Factor Affecting the Marketing Competency of Kaffa Coffee

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Abstract:
Coffee is Ethiopia’s number one source of export revenue. It is vital to the cultural and socio-economic life of Ethiopians, and contributes 25% - 30% of the country’s foreign exchange, half of GDP, 90% of exports, and 85% of total employments in the country and part of the culture. But with most farmers having little or no access to quality improvement, non certified coffee agent, lack of coffee branding, coffee price fluctuation, transportation access and inflexible distribution channel or information or resources gap, because of this the opportunities for increasing coffee marketing were limited. The motives of this study was to identify factor that affecting the marketing competency of kaffa coffee in kaffa zone, SNNPR. This research was carried out through cross-sectional survey design and mainly based on data collected through questionnaires, interview and secondary sources. Simple random sampling method was used to select nine governments and non government organization including coffee producers and coffee agents in kaffa zone, then convenience sampling method was used to select respondents from available customers of each organization. Sample size 298 was determined by using the formula given by Yamane. The descriptive and inferential statistical tools such as; mean, percentage, correlation and multiple regressions were used to analyze collected data. The findings indicate that kaffa zone should improve on those variables. Although, based on a finding of regression analyzes Coffee quality had relatively strong significant and direct effect on kaffa coffee marketing with beta value of .908 and followed by coffee illegal trade with beta value of -.227, Coffee branding with beta value of .093, coffee price fluctuation with beta value of .059, transportation and logistics access with beta value of .094 and Distribution channel beta value of .059 respectively. Based on the research results, it is recommended for kaffa zone to improve coffee quality through protecting pre and post coffee harvesting, licensing illegal coffee trader, making kaffa coffee promotion through branding, compensating coffee producers when there is coffee price fluctuation, road and ware house construction and building and flexible coffee distribution channel by strengthen and creating local institution like (unions and cooperative).

Key words: Factors, kaffa, marketing, competency, production, coffee.

I. INTRODUCTION

Coffee is one of the most important traded commodities in the world. The sector’s trade structure and performance have large development and poverty implications, given the high concentration of production by smallholders in poor developing countries. Coffee’s global value chains are quickly transforming because of shifts in demands and an increasing emphasis on product differentiation in importing countries (Benoit Daviron and Stefano Ponte, 2005) Coffee production and Marketing is important to the Ethiopian economy with about 15 million people directly or indirectly deriving their livelihoods from coffee. Coffee is also a major Ethiopian export commodity generating about 25% of Ethiopia’s total export earnings. Ethiopia is the largest producer of coffee in Sub-Saharan Africa and is the fifth largest coffee producer in the world next to Brazil, Vietnam, Colombia, and Indonesia, contributing about 7 to 10% of total world coffee production. Ethiopia is the birthplace of Arabica coffee and produces mostly Arabica coffee. Coffee has economical, environmental, as well as social significance to the country (Abu and Teddy, 2013). Ethiopian is an important source of coffee genetic resources for the world coffee industry. As the matter of fact, Ethiopia is the only center of origin and diversity of Arabica coffee (Anthony et. al, 2001). It is cultivated in most parts of the tropics, accounting for 80% of world coffee market and 70% of production (Tadesse Kuma, 2006) The largest volume of coffee is grown in the two large regions of Ethiopia this are; the Southern Nations, Nationalities and Peoples Region (SNNPR here after) and Oromia (in the central part of the country). Only five percent of coffee production is growing on modern plantations, which owned by private investors, or by the government, Smallholder farmers grow the rest, and about half of that production is in backyards or gardens. In both cases (modern plantations as well as smallholder production), coffee is generally grown under shade (Abu and Teddy, 2013) Kaffa is one of coffee growing zone in southern nation nationalities and people regional state (SNNPRS) and the origin or homeland of coffee Arabic. The word “coffee” comes from the name of the region of Ethiopia where coffee was first discovered - “Kaffa” (chevalier, 1947). Kaffa used to export 350,000 kg of coffee annually before 200 years (Lange 1982:8). Coffee is the main source of Ethiopia’s economy and the entire world is aware of the fact that source of coffee Kaffa (Orient 1960 p-37)

Statement of the Problem
In our today modern and competitive business, being the producer and provider of certain product is not enough to succeed in the market. Nevertheless, the organizations should also be competent enough in terms of their product quality,
quantity, and substitute product, threat of new entrant, customer management, products promotion, and effective distribution. Therefore, organization must create their core competency and focus on that core competency to win and succeed today’s competitive business in domestic and international market (Aaker, 2001). Ethiopian coffee is currently 70-80% unwashed or sun dried and 20-30% washed coffee. Unwashed coffee commands a lower price in many markets including the US. The image of washed coffee being somehow "cleaner" is strong in the US (Abu and Teddy, 2013). Related with the marketing, studies of the fair trade/ not illegal / model that use a broad definition of farmer benefits (Dankers, 2003; Ronchi, 2002a, 2002b; Hopkins, 2000) find fair trade approaches beneficial to smallholder development. Coffee is still Ethiopia’s number one export item. It accounts for 45 to 50% of Ethiopia’s total export earnings but, its share of total export earnings has gradually declined in recent years as a result of increased exports of other commodities such as gold, flowers, Khat, textiles, and leather products (Abu and Teddy, 2013). Also Kaffa coffee is deteriorate in market also ranked at lower level in by Ethiopian commodity exchange authority. Additionally Kaffa coffee soled at lower price in domestic market. Based on this Kaffa coffee is not competent enough with other Ethiopian coffee in domestic and international market of Ethiopia (Anwar, 2010). From the above viewpoint, this study examined the factors affecting the marketing competency of Kaffa coffee.

Scope of the Study
The scope/delimitation of the study comprises identified the factors affecting marketing competency of coffee specific to Keffa Zone only. Additionally the factors identified are delimited to only Quality, illegal trading, destination branding, price, Transportation, distribution channel, and describe if others.

Conceptual framework
Conceptual framework explores, describes, explains, analyzes, and presents fact, principle and provisions of phenomena for better and background understanding of such phenomena (Frank, 1979). To achieve part of the research objective and to test the research hypotheses, this study used the conceptual framework developed by Sharif, (2010) with some minor modifications.

Source: Sharif, (2010), Pp.23 (with modifications)

Research Approach
To see Factor affecting marketing competency, the concurrent mixed method design was used. The concurrent triangulation approach is probably the most familiar of the major mixed method models. It selected as the model, when a research uses two different methods in an attempt to confirm, cross-validate,
or corroborate findings within a single study (Creswell, 2009). In this case, the quantitative and qualitative data collection is concurrent, happening in one phase of the research.

**Research Design**

This study has intent to assess Factor affecting marketing competency of Kaffa coffee. To do this, the methods employed are survey design. Survey research according to Fowler (1993) is a means of gathering information, usually through self-report using questionnaires or interviews. Its purpose is to generalize from a sample to a population so that inferences can be made and it also economical and rapid turnaround in data collection (Creswell, 2003). This survey was conducted by means of self-administered questionnaire which was distributed to different governmental and nongovernmental organization.

**Target population and sampling technique**

There were eight offices of government and nongovernmental and for which all would be considered and used for this study. A sample must represent well the characteristics of the population. It has to be accurate as studying the entire population, (Kothari, 2004). Out of the total target population, one hundred and sixty eight (168), were used as sample size. Accordingly, the sample size was calculated using Slovin’s sampling formula as follows;

\[
n = \frac{N}{1 + Ne^2}
\]

Where; \(n\) is the sample size,

\(N\) is the total target population
e is the acceptable significance level; 5% will be used in this scenario.

\[n = 290/ \{1 + 290(0.05)^2\}\]

**Data source and method of data collection**

This study used both primary and secondary data. Primary sources of data include interview and questionnaire, whereas secondary sources data generated through a review of relevant documents.

**Model specification**

According to Jim Higgins (2005); multiple linear regressions is the most common form of linear regression analysis. As a predictive analysis, the multiple linear regressions were used to explain the relationship between one continuous dependent variable from two or more independent variables. The independent variables can be continuous or categorical (dummy coded as appropriate). \( Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + : : : + \beta kX_k \)

The data was analyzed through making marketability of Kaffa coffee \( (Y) \) is the function of its Quality \((X1)\), Illegal Trade \((X2)\), Branding \((X3)\), Price \((X4)\), Transportation \((X5)\), and \((X6)\) distribution channel.

\[Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6\]

**Assessment of Kaffa coffee Marketing**

Assessment of coffee marketing is focusing on to overview the current performance of kaffa coffee marketing, competitively to other coffee growing regions, as follow; the last 5 years Kaffa coffee in central market (in tone)

<table>
<thead>
<tr>
<th>Year</th>
<th>Washed</th>
<th>Unwashed</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>3284.9</td>
<td>837.3</td>
<td>4122.2</td>
</tr>
<tr>
<td>2013</td>
<td>3262.5</td>
<td>609</td>
<td>3871.5</td>
</tr>
<tr>
<td>2014</td>
<td>3385.8</td>
<td>589.17</td>
<td>3975</td>
</tr>
<tr>
<td>2015</td>
<td>3015.3</td>
<td>537.89</td>
<td>3553.2</td>
</tr>
<tr>
<td>2016</td>
<td>3366</td>
<td>958.9</td>
<td>4325</td>
</tr>
<tr>
<td>Total</td>
<td>15,614.50</td>
<td>3,532.26</td>
<td>19,146.90</td>
</tr>
</tbody>
</table>

**Source:** Kaffa zone agricultural & marketing department (2017)

Most of Kaffa washed coffee falls in grade 2 and 3 but the unwashed coffee which represents 70% of zonal production falls into grade 3 and 4 which commonly supplied for the local market. Washed coffee has more quality than unwashed coffee in market this create price difference (washed coffee high price and unwashed coffee low price) (Daniel Kitaw, 2013). The table indicates that within 5 years Kaffa coffee share to central market was only 19,146.90 tons’ but, an estimated 35,000 to 45,000 tons of coffee are produced in Kaffa every year, with fluctuations due to the climate, prices, and the seasonal nature of coffee plants. From this production, 60% for home consumption and the remaining 40% for central market (KZAD, 2010). From the above information, 40% of production for 5 years should be 90,000 tones but the current share of central marketing was only 19,146.90 (21.274%) which was insignificant. An unknown amount of coffee are bought and sold illegally, were some goes to neighboring countries. The majority of coffee produced in Kaffa was exports from the capital city of Addis Ababa.

**Region/zone**

<table>
<thead>
<tr>
<th>Region/zone</th>
<th>2005-2008</th>
<th>2009-2013</th>
<th>Combined</th>
<th>t-test for mean difference (p-value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harar</td>
<td>1.74</td>
<td>2.62</td>
<td>2.17</td>
<td>0.00</td>
</tr>
<tr>
<td>Yirgachefe</td>
<td>1.06</td>
<td>1.45</td>
<td>1.36</td>
<td>0.00</td>
</tr>
<tr>
<td>Lekemt</td>
<td>0.94</td>
<td>1.5</td>
<td>1.28</td>
<td>0.00</td>
</tr>
<tr>
<td>Jimma</td>
<td>0.86</td>
<td>1.37</td>
<td>1.21</td>
<td>0.00</td>
</tr>
<tr>
<td>Kaffa</td>
<td><strong>0.96</strong></td>
<td><strong>1.13</strong></td>
<td><strong>1.08</strong></td>
<td><strong>0.00</strong></td>
</tr>
</tbody>
</table>

**Note:** Prices based on producer prices collected by the Central Statistical Agency (CSA) between 2005 and 2016. A price was collected by, CSA on selected 19 rural and urban markets on a monthly basis.
The table indicates that Kaffa coffee is the lowest price in central marketing for the last 10 years comparatively to other domestic coffee producer’s states. Even the progress of price was small in kaffa coffee market from each year comparatively. Price volatility is a major feature of the market and a major influence on smallholder farmers’ income. Mostly price determined by coffee quality rather than quantity of coffee for each tone.

Table Producer share for central market the last 12 months

<table>
<thead>
<tr>
<th>no</th>
<th>Type of coffee</th>
<th>Total production (hec.)</th>
<th>washed export</th>
<th>unwashed export</th>
<th>washed Domestic</th>
<th>unwashed Domestic</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kaffa coffee</td>
<td>25,000</td>
<td>510.48</td>
<td>2,956.29</td>
<td>34.17</td>
<td>3,500.94</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Bench maji</td>
<td>10,030</td>
<td>2,916.74</td>
<td>10,609.61</td>
<td>289.24</td>
<td>729.75</td>
<td>14,545.34</td>
</tr>
<tr>
<td>3</td>
<td>Majange /Gambela/</td>
<td>8,100</td>
<td>746.76</td>
<td>7,518.34</td>
<td>522.58</td>
<td>186.2</td>
<td>8,973.88</td>
</tr>
<tr>
<td>4</td>
<td>shekka zone</td>
<td>17,200</td>
<td>1,412.40</td>
<td>7,733.65</td>
<td>194.48</td>
<td>106.34</td>
<td>9,446.87</td>
</tr>
<tr>
<td>5</td>
<td>Total market share</td>
<td>60,330</td>
<td>5,586.38</td>
<td>28,817.89</td>
<td>1,040.47</td>
<td>1,022.29</td>
<td>36,467.02</td>
</tr>
</tbody>
</table>

Source: EACWSE 2017

Table indicates that the total production and the marketing share of coffee in central market, it indicates that kaffa coffee is incompetent with other coffee growing regions. The CSA reported that 10,352 tons of coffee produced in kaffa in the year ending 2005. Based on inspection records from the Ethiopian Coffee and Tea authority, this represents 10.3% of the SNNPR's output and 4.6% of Ethiopia’s total output, but currently it diminished by different factors.

Marketing channel of Kaffa coffee

![Figure: Coffee Distribution channel in kaffa](image)

Source: Authors observations 2017

The above channel indicates that coffee marketing, what look like in Kaffa. The problem is not the channel, but within the channel, there were unlicensed coffee trader who disturbed the stable market of coffee. In kaffa zone, there are only 43 unions, which legally registered, and collecting coffee from forest collectors and from small farmers, comparatively small number of unions. The other actors are illegal traders who are unlicensed but control large marketing share in Kaffa coffee.

Table concerned bodies responses to identify constrains on coffee marketing competency.

<table>
<thead>
<tr>
<th>No</th>
<th>Problem for market competency</th>
<th>Benchmark</th>
<th>SD%</th>
<th>D%</th>
<th>N%</th>
<th>A%</th>
<th>SA%</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Coffee Quality</td>
<td>Grading system</td>
<td>5</td>
<td>10</td>
<td>10</td>
<td>55</td>
<td>25</td>
<td>4.51</td>
</tr>
<tr>
<td>2</td>
<td>Illegal trade</td>
<td>Quantity</td>
<td>5</td>
<td>10</td>
<td>20</td>
<td>35</td>
<td>30</td>
<td>4.32</td>
</tr>
<tr>
<td>3</td>
<td>Coffee branding</td>
<td>promotion</td>
<td>5</td>
<td>10</td>
<td>25</td>
<td>45</td>
<td>15</td>
<td>3.95</td>
</tr>
<tr>
<td>4</td>
<td>Coffee price</td>
<td>profitability</td>
<td>10</td>
<td>10</td>
<td>25</td>
<td>30</td>
<td>25</td>
<td>3.62</td>
</tr>
<tr>
<td>5</td>
<td>Transportation and logistics</td>
<td>Accessibility/</td>
<td>10</td>
<td>10</td>
<td>20</td>
<td>25</td>
<td>25</td>
<td>3.45</td>
</tr>
<tr>
<td>6</td>
<td>Distribution channel</td>
<td>unlicensed</td>
<td>15</td>
<td>1</td>
<td>20</td>
<td>25</td>
<td>25</td>
<td>3.22</td>
</tr>
</tbody>
</table>

Source: survey 2017

Marketing problems are factors that cause market inefficiencies. Market inefficiencies will lead to hosting unsatisfied customers, and poor computation, and high marketing Costs. In this study, sampled respondents asked about the presence and types of marketing problems. Out of the total respondents, 75% of them reported they faced marketing problems. The types of marketing problems they faced were reported as from the most to the least problematic factor was observed as under. Coffee Quality or grading system (4.5) , market information or unfair trade(4.32) branding (3.95), Coffee price fall (3.62), transportation (3.45), distribution channel (3.22), packing materials (1.67%), storage (1.47%), were subsequent marketing problems of the farmers in the study area (Table 10). The result points out that, the dominant problems rest on the coffee Quality and Illegal Trade, followed by coffee branding and price fall plus that transportation that expressed as it was unavailable and/or expensive. Packing material and storage problem also the next prevailing problems that expressed by the farmers and other actors in coffee marketing.
The relation of marketing competency and (Branding, Price, Quality, Illegal Trade Transportation, and Distribution channel)

Table 1. Relationship among Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Multicollinearity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>Branding affect marketing competency of Kaffa coffee</td>
<td>0.863</td>
</tr>
<tr>
<td>Price affect marketing competency of Kaffa coffee</td>
<td>0.956</td>
</tr>
<tr>
<td>Quality affect marketing competency of Kaffa coffee</td>
<td>0.623</td>
</tr>
<tr>
<td>Illegal Trade affect marketing competency of Kaffa coffee</td>
<td>0.630</td>
</tr>
<tr>
<td>Transportation affect marketing competency of Kaffa coffee</td>
<td>0.950</td>
</tr>
<tr>
<td>Distribution Channel affect marketing competency of Kaffa coffee</td>
<td>0.984</td>
</tr>
</tbody>
</table>

Source: survey 2017

To measure multicollinearity, you can examine the correlation structure of the predictor variables. You can also examine the variance inflation factors (VIF). The VIFs measure how much the variance of an estimated regression coefficient increases if...
your predictors correlated. If all of the VIFs are 1 there is no multicollinearity, but if some VIFs are greater than 1, the predictors are correlated. When a VIF is 5 - 10, the regression coefficient for that term is not estimated well. (mintab). In the table, tolerance value for each independent variable is 0.863, 0.956, 0.623, 0.630, 0.950, and 0.984, which is not less than .10 therefore; we have not violated the multicollinearity assumption. This is also supported by the VIF value, which is 1.158, 1.046, 1.604, 1.0587, 1.052, and 1.017, for each, which is well below the cut-off of 10. These results are not surprising, given that the Pearson’s correlation coefficient between these independent variables most of them was above .52 (see Correlations table).

**Test of normality**

Theoretically, if the test isnot significant, then the data are normal, so any value above 0.05 indicates normality. Jarque-Bera formalizes this by testing the residuals for normality and testing whether the coefficient of skweness and kurtosis close are zero and three respectively. Skewness refers to how symmetric the residuals are around zero. Perfectly symmetric residuals will have a skewness of zero.

**Figure Histogram**

Mean 2.98E-16, Median 0.004179, Maximum 0.120383, Std. Dev. 0.979, Minimum 0.047566, Skewness -0.111312, Kurtosis 3.028518, Jarque-Bera 0.107046, Probabilities 0.947884 As shown in the histogram above in figure kurtosis close to 3 (i.e. 3.028518) and skewness approaches to 0 (i.e.-0.11312). The Jarque-Bera statistics was not significant even at 5% level of significance as per the P-values shown in the histogram (i.e. 0.947884), Hence, null hypothesis of the residuals follows a normal distribution was failed to reject at 5 percent of significant level. Hence, it seems that the error term in all of the cases follows the normal distribution and it implies that the inferences made about the population parameters from the samples tend to be valid.

**Linearity**

Linearity has to with the residuals should having a straight-line relationship with predicted dependent variable scores. It describes the dependent variable as a linear function of the predictor variables. Multiple regressions accurately estimate the relationship between dependent and independent variables when the relationship is linear in nature. If the relationship between the dependent and independent variables is not linear, the results of the regression analysis will under- or over- estimate the true relationship of the variables (Osborne & Waters, 2002). According to Stevens (2009), linearity can be best checked by normal p-plot residual. As shown in the figure below, the relationship between the dependent and independent variables is linear. Hence, no linearity problem on the data used for this study.

**Charts indicate the significant of coffee predictor for coffee marketing competency Chart.**

**Figure Scatter plot**

Source: Field Survey, 2017
Homoscedasticity
The assumption of homoscedasticity refers to equal variance of errors across all levels of the independent variables (Osborne & Waters, 2002). This means that researchers assume that errors are spread out consistently between the variables. Statistical software scatter plots of residuals with independent variables are the method for examining this assumption (Keith, 2006). Ideally, residuals are randomly scattered around zero providing even distribution (Osborne & Waters, 2002). To check this assumption scatter plot generated for the model. As shown in the figure below, the error variance is constant since most scattered plot attributes are around zero and near to the horizontal line. Therefore, there is no violation of homoscedasticity assumption in this study.

Source: Field Survey, 2017

The impact of (Branding, Price, Quality, Illegal Trade, Transportation, and Distribution channel) on marketing competency
This section presents multiple linear regression analysis for the model to test the combined effects of the independent variables on the dependent variable. To assess the effects of different variable on marketing competency of Kaffa coffee, the regression equation is as follows;
The independent variables can be continuous or categorical (dummy coded as appropriate).
\[
Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \varepsilon
\]
Where;
\[
Y = \text{Marketing competency (Dependent variable)}
\]
\[
\beta_0 = \text{the intercept or the constant which is the value of the dependent variable when all the independent variables are 0.}
\]
\[
\varepsilon = \text{the error term or natural variation in the model.}
\]
\[
\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6 = \text{Regression coefficients of the predictors which measure the change induced by } X_i; i=1, 2, 3, 4, 5, 6 \text{ on } Y.
\]
\[
X_1 = \text{Quality of Coffee , X2 = Illegl Trade of coffee , X3 = Coffee Branding}
\]
\[
X_4 = \text{Price fluctuation of Coffee , X5 = Coffee Transportation Problem } , X 6= \text{Distribution Channel of coffee}
\]
At 5% level of significance and 95% level of confidence
When p-value is greater than 0.05 reject the hypothesis (i.e. at p > 0.05)
Table 2. ANOVA for Overall Model

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1017.974</td>
<td>6</td>
<td>169.662</td>
<td>84.286</td>
<td>.000a</td>
</tr>
<tr>
<td>Residual</td>
<td>273.760</td>
<td>136</td>
<td>2.013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1291.734</td>
<td>142</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From table 15 it is evident that the overall model was statistically significant, that is to say, the independent variables were good joint explanatory variables/determinants for coffee marketing competency. This is so, given F statistic of 84.286 (A high value of F means that there are more chance of the Null Hypothesis being rejected and alternate accepted, and a
probability value of 0.000 (i.e. F=84.286, P value = 0.000). The probability value of (0.000) shows that there is a very low possibility that the statement “overall regression model was insignificant.”

From table above, the possible value of Y (marketing competency) when all the independent variables are equal to zero it become -0.821 at p-value of (.000) is the expected mean value of Y when all X=0. Start with a regression equation with one predictor, X. (If X sometimes = 0, the result is simply the expected mean value of Y at that value). It can also be deduced that coffee quality has a significant positive relationship with marketing company of Kaffa coffee. Coffee Quality has the highest influence on marketing competency of Kaffa coffee as compared to other variables. This is shown by the regression analysis value (t-value) of 8.84, which is greater than 2 and p-value of 0.000 which is less than 0.05 at 95% level of confidence. The beta value of 0.908 implies that an increase in coffee quality by 1 unit leads to an increase in marketing competency of Kaffa coffee by 0.908 units. It is also evident from the table; coffee illegal trade has a significant negative relationship with marketing competency of Kaffa coffee. This is so due to its t-value of - 4.8, which is less than 2 and p-value of 0.000 which is less than 0.05 at 95% level of confidence. Its β -value of -0.227 indicates that decreasing in the illegal trade of coffee by -22.7% unit leads to an increase in marketing competency by 1 units. It can further deduce from the same table above that, Coffee Branding has a significant positive relationship with coffee marketing competency. This is shown by its regression analysis value (t-value) of 2.52, which is greater than 2 and p-value of 0.000 which is less than 0.05 at 95% level of confidence. The beta value of 0.93 implies that an increase in the Coffee branding by 1 unit leads to an increase in coffee marketing competency by 9.3 units. Furthermore, coffee price is another variable that is significant positive relationship with coffee marketing competency; this is shown by its regression analysis value (t-value) of 2.21, which is greater than 2 and p-value of 0.02 which is less than 0.05 at 95% level of confidence. The beta value of 0.59 implies that an increase in the Coffee price by 1 unit leads to an increase in coffee marketing competency by 5.9 units. Lastly, Transportation problem and Coffee distribution channel as seen from the table have significant positive relationship with Coffee marketing competency. This deduction was made based on its t-value of 2.126 and 2.704 which is greater than 2 and p-value of 0.04, and 0.03 which is greater than 0.05 at 95% level of confidence. Its β-value of 0.94 and 0.59 respectively indicates that an increase in Transportation and distribution channel by 1 unit leads to an increasing in coffee marketing competency by 9.4 and 5.9 units respectively, in both sides very low influence indeed. Based on this, conducting transportation problem and coffee distribution channel had the least or weak significant influence on marketing competency of Kaffa coffee. After the critical analysis, the study model becomes;

\[
Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \epsilon
\]

Marketing competency (Y) = - 0.821 + 0.908X₁ + (-0.227X₂) + 0.93X₃ + 0.59X₄ + 0.94X₅ + 0.59X₆

Generally from regression model viewpoint, Quality, illegal trade, branding, price, transportation and logistics and distribution channel are factors which affecting the marketing competency of kaffa coffee.

**Summary of Findings**

The findings of this study summarized in line with the research questions, and objectives. Accordingly, the following subheadings used to present the major findings on the study questions and objective.

1. **Coffee quality** had a significant positive influence on marketing competency of Kaffa coffee. Increasing coffee quality has the greatest influence on marketing competency of Kaffa coffee as compared to other variables. Coffee quality affected by the following elements:
   - The pre harvesting problem
   - The post harvesting problem
   - Management of coffee problem particularly in forest coffee
   - Shortage of Logistic and warehouse
   - Low awareness on coffee producers on the essence of quality especially by small holders
   - Economic inability of small holder coffee producers
2. **Illegal coffee traders** – Basically, farmers should be owners, users, and controllers of their marketing. However, in the study area, it observed that most farmers were using other marketing channels (unlicensed traders) to sell their coffee. On the other hand, shortage of unions was problem for legal marketing in the study areas. Generally, the results of the study show that marketing of coffee is inefficient on their business management.

**Table 3. Coefficient of Determination and Parameters of Estimates**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Beta</th>
<th>Std.Error</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-0.821</td>
<td>0.236</td>
<td>1.998</td>
<td>0</td>
</tr>
<tr>
<td>Branding affect marketing competency of Kaffa coffee</td>
<td>0.093</td>
<td>0.001</td>
<td>2.52</td>
<td>0</td>
</tr>
<tr>
<td>Price affect marketing competency of Kaffa coffee</td>
<td>0.059</td>
<td>0.018</td>
<td>2.12</td>
<td>0.002</td>
</tr>
<tr>
<td>Quality affect marketing competency of Kaffa coffee</td>
<td>0.908</td>
<td>0.0114</td>
<td>8.84</td>
<td>0</td>
</tr>
<tr>
<td>Illegal Trade affect marketing competency of Kaffa coffee</td>
<td>-0.227</td>
<td>0.074</td>
<td>-4.8</td>
<td>0</td>
</tr>
<tr>
<td>Transportation affect marketing competency of Kaffa coffee</td>
<td>0.094</td>
<td>0.017</td>
<td>2.126</td>
<td>0.004</td>
</tr>
<tr>
<td>Distribution Channel affect marketing competency of Kaffa coffee</td>
<td>0.059</td>
<td>0.111</td>
<td>2.704</td>
<td>0.003</td>
</tr>
</tbody>
</table>
and members handling thereby, leading to dissatisfaction of the members as customers.

3. **Branding** – lack of branding has positive effects on coffee marketing. Without branding no promotion, without promotion no marketing competency. Up to date, there is no coffee branding or identification of kaffa coffee. This contributes to the downfall of kaffa coffee marketing. Building strong brands has become a marketing priority for many organizations. On this statement, most respondents agreed that coffee branding is important to increase the marketing competency of Kaffa coffee. This is based on the presumption that building a strong brand yields a number of marketing advantages.

4. **Price** - Kaffa coffee has the lowest price in central market. The discussion part indicates that Kaffa coffee in domestic market is lower in quality as well as in quantity because of different reasons mentioned in chapter four, thereby affecting its price.

5. **Transportation** - as indicated in the results of the study, transportation problem affects coffa coffee marketing. Most coffee growing districts in kaffa zone are far from the marketing center, they therefore, need access good roads, to transport their products. Unfortunately, there is no transportation access for them.

6. **The distribution channel** - in kaffa was poor and inflexible, mainly dominated by illegal traders, which had multiple disadvantages. Coffee producers and the government do not benefit from illegal coffee marketing. In kaffa zone, illegal coffee traders control marketing channel.

**II. CONCLUSION**

Quality of coffee is the main problem of kaffa coffee marketing, as a result, in spite of the comparative advantage in flavor. The coffee price in the domestic market is lower than other area price. In addition, actors are not fairly priced because of quality. The causes for poor quality are mainly associated with harvesting and post-harvesting practice (collection, dry and wet processing, storage, transportation). Economic problem of smallholder coffee producers, poor management of kaffa forest coffee, low awareness of coffee producers on quality and coffee standards are the core for quality deterioration. Illegal trader are dominantly control the value chain of kaffa coffee. this lead Lack of transparency in domestic and international pricing of Kaffa coffee to producers. It is often a mystery for producers, how Kaffa exporters or sellers set their pricing. The reason for the increasing of illegal trade in kaffa coffee is related with; lack of strong and ample unions and cooperatives, shortage of transportation access to coffee producers to carry out their production to market, illegal trader were quick accessible to cash. Lack of information about Kaffa coffee in general, due to branding problem, it is currently very challenging to find any reliable sources of information about Kaffa coffee. Nowadays, domestic and international coffee buyers seek in depth information about the origin of their purchased coffees, about the specific background of the producing country and about the suppliers of their (specialty) coffee lots. Specialty coffee buyers nowadays command transparency about pricing structures and they require the ability to trace coffee lots back to the production region or preferably to the community where the beans originate. Price fluctuation cause marketing incompetency in the study area, some producers store their coffee in unsafe place for quality because of waiting the price of coffee to raise up, during the time coffee quality badly affected and it become the cause for low price or it totally rejected by Ethiopian Commodity Exchange because of below export criteria. In addition to that, from kaffa exported coffee 70% were unwashed coffee, which decline the price of coffee in central market. In study areas were coffee is much producing by smallholders are often geographically dispersed; roads and communications are poor, and the volume of business is insufficient to encourage the marketing of coffee. Inefficient and under developed markets result in low and variable prices, thereby reducing the profitability of producer farmers.

**Recommendations**

To replace and to make kaffa coffee competitive in domestic and international market the following points should critically implemented in ground with each concerned body. Despite the fact that the quality of Kaffa coffee is poor due to traditional pre and post harvest practices, to mange this problem efforts were made so far in areas of fermentation time, drying depth, time of storage and extension support, training for coffee expertise and coffee farmers on recommended technologies. Empowering of coffee producer to produce other production to alternative means of income to avoid depending only coffee. Access to logistics and transportation is other factors to manage coffee quality, if it is road construction and warehouse accessibility is too important for coffee producers to transport and to safe management of coffee quality. Intervention to reduce uncertainty and other marketing problems like illegal coffee traders and to bring the farmer households into profit maximizing category may be realized through establishment or strengthening of rural institutions, ( cooperatives and unions) for good marketing achievement. To solve marketing problems of smallholders, the role of agricultural marketing cooperatives should be long been recognized. Kaffa should go full throttle for value addition through branding, certification, total quality management, attractive packaging, niche positioning and other creative marketing strategies, taking into consideration that the paradox of the coffee global market is the oversupply of low-quality coffee and shortage of high-quality coffee. Kaffa coffee industry lacks direction, cohesion and purpose relative to its domestic competitiveness. As discussed earlier, no such multiple strategic value chain analyses have been performed. Instead of defining theoretical models, practical action plans must be adopts and execute in order to establish a brighter future for the coffee sector in the region. Generally, Kaffa coffee is incompetent in central market due to different factors, some of which were already mentioned. Therefore, to tackle the mentioned problem, the government, non-governmental, coffee agents, the producers, and any other concerned body should give much emphasis to manage the marketing competency of Kaffa coffee for diverse benefits of all stakeholders. in addition to that infrastructure example building of road , are important.

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