varieties of agricultural outputs was confirmed by the 16.7% of the respondents with strong agreements and 63.6% with an agreement whereas the 4.5% neither agree nor disagree (neutrals), 8.6% disagreed and 6.6% strongly disagreed.

For the question if the agricultural outputs' pricing is determined by its demand, supply and its quality, 36.4% of the total population strongly agreed on same, 43.4% of the respondents agreed with 9.1% neutral and 11.1% disagreed.

Table 4.3: Price of the agricultural outputs

pricing using demand, supply and quality	Frequency	Percent
Strongly agree	72	36.4
Agree	86	43.4
Neutral	18	9.1
Disagree	22	11.1
Total	198	100.0
Price sensitivity of buyers	**Frequency**	**Percent**
Strongly agree	114	57.6
Agree	69	34.8
Neutral	8	4.0
Disagree	5	2.5
Strongly disagree	2	1.0
Total	198	100.0
Affordability of the price for the out puts	**Frequency**	**Percent**
Strongly agree	45	22.7
Agree	92	46.5
Neutral	5	2.5
Disagree	27	13.6
Strongly disagree	29	14.6
Total	198	100.0

Source: The researcher's survey data 2014

For the question if the agricultural outputs' pricing is determined by its demand, supply and its quality, 36.4% of the total population strongly agreed on same, 43.4% of the respondents agreed with 9.1% neutral and 11.1% disagreed.

Price sensitivity of the customers was strongly agreed by 57.6% of the total respondents where as 34.8% agreed with 4% neutral, 2.5 % disagreement and 1% strong disagreement.

The affordability of the agricultural products was rated by 22.7% of the respondents as "strongly agreed", 46.5% "agree", 2.5% neutral, 13.6% disagreement and 14.6% strong disagreement.

Table 4.4: Agricultural outputs distribution

Agricultural outputs distribution	Frequency	Percent
Strongly agree	**114**	**57.6**
Agree	**67**	**33.8**
Neutral	**3**	**1.5**
Disagree	**10**	**5.1**
Strongly disagree	**4**	**2.0**
Total	**198**	**100.0**
OAOME's effort on distribution outlets for the products	**Frequency**	**Percent**
Strongly agree	**78**	**39.4**
Agree	**96**	**48.5**
Neutral	**5**	**2.5**
Disagree	**16**	**8.1**
Strongly disagree	**3**	**1.5**
Total	**198**	**100.0**
Existence of Short Channel of Distribution	**Frequency**	**Percent**
Strongly agree	17	8.6
Agree	31	15.7
Neutral	16	8.1
Disagree	107	54.0
Strongly disagree	27	13.6
Total	198	100.0

Source: The researcher's survey data 2014

The accessibility of the products is rated as "strongly agree" by 57.6% of the respondents, 33.8% as "Agree", 1.5% 'neutral", 5.1 % "disagree" having 2% of the respondents strongly disagreed.

Of the total respondents, 39.4% strongly agreed on the efforts being made by the enterprise to facilitate distribution, 48.5 rated as agreed on the effort, 2.5% as "neutral" with 8.1% "disagree" and 1.5% strong disagreement.

The existence of short channel of distribution is rated by the respondents as "Strongly agree" by 8.6%, rated as "Agreed" by 15.7%, 8.1% as "neutral", 54% disagreed and 13.6% with strong disagreement.

Table 4.5: Product advertisement practice

product advertisement practice	Frequency	Percent
Strongly agree	16	8.1
Agree	22	11.1
Neutral	37	18.7
Disagree	79	39.9
Strongly disagree	44	22.2
Total	198	100.0
Sales promotion practice	**Frequency**	**Percent**
Strongly agree	117	59.1
Agree	42	21.2
Neutral	9	4.5
Disagree	23	11.6
Strongly disagree	7	3.5
Total	198	100.0
Publicity practice	**Frequency**	**Percent**
Strongly agree	95	48.0
Agree	53	28.8
Neutral	17	8.6
Disagree	27	13.6
Strongly disagree	6	3.0
Total	198	100.0
Door to door delivery	**Frequency**	**Percent**
Strongly agree	2	1.0
Agree	2	1.0
Neutral	1	.5
Disagree	21	10.6
Strongly disagree	172	86.9
Total	198	100.0
Daily Information Dissemination Practice	**Frequency**	**Percent**
Strongly agree	53	26.8
Agree	98	49.5
Neutral	21	10.6
Disagree	17	8.6
Strongly disagree	9	4.5
Total	198	100.0
Accessibility of Information to the Producers	**Frequency**	**Percent**
Strongly agree	41	20.7
Agree	97	49.0
Neutral	11	5.6
Disagree	38	19.2
Strongly disagree	11	5.6
Total	198	100.0

Source: The researcher's survey data 2014

Of the total respondents, 8.1% rated the advertisement of the products made by the enterprise as “strongly agreed”, 11.1% as “agree”, 18.7% as neutral with 39.9% “disagree” and 22.2% as “strongly disagree”.

The usage status of sales promotion is rated as “strongly agree” by 59.1% of the total respondents, “agreed” by 21.2%, neither agree nor disagree (neutral) by 4.5% with 11.6% for “disagree” and 3.5% for “strongly disagree”.

The usage of publicity in the enterprise is strongly agreed by 48% of the total respondents, agreed by 26.8% agreed, 8.6% neutral with a 13.6% disagreement and 3% strong disagreement.

The door to door delivery service was strongly agreed up on by 1% and agreed by 1%, 0.5% neutral respondents with 10.6% disagreeing and 86.9% strongly disagreeing to the existence of the service.

The practice of daily information dissemination done by the enterprise is strongly agreed by 26.8% of the respondents, agreed by 49.5%, 10.6 % neutral group with 8.6% disagreement and 4.5% of respondents with a strong disagreement.

Of the total respondents, 20.7% strongly agreed on the accessibility of information to producers of agricultural products, 49% of them agreed, 5.6% were neutral with 19.2% disagreeing and 5.6% of strongly disagreeing respondents.

The 29.3% of the total respondents strongly agreed that there is a gap between the supply and demand on agricultural outputs during the slack season, 47% of the respondents agreed on the matter, 8.6% of them chose to be neutral with 9.6% disagreement while 5.6% of the respondents strongly disagreed.

Table 4.6: Demand and supply of the agricultural products

Gap between demand and supply at slack season	Frequency	Percent
Strongly agree	58	29.3
Agree	93	47.0
Neutral	17	8.6
Disagree	19	9.6
Strongly disagree	11	5.6
Total	198	100.0
Gap between demand and supply at harvesting season	**Frequency**	**Percent**
Strongly agree	13	6.6
Agree	23	11.6
Neutral	19	9.6
Disagree	81	40.9
Strongly disagree	62	31.3
Total	198	100.0
Continuity of quality control over the outputs during different seasons	**Frequency**	**Percent**
Strongly agree	63	31.8
Agrees	87	43.9
Neutral	20	10.1
Disagree	11	5.6
Strongly disagree	17	8.6
Total	198	100.0

Source: The researcher's survey data 2014

The 6.6% of the total respondents strongly agreed that there is a gap between the supply and demand on agricultural outputs during the harvesting season, 11.6% agreed on the matter, 9.6% chose to be neutral with 40.9% of the respondents disagreeing while 31.3% strongly disagreed.

Of the total population, 31.8% strongly agreed that the enterprise undertakes a continuous quality control over the outputs availed on the market, 43.9% agreed, 10.1% were neutral while 5.6% chose to disagree with the level of quality control and 8.6% strongly disagreeing on same.

End user demand is influenced by product quality and price. (Andrew 2004) Quality of agricultural outputs is a major criterion for customers and consumers when deciding to purchase or not to purchase a product with a particular level of quality. This is due to the negative and sometimes irreversible impact on the health of the consumers that can be caused by consuming low quality of the agricultural outputs. Therefore, consumers' sensitivity to the quality of the products will force the traders to avail what is demanded by the users of the market and it is confirmed by the majority of the respondents.

Bulk affects the marketing functions concerned with physical handling. Products that occupy a lot of space in relation to their value are expensive to transport and store. (Richard & Joseph 2002) Due to the nature of the agricultural outputs, maintaining adequate level of volume of every variety of the products is a challenging task. The availability of the products in the market will highly affect the level of customer satisfaction specially those who are interested in purchasing in bulk. Volume will also allow in providing choices in varieties to the customers as the products are not standardized. The volume availed in this market also confirmed its adequacy by the respondents.

Packaging includes the activities of designing and producing the container for a product. The container is called the package, and it might include up to three levels of material and every physical product must carry a label, which may be a simple tag attached to the product or an elaborately designed graphic that is part of the package. (Kotler 2000) Unlike to the agricultural products, most products are standardized which will ease the packaging and labeling and makes it challenging to practice it on agricultural outputs. Packaging and labeling of products will need common characters of the products in order to maintain consistency in the standards which will help to create reliability from the customers' view point.

Availability of varieties of products will have a great deal of impact on customer satisfaction. When there are varieties of products which are being supplied by different suppliers in the market, consumers will have different choices with less switching costs. A market that can provide with relatively different choices to its users is always advantageous. Variety of products in the market is determined by the number of traders and the type of crops, vegetables and fruits that each one of them is supplying. The numerous numbers of traders in OAOME has contributed to the variety of products which are supplied in the market.

Understanding the pricing mechanism according to the law of demand and supply when as is often the case in Africa a multitude of small farmers are faced with a limited number of buyers, it is hard for them to influence prices and they often just accept the price that is offered to them. (Andrew 2004) Prices in the market of OAOME are set based on the demand, supply and quality of the agricultural outputs. During the previous times producers use to have less role in pricing their produces with lesser negotiation power due to the lack of updated market information and access for a markets. The use of the market driven forces to price the products has contributed to increase the role of the farmers' role in pricing the outputs.

Unlike most household products, agricultural outputs are the most constantly bought and consumed products. Consumers are usually price sensitive when buying products that they are frequently buying. According to the respondents about the price sensitivity of the market users, they have confirmed that the customers of the traders under OAOME are price sensitive and they strongly negotiate while purchasing the agricultural outputs. Affordability of the products is also related to the price sensitivity of the customers. If prices of the outputs are not affordable, that means the consumers will switch the market as they are price sensitive. The affordability of the outputs supplied in the market is believed by the majority of the respondents in this study.

Agricultural distribution or marketing is primarily concerned with moving agricultural produce from the farm gate to consumers at home and abroad. However, to bring agricultural produce from the farm to the consumers involves a complex distribution system performing several functions including assembling, cleaning, sorting, transporting, storing, processing, grading, wholesaling, retailing, importing, and exporting. Marketing costs are necessarily incurred at each stage of the distribution system. (Ponciano & Luis 2001)

For any product produced, distribution is the only way to make them reach the final consumers. When it comes to agricultural outputs the distribution channels are mostly unorganized and existence of adequate distribution channels is a major factor that affects the level of customer satisfaction. Adequacy of distribution outlets at OAOME was agreed by the majority of the respondents and the efforts of the enterprise to enrich the distribution outlets is also appreciated by the upper hand of the total respondents whereas the existence of short channel of distribution was rated low by the majority of the respondents.

(McCarthy 1998) defines the Marketing communications mix as the specific mix of advertising, personal selling, sales promotion, public relations, and direct marketing, a company uses to pursue its advertising and marketing objectives. The communication mix is used to create awareness about a product, to remind the audience about the product and persuade them. The practice of these promotional mix elements in OAOME is assessed and presented. As table 4.5 dictates the use of advertisement in the enterprise is rated low with the majority of the responds. In contrary, sales promotion and publicity are the most frequently practiced elements of the promotional mix in the enterprise where the practice of direct marketing is rated very low. The daily information dissemination and accessibility of information to the producers of agricultural products is rated very high by the majority of the respondents.

Demand originates from the end users or consumers and is supplied by dealers or intermediaries. (Andrew, 2004) Demand and supply varies during the two different seasons harvesting and slack. The availability of the agricultural outputs during the slack season was rated as low by respondents and as high during the harvesting season. Demand also mismatches with supply during the two seasons. The continuity of the quality control is done by the enterprise will have a great impact on the enterprise's credibility and customer satisfaction. This role of the enterprise will contribute to maintain a certain level of quality standard in the market. Consumers of agricultural outputs are sensitive to the quality of the products they are consuming as the consequence of consuming poor quality products can pose potential health related risks.

4.4. Major Findings

- The product quality is confirmed and continuity of the quality control.
- Products' availability in both volume and variety.
- Publicity and sales promotion tools practice is high where as advertisement and direct marketing practice is poor.
- Distributional outlets are not shorten in significant level.
- Uncontrolled active of illegal traders is still there.

4.5. Analysis of data collected from Interview Question

This section compiles the response gained from an in depth interview made with marketing department staff of the enterprise.

The respondents were asked about the market related challenges that OAOME is facing and their feedbacks were:

- The location of the enterprise

The geographical location of the enterprise is a challenge to serve the household category of consumers who purchases in a relatively smaller volume. Although the enterprise is located within 6 kilometers from closer part of Addis Ababa, still it is for the consumers from other parts of the city.

- Existence of the illegal traders located at "Mesalemiya"

This is the main challenge that the enterprise is facing according to the marketing personnel. These illegal traders do the business at a place called "Mesalemiya" where there is no requirement for physical place to store, display and market the outputs, no prerequisites for trade license out of which a tax will be calculated based on their income.

- Shortage of Funds

According to the interviewees, 30% of the total fund gained from the Oromiya regional state is still not released for operation. This fund was planned for different activities which can widen the service of the enterprise.

- Perishable nature of the products

Due to the nature of the products which are bulky and perishable, traders usually avoid operating with full capacity in order to minimize the risk.

The second question was about the opportunities in the agricultural market and the respondent's reaction was:

- Continuity for the need of the products

  As the consumption of the agricultural outputs is inevitable, there is no worry that the demand will decline but still bearing in mind that there is still a possible shift in demand to some extent.

- The study that is being made to control the illegal traders will give a relief

- The development of new habitats in the area

- This will increase the users of the market when the residing population in the area increases, households will start using the place for purchase of the products.

- The construction of the new bus station on the road going to Ambo, with a distance less than 300 meters can also be taken as an opportunity.

The respondent was asked about the achievements of the OAOME so far and the respondent's reaction was:

"On the establishment of the enterprise, the place was chosen as it is ideal in order to grasp the agricultural output coming from Western Oromiya which is believed to be one of the main producers of agricultural outputs. Again, the current location of the enterprise was chosen as the geographical topography is suitable of which the weather is cold and will assist to elongate the shelf life of outputs. The shades are built in a way that they are exposed to open air as one mechanism to control possible damage from bugs. The enterprise made it possible to serve customers with different needs and preferences at one centralized market and managed to provide first hand market information to the producers of agricultural out puts and customers as well. In addition, the enterprise managed to lower the involvement of unnecessary channel members."

According to the feedback of the respondents the main users of the enterprise are:

- Government offices
- Associations
- Consumers
- Private companies
- Hotels
- Universities and colleges

The respondents were asked about the media used dominantly to promote the market and disseminate the market information and their response was:

- Mainly, radio channels (FM)s and TV (publicity)
- Screen displays for daily price update to the public.

Chapter 5

Conclusion and Recommendation

5.1. Introduction

In this final chapter the study put forward the conclusion and recommendation. The conclusion of the overall survey is presented and the recommendations are forwarded based on the study finding.

5.2. Conclusion

From the total respondents, the dominant group is the male population and those who fall within the age group from 25-35 constituting 43% of the total population and followed by the group from 35-45. Knowledge of what we do and our environment is the key for success in the business sector. In order to cope with the dynamic business environment and to make informed decisions based on analyses and forecasts, academic back grounds will play a great role to realize it. Unfortunately, out of the total respondents, the lion share is taken by the group who has not reached at a diploma level. This will directly represent the majority of the respondents who are traders. Regarding the product quality, the figures stated on the table are data which guarantees that the quality of the outputs is believed to be good and we can conclude that the market is availing agricultural outputs which can be considered or categorized as quality products. And, these quality products are believed to be widely available due to the large number of traders with a capacity to provide in large volume.

The packaging of the outputs is mainly meant for protection than promotion which is because of the non standardized nature of the outputs. Based on this information, we can say that details of the products are going to be obtained from physical observation and information from the provider of the outputs. When it comes to the variety of the agricultural outputs available on the enterprise's market, it can be concluded that there are wide varieties of outputs which can serve different level of customer needs and preferences due to the labor intensive nature of the sector and its dependability by the majority of Ethiopian people for source of income.

A great deal of response regarding the question of price determining factors like demand, supply and quality is agreed on by the respondents which indicates that the prices are set using market driven forces.

It can be concluded from the above statement that the price setting factors took the important ones in to consideration. On the price sensitivity of the customers, as the purchase of the agricultural outputs is done frequently and on continuous base, customers are keen on the amount they are paying. The figures on this variable shows that only a very small percentage believes that the customers are not sensitive while the majority does and this goes to the affordability of the outputs as well.

On the distribution part of the marketing mix, the response shows that the distribution of the agricultural outputs is adequate and accessible to the customers which will have a great importance in such category of product marketing. Moreover, the efforts by the enterprise to facilitate distribution of the outputs in to the market are believed to be good and same will help to reach the customers who are not currently users of the market and also widen the traders' access to the business. On the other hand, the enterprise is not successfully exercising short channels of distribution which will expose customers to extra charges on the price, unreliable market information and involvement of irregular channel members leading to a possible quality deficiency. Whereas, the door to door delivery for the agricultural outputs sold counts almost none.

Advertisement is not a tool which is used frequently by the enterprise to promote the agricultural outputs and the market place. In contrary sales promotion is a regularly used tool in the market by price discounts based on the volume of outputs sold. As one of the promotional tools, publicity is used frequently with a dual purpose of promoting the market and disseminating market information to the producers, customers and traders as well. The product availability and demand differs or mismatches during the slack and harvesting seasons especially due to the reason that production of agricultural outputs in Ethiopia takes place seasonally. This mismatch is observed on both the high and low season on the market. The quality of the agricultural out puts is high as rated by both the traders and the worker at the market and it is as a result of the continuous quality control that the enterprise executes. The choice made on the location is based the merits attributed to it. As it is the gate way for entrance to Addis Ababa, with low temperature and planned shade designs can show that it is a well studied project.

5.3. Recommendation

This recommendation is drawn based on the data collected, analyzed and conclusions made on the earlier chapters of this study. The study embraced the four marketing mixes that the enterprise is operating with.

Regarding the quality of the outputs, OAOME should carry on the quality controlling mechanism which is being done continuous in order to control a possible adulteration and poor quality outputs which can cost the enterprise its good will. Packaging of the agricultural out puts is meant to protect the contents from possible damage, contamination and possible quality declines. This can be supported through maintaining the cleanliness of the surroundings that the outputs are stored at. Labeling of the packages if possible is recommended to minimize the dependableness of the customers only on the information advised by the provider or seller of the products.

As price is the only marketing mix that produce revenue while the others does const and it is the most flexible element giving the chance for updates. Usually prices for the output are set by the demand and supply of the product and the quality attributed to it. In this case, to manage both the demand and supply side basing both is essential to reach on acceptable price by the buyers especially that the nature of the buyers is price sensitive. Affordability of the price should never be compromised as the nature of the product is a necessity and the need cannot be substituted with other products.

Accessibility of the market place and its products should also be taken in to consideration for improvement, distribution outlets to be added on potential market places to serve the unreached customers. The location of the place is the major challenge which is mentioned by the marketing staff. This can be curbed through placing distribution and/or sample display stores for buyers in small volume and in bulk respectively. It would mean a great deal to the customers if the geographical location couldn't be limited to where it is now.

Promotional strategies should be revised and make use of them to operate in full capacity. The use of publicity should be carried on as it will have dual purposes, information dissemination and the promotional roles which can serve to remind and update the customers. Promotion will help to create a knowhow about the existence of the market to those who doesn't know, inform changes in the business and remind those who already know.

The challenges which the enterprise is facing regarding the illegal traders shall be consulted with the concerned government office in order to come up with a solution on the matter. This action of the illegal traders doesn't only affect the enterprise but also the overall country by evading tax which was supposed to be collected from every individual. The release of the remaining amount of the fund shall also be communicated with the concerned higher government officials in order to affect the release and expansion of the services being provided by OAOME.

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Appendix

Section A. English Version

Questionnaire for the Employees of the OAOME, and Traders

Addis Ababa University School of commerce

Department of Marketing management

Post graduate Program

Dear Respondents,

The objective of this questionnaire is to obtain a primary data to assess the marketing performance of the OAOME in marketing agricultural products. The Information is solicited for the partial fulfilment of a Master of Arts Degree in Marketing Management, the Department of Marketing Management at Addis Ababa University School of Commerce. All the information you provide will be kept confidential and used only for academic purpose.

Hence, I kindly request you to give accurate and detailed information for the following questions. The questionnaire does not take you more than 25 minutes. The responses will be analyzed collectively. Be sure that no harm or risk will face you in the case of filling these questionnaires and writing your name is not recommended.

Thank you In advance for taking your time to fill this questionnaire.

Warmly,
(The student researcher)

Part I: General information:

Instruction: Please put a **"√ "mark** on the appropriate response category for each questions or write your answer on questions that require an explanation on the space provided.

1. Sex Male [ ] Female [ ]
2. Age 16-24 [ ] 25 34 [ ] 35 45 [ ] Above 46 [ ]
3. Education: 8 Complete And Below [ ] 10 Complete And Below [ ] 12 Complete [ ]
   Diploma [ ] Degree [ ] Masters and Above [ ]
4. Occupation: Employee [ ] Trader [ ]
5. How Do You Level Your Understanding About Agricultural Marketing Performance?
   High [ ] Medium [ ] Low [ ]

Part II: Marketing Performance

Instruction: Please indicate your level of agreement or disagreement **from Part II- Part IV** against each questions by encircling the appropriate number (Where, 1 is for strongly disagree; 2 is for disagree; 3 is for neutral; 4 is for agree; 5 is for strongly agree).

1. Agricultural product

S/N	Statements	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
1.1	The quality of the agricultural products is high.	1	2	3	4	5
1.2	There is large quantity of agricultural products in the market.	1	2	3	4	5
1.3	The packaging of the agricultural products is for Protection purpose than promotion.	1	2	3	4	5
1.4	The labeling of the agricultural products is clearly mentioned in the packaging.	1	2	3	4	5
1.5	There are different types of agricultural products in the market.	1	2	3	4	5

2. Agricultural product pricing

S/N	Statements	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
2.1	The pricing of the agricultural product in is determined by its supply, demand, and its quality.	1	2	3	4	5
2.2	The consumer of the agricultural products is price sensitive.	1	2	3	4	5
2.3	The price of the agricultural product is affordable.	1	2	3	4	5

2. Agricultural product Distribution

S/N	Statements	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
3.1	The agricultural products are easily accessible in the market.	1	2	3	4	5
3.2	There is an effort made by the OAOME to organize distribution outlets for the agricultural products.	1	2	3	4	5
3.3	There is short channel of distribution in getting the agricultural products to the end users.	1	2	3	4	5

4. Agricultural products promotion

S/N	Statements	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
4.1	The agricultural products are being promoted through advertising.	1	2	3	4	5
4.2	The agricultural products are being promoted through sales promotion.	1	2	3	4	5
4.3	The agricultural products are being promoted through publicity.	1	2	3	4	5
4.4	The agricultural products are being promoted through direct Marketing	1	2	3	4	5

Part III: Marketing intelligence of the OAOME.

S/No	Statements.	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
1	The OAOME is making an effort to prevent the unnecessary jammed information by providing daily information through media.	1	2	3	4	5
2	The farmers receive adequate and relevant information.	1	2	3	4	5

Part IV: Supply and demand the agricultural products

S/N0	Statements	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
1	There is a huge gap between the supply and demand of the agricultural products during the low season.	1	2	3	4	5
2	There is a small gap between the supply and demand of the agricultural products during the peak season.	1	2	3	4	5

Part V: The level of quality control

S/N	Statements	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
1	The OAOME made continuous quality control on the agricultural products.	1	2	3	4	5
2	The agricultural products are up to their quality standards	1	2	3	4	5

Thank you again for your time.

Amharic Version
Questionnaire for the Employees of the OAOME and Traders

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Section B

Interview Questions for the Marketing Department personnel's of the OAOME

1. What is the market related challenges and opportunities that OAOME is facing?
2. What are the achievements that the enterprise has entertained so far?
3. Who are the main users of the market?
4. What is the media that you use dominantly to promote the market and disseminate the market information?