

**ASSESSMENT OF MARKETING MIX STRATEGY
(A CASE OF DASHEN BREWERY SHARE COMPANY)**

HF
5415.16
.H37
2014
Doc.

**A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF
MANAGEMENT AS A PARTIAL FULFILLMENT FOR THE
REQUIRMENT OF MASTER'S DEGREE IN BUSINESS
ADMINSTRATION (MBA)**

PREPARED BY: HASSEN ADGO ASSEFA

PRINCIPAL ADVISOR: SHIMELIS ZEWIDE (Ph.D)

CO-ADVISOR: ASHENAFI HAILE (MA)

**JIMMA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT
MBA PROGRAM**

HF
5415.16
.H37
2014
Doc.

**JUNE, 2014
JIMMA, ETHIOPIA**

C-1
ACC-44686

**ASSESSMENT OF MARKETING MIX STRATEGY
(A CASE OF DASHEN BREWERY SHARE COMPANY)**

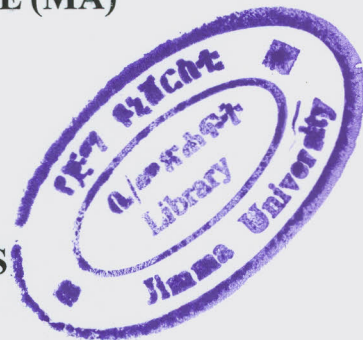
**A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF
MANAGEMENT AS A PARTIAL FULFILLMENT FOR THE
REQUIRMENT OF MASTER'S DEGREE IN BUSINESS
ADMINSTRATION (MBA)**

PREPARED BY: HASSEN ADGO ASSEFA

PRINCIPAL ADVISOR: SHIMELIS ZEVIDE (Ph.D)


CO-ADVISOR: ASHENAFI HAILE (MA)

**JIMMA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT
MBA PROGRAM**



0044686/02

JU - LIBRARY SYSTEM
Tel.: 0471112119
378, Jimma, Ethiopia



0194136

**JUNE, 2014
JIMMA, ETHIOPIA**

Declaration

I undersigned declare that this Research report is my original work and has not been presented for a degree in any other university, and all the materials used for this study have been duly acknowledged.

Name Hassen Adgo

Signature 

Date 19/06/24

This research report has been submitted for examination with our approval as a university advisor.

Main advisor

Name _____

Signature _____

Date _____

Co-advisor

Name _____

Signature _____


Date _____

Approval Sheet

We, the undersigned, members of the Board of Examiners of the final open defense by Hassen Adgo Assefa have read and evaluated his research project entitled “Assessment of Marketing Mix Strategy: A Case of Dashen Brewery Share Company.” and examined the candidate. This is, therefore, to certify that the research project has been accepted as a partial fulfillment for the requirement of master’s degree in business administration.

Name of Main Advisor	Signature	Date
-----------------------------	------------------	-------------

Name of Co-Advisor	Signature	Date
---------------------------	------------------	-------------

Name of External Examiner	Signature	Date
<i>Seid H. For</i>		<i>19/06/24</i>

Name of Internal Examiner	Signature	Date
<i>Seid H.</i>		<i>19/06/24</i>

ABSTRACT

The marketing mix is the means by which marketing objectives of the organization will be achieved and comprises of product, price, promotion and place of the marketing activities. This study focused on assessing the marketing mix strategy practices of the Dashen Brewery Share Company. The study used descriptive method of research design. Both primary and secondary data collection instruments are used to collect data. To collect the data for this study, the target population of the study is the marketing department of the Dashen Brewery Share Company and consumers of the company. The study was taken consumers found in the Gondar town and distributes 352 questionnaires to the consumers of the factory. The response from the consumers shows that the company provides quality products. The quality of the beer is the main reason for the consumers to prefer the Dashen products. In addition to this, participating in the different developmental activities also benefit the company in building good public relation. When the price of Dashen brewery products is increase, many of the consumers reduced their amount of consumption. Finally, the researcher recommended that when price of the product is reduced, the company should consider its impact on the consumers' perception on quality.

Key words: *marketing mix, product, price, promotion, distribution*

Acknowledgement

First and foremost I would like to thank ALLAH the almighty for making my studies and my academic years at Jimma University possible. Several people provided support to me during my stay at the University and it is hard to mention them all. Therefore, I would like to deliver a general thank to all for the support. However, the following people deserve a special mention.

My sincere thanks should go to my advisors Dr. Shimelis Zewide and Mr. Ashenafi Haile for their determined efforts and constructive comments during the preparation of this research. Without their support, advices, knowledge, and patience, this research would have never been possible.

Finally yet importantly, I would like to extend my sincere gratitude to my parents, brothers, and sisters who supported me morally in the entire process.

Tables of Contents

Declaration	i
Approval Sheet.....	ii
<i>Abstract</i>	iii
Acknowledgement.....	iv
Tables of Contents.....	v
List of Tables.....	viii
List of Figures	ix
List of Acronyms.....	x
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study.....	1
1.2 Background of the Organization	3
1.3 Statement of the Problem	6
1.4 Objective of the Study.....	8
1.4.1 General Objective of the Study	8
1.4.2 Specific Objectives of the Study	8
1.5 Scope of the Study	9
1.6 Significance of the Study	9
1.7 Limitation of the study.....	10
1.8 Definition of key terms.....	11
1.9 Organization of the Paper.....	11
CHAPTER TWO.....	12
2 REVIEW OF RELATED LITERATURE.....	12
2.1 Overview of Marketing mix Strategy	12
2.2. Product strategy	12
2.2.1. What is a product?.....	12
2.2.2. Product Life-Cycle Strategy	13
2.2.3. Challenges to New Product Success	15
2.3. Pricing Strategies.....	16
2.3.1. Factors to be Considered When Setting Prices.....	17

2.3.2. Alternative Approaches to Determining Price	18
2.3.3. Pricing Strategies for Established Products.....	20
2.4. Promotion Strategies	20
2.4.1.1 Advertising strategy	21
2.4.1.2. Sales Promotion Strategy	22
2.4.1.3. Public Relations	23
2.4.1.4. Personal selling strategy	23
2.5. Distribution Strategies	24
2.5.1. Distribution channels	24
2.5.2. Selection of Distribution Channels	25
2.6. Empirical Literature	26
CHAPTER THREE: RESEARCH METHODOLOGY	31
3.1 Research Design	31
3.2 Target Population	31
3.3 Sampling Technique	31
3.4 Data Collection Method	32
3.5 Instrument development	33
3.5.1 Validity	33
3.5.2 Reliability	33
3.6 Method of Data Analysis	34
CHAPTER FOUR: FINDINGS AND DISCUSSION	35
3. INTRODUCTION	35
4.1 Demographic Characteristics of the Respondents	35
4.2 Questions related to the marketing mix of the Dashen Brewery	37
4.2.1 Product Related issues	37
4.2.2 Price Related Issues	42
4.2.3 Promotion Related Issues	47
4.2.4 Distribution Related Issues	51

CHAPTER FIVE	56
CONCLUSION AND RECOMMENDATION	56
5.1 Conclusions	56
5.2 Recommendations	58
Reference	
Appendices	

List of Tables

Table 4.1 Sex and Age of the Respondents.....	35
Table 4.2 Product related issues.....	37
Table 4.3 Product related issues (Likert scale).....	40
Table 4.4 Price related issues.....	42
Table 4.5 Price related issues (Likert scale).....	45
Table 4.6 Promotion related issues.....	47
Table 4.7 Promotion related issues (Likert scale).....	49
Table 4.8 Distribution related issues.....	51
Table 4.9 Distribution related issues (Likert scale).....	53

List of Figures

Figure 1.1: Organization of the Paper.....	11
Figure 2.2. Advertising -Management Process.....	22
Figure 2.3 the possible channels of distribution.....	24
Figure 2.4 Conceptual framework.....	30

List of Acronyms

SPSS Statistical Package for Social Science

DBSC Dashen Brewery Share Company

Four Ps Product, Price, Promotion, and Place

CHAPTER ONE: INTRODUCTION

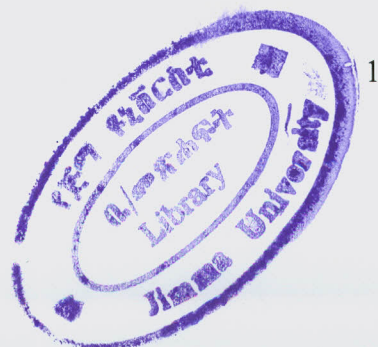
1.1 Background of the Study

Due to the growing competition in the market place, more demanding and assertive customers, and rapid advancement in technology has changed the marketing environment dramatically and is becoming more turbulent. In order to be successful in the business, companies should have a competitive marketing mix strategy. The main reason that makes marketing mix a powerful concept is, it makes marketing easy to handle and allow the separation of marketing activities from other activities of the firm and the delegation of marketing tasks to specialists (Goi, 2009).

In order to create a successful marketing mix strategy, it must reflect desires of the consumers in the target market. The company should constantly compare the value and customer satisfaction delivered by its products, prices, distribution channels and promotion with those of its close competitors. By doing this, the company can identify areas of potential advantage and disadvantage. By the competitor analysis the company can start to formulate their marketing mix strategies (Kotler, 2002).

The term marketing mix has its origins when Neil Borden identified the controllable marketing elements that properly managed would result to a profitable business operation. But McCarthy reduced Borden's factors to a simple four-element framework commonly known as the 4Ps, i.e., Product, Price, Promotion and Place (McCarthy, 1960 in Shaw, 2012). According to Dacko (2008) marketing mix is all the key activities which are used in marketing business products.

As a result of the country continuous economic development, the beer market of Ethiopia exposing an amazing increasing trend every year. Especially in recent five years, the industry shown more than a 15% increment trend each year and expected to grow in the future. Because of this attractive industrial growth new domestic and foreign investors are investing in the sector (Dashen brewery annual report, 2012). This makes the competition stiff and brewery companies should have sound marketing mix strategy to satisfy their consumers.



0044686/01

There are some studies conducted on the issue. One can be a study in Thailand by Sankrusme (2011) entitled “Marketing strategy competition among beer companies before liquor liberalization”. The study shows that company entered the market with a strategy of combining their beer with local liquors through agents that were available throughout the country together with advertising. Advertising via television attracted consumers in a broad scope complementing its cheap price due to selling local liquors with their beer.

A study in the University of Finland in hotel management program by Karppinen (2011) addresses strategic marketing for hotel Helsinki. The study shows that the hotel offer annual membership to their customers. All the members get a Hotel Express-card that allows them to get accommodation for half the price at hotels which have joined the organization.

Another study by Yifru (2007) entitled “Market strategy, conduct and performances of some selected Large and Medium Scale Food Manufacturing Companies” shows that competition among the firms is more intensive due to the larger number of firms and low level of product differentiation although attempts were made to differentiate through branding and advertisement. This certainly minimizes their innovative and competitiveness in the market. The study indicates that price is not determined in consultation among rivals, no collusion. But in the case of biscuits producing firms, the market leader, sets its wholesale prices higher than its competitors due to its brand preference among consumers.

This study is conducted in beer manufacturing company. Brewing has been mentioned in history as early as Egyptian times and has continued on to the present day with relatively few changes to the basic recipe. Beer is the world most widely consumed alcoholic beverage; it is the third-most popular drink overall, after water and tea. For instance according to the Brewing Industry Report (2011), in Europe beer is one of the most favorite drinks, best enjoyed and savored in a convivial atmosphere. There are also lots of beer brands offered to the Ethiopian beer market. Currently, there are five breweries in Ethiopian namely BGI, Dashen, Harar, Meta, and Bedele. In addition to this, there are new companies under construction which indicates that the competition is becoming quite big.

This study tried to assess the marketing mix strategy practices of the Dashen Brewery Share Company. Because of the Ethiopian government privatization policy of the beer industries, large and well known foreign beer companies are entering into the Ethiopian beer market and the existing breweries are expanding their production capacity. This creates a high treat to the local companies like Dashen breweries. In order to compete with these international beer companies in the local market, the factory should have a sound marketing mix strategy. This study tried to show the marketing mix strategy that considers consumers of the company product and making the company successful.

1.2 Background of the Organization

Brewing has been mentioned in history as early as Egyptian times and has continued on to the present day with relatively few changes to the basic recipe. Beer is the world most widely consumed alcoholic beverage; it is the third-most popular drink overall, after water and tea. Malted barley is the main ingredient, which, when milled and heated in water to extract its nutrients, provides a nourishing sugar- and protein-rich solution named wort (pronounced wert), an ideal medium in which yeast may grow and ferment. In comparatively recent times hops were added to the boiling wort as it was discovered that hops had anti-bacterial properties which preserved the wort and fermented beer and which gave the beer a refreshing bitter taste.

According to DBSC Annual report (2004), Dashen Brewery is one of the Ethiopian beer manufacturing industries. Dashen Brewery S.C was established as an endowment to assist the overall development needs of the Amhara region in 2000 G.C. Dashen is a modern company occupying an area of 8.5 hectares, was completed with an initial capital investment of over 340 million Birr. The Brewery is located in the historical town Gondar which is annually visited by more than 95,000 tourists. The company also has liaison office in Addis Ababa.

The primary objective of the factory is creating linkage between the agriculture and the industry sectors, through barley (for beer malt) production as input to the factory in the high land area farmers of Amhara region as well as the country.

To prove this fact the company and TIRET in addition to other stakeholders are highly dedicated and work hard in barley seed delivery to farmers and now it reaches at the end point of completion of construction work and erection of machines for the Malt factory. Moreover; the firm is aimed at provision of quality beer to the customers.

The initial production capacity of Dashen Brewery S.C was 300,000 hectoliter beer per annum; however in 2004 (May 1996 to December 1997 E.C) in doing expansion works with a cost of Birr 100 million raised its capacity to 709,000 hectoliter annually and planned to upgrade to produce 1,000,000 hectoliter of beer annually. The factory is the latest and the most modern brewery in the country that uses high-tech machinery. It produces high quality beer in almost fully computerized and automated process. Their average annual sale is Birr 416 million with increasing growth rate (DBSC Annual report, 2004).

Dashen Brewery PLC was named by the greatest mountain in Ethiopia and a home to rare endemic fauna and flora and renowned for its breathtaking scenery; which has an altitude of 4,523 meters above sea level known as mount Dashen.

The factory has latest equipment that makes its production modern. Among these equipment: CIP plant-the brewing equipment is cleaned by 4CIP plants using recovered water, caustic soda, and acid; EBI: removes products that do not fulfill the standards water treatment plant, CO₂ recovery plant, Air compressor plant, Cooling plant, Boiler plant, Conveyor; Casing and uncasing, Crate washer, Bottle washer, Filler, Pasteurizer, Labeler, Keg plant and others.

Dashen Brewery S.C has more than 11 years' experience in high quality beer production from barley and pure water. Via its contemporary technology, the beer achieves quality standards i.e. produced without sugar, free from hangover and needless mouth smell.

Dashen Brewery has beautiful beer garden and warehouses in Gondar, Woldya and Addis Ababa cities and has four sales outlets (zones) to distribute its products in all over the local markets through agents. In addition to the bottled and draught beer, recently the factory was introduced another product "Royal Draught" to be followed soon by Royal bottled Beer.

In fulfilling quality standards Dashen Brewery S.C has awarded quality management system ISO: 9001-2000 and 2008 and also environmental management system (EMS) ISO: 14001-2004 certificates. The company is a pioneer to receive the ISO awards in Ethiopia. Being certified of ISO credentials it built up customers' confidence, increased sales volume, ensured international recognition and increased market competitiveness.

1.2.1 Vision of the Company

- To make Dashen the central venue for quality beer celebrities
- To see the company that can generate a Billion of revenue in the strategic year (2012 to 2016) and contribute the development of the region as well as the country.

1.2.2 Mission of the company

- To be the best Ethiopia beer lead drinks company with sustained revenue growth and consistently improving returns on invested capital
- To support the socio economic development of the region

1.2.3 Values of the company

- To lead the county in the technology and knowledge transformation.
- To ensure product consistency at the required level.
- To train all employees of the brewery to the end of the next
- Dashen brewery has customer focused orientation.
- Dashen brewery has prevalence of accountability
- Dashen brewery has well trained & committed work force
- Make its production process environmentally friendly.

1.3 Statement of the Problem

Whether the organization is domestic or international, new or existing, small or large, and private or governments all are operate in a turbulent and uncertain environment. In the context of changing customer expectations, technological discontinuities, and increasing environmental uncertainties business managers have a big challenge of making the right strategic choice and setting their strategic priorities in order to allocate their resources to different functions in an efficient manner for business success. Due to this, managers must develop new tools, new concepts, new strategies and the new mindsets to cope with the turbulent and chaotic marketing environments that may lead to failure of the organization (Burnett, 2008).

According to Kotler (2008) there are many companies which operate without formal plans. In new companies, managers are sometimes too busy for planning. In small companies, managers may think that only large corporations need planning. In mature companies, many managers argue that they have done well without formal planning, so it cannot be very important. They may resist taking the time to prepare a written plan. They may argue that the marketplace changes too fast for the marketing plan to be useful and because of this they fail to make good marketing strategy.

According to Cravens et al (1993) a company needs to consider the competitors in its industry in order to develop successful strategies. Strategies such as price competition, advertising battles, sales promotion offers, new product introductions, and increased customer service are commonly used to attract customers from competitors. In order to fully analyze rivalry, it is important to determine which firms are the major competitors and what are their annual sales, market share, growth profile, and strengths and weaknesses. Also, it is useful to analyze their current and past marketing strategies to try to forecast their likely reactions to a change in a competitive firm's strategy.

In order to achieve the marketing objectives, we need to have a strategy that includes different elements. When it comes to marketing strategies, most people spontaneously think about the 4P (Product, Price, Place, and Promotion). Like other products, the investment in the production and sale of beer needs its own marketing strategy. As a result of the country's continuous

economic development, the beer market of Ethiopia is exposing an amazing increasing trend every year. Especially in recent five years, the industry shown more than a 15% increment trend each year and expected to grow in the future. Because of this attractive industrial growth the currently existing breweries continuously expand their production capacity and plans to add new plants. Similarly the sector also attracts new domestic and foreign investors to invest in the business (Dashen Brewery Annual Report, 2004).

Two internationally known breweries namely Heineken and Diageo recently enter into the Ethiopian beer manufacturing sector by buying the government owned three breweries (Bedelle, Harer and Meta). In addition to foreign companies, the domestic investors invest to this sector and currently three new brewery projects are under construction namely Habesha, Raya and Zebidar breweries. This shows that the sector is becoming more competitive than ever before and it creates a treat to the Dashen brewery.

Some breweries in Ethiopia like BGI increase the competition by providing branded refrigerators and branded draft machines to their customers. Other companies are also providing loan to the customers to increase the amount of the sales volume. But in the case of Dashen brewery, the company still does not provide branded refrigerators and branded draft machines to the customers. This might reduced the amount of sales on the bottled and draft beer products of the company.

When we see the market share of the Dashen brewery, it led the beer market of the country in the second position next to BGI and improving its market position with different marketing activities in the geographically proximate region one and two of their market segments. But the distribution of the products of the Dashen brewery is mainly concentrated in the northern part of the country. Until recently the company was the only brewery located in the northern part of the country. This was one of the advantages of the company. But due to the expansion of the existing breweries like BGI in the Kombolcha town and the entrance of global beer companies in Ethiopia the company will face great competition even in the northern part of the country. The company's public relation activities are also limited in this part of the country. The company is

more known by having good public relation activities with the Northern part of the country and this enhances the acceptance of the products by the inhabitation of the region. But the company does not have good public relation activities in other parts of the country.

Therefore, this study assessed the marketing mix strategy practiced in Dashen Brewery Share Company and tried to answer the following basic questions.

- ❖ What is quality of the products and the consumers' acceptance?
- ❖ How the consumers evaluate the price of the product with respect to quality?
- ❖ How the consumers respond to the promotions of the company?
- ❖ Which channels of distribution best satisfy the consumers?

1.4 Objective of the Study

1.4.1 General Objective of the Study

The general objective of the study is to assess the marketing mix strategies of the Dashen Brewery share company; the product, price, promotion and distribution strategies that is best for the consumers of the company.

1.4.2 Specific Objectives of the Study

While assessing the marketing mix of the Dashen Brewery, the researcher focused on the following specific objectives;

- ❖ To examine the product quality of the company and the consumers acceptance.
- ❖ To explore the price the DB products and the consumers evaluation with quality.
- ❖ To see the promotional strategy of the company on the product consumers.
- ❖ To assess the distribution channels that is best for the consumers.

1.5 Scope of the Study

The scope of this study is limited to assess the marketing mix strategies practiced in the Dashen brewery share company. This study is concentrated on only Dashen brewery located in the northern part of the country and it did not include any other beer companies in the country. The study involves the marketing department of the company. It also involves product consumers of the company so as to see the successfulness of the marketing mix strategies of the company. The study includes the basic marketing mix elements such as product, price, promotion and distribution strategies of the company. It did not include elements in the so called extended marketing mix elements.

1.6 Significance of the Study

The aim of the business establishment is to continue in business by generating profit through production and sale of products or services. Without optimal profit, a business firm cannot survive. One of the core activities in a business company is having a well-developed marketing strategy. The ultimate success or failure of a company depends on its marketing strategies.

The study therefore, intended to help the company management to redirect their attention to this highly essential function. The study focused on how marketing mix used in order to enhance, maintain and attract customers and to identify how those tools should affect their marketing mix strategy and under taking such study is very crucial for any business entity so as to shape its marketing mix strategy. The study is worth doing because it can help the company to look at its problems, to take in to the alternative consideration, and to give basic knowledge about marketing mix strategy and their significance in the Brewery industry. The study can also contribute towards the advancement of theoretical knowledge and served as a reference material for similar studies in future.

1.7 Limitation of the Study

The consumers of the Dashen brewery are too many and scattered in the different part of the country. The study is limited to involve the consumers of Dashen Brewery located in the Gondar town of the country. It would be better for this study to include many consumers located in the different part of the country. The study was also limited by the lack of researches conducted on this topic, especially in the county's context in which this study is undertaken. Lack of sufficient finance and time are also the limitation of this study.

1.8 Definition of key terms

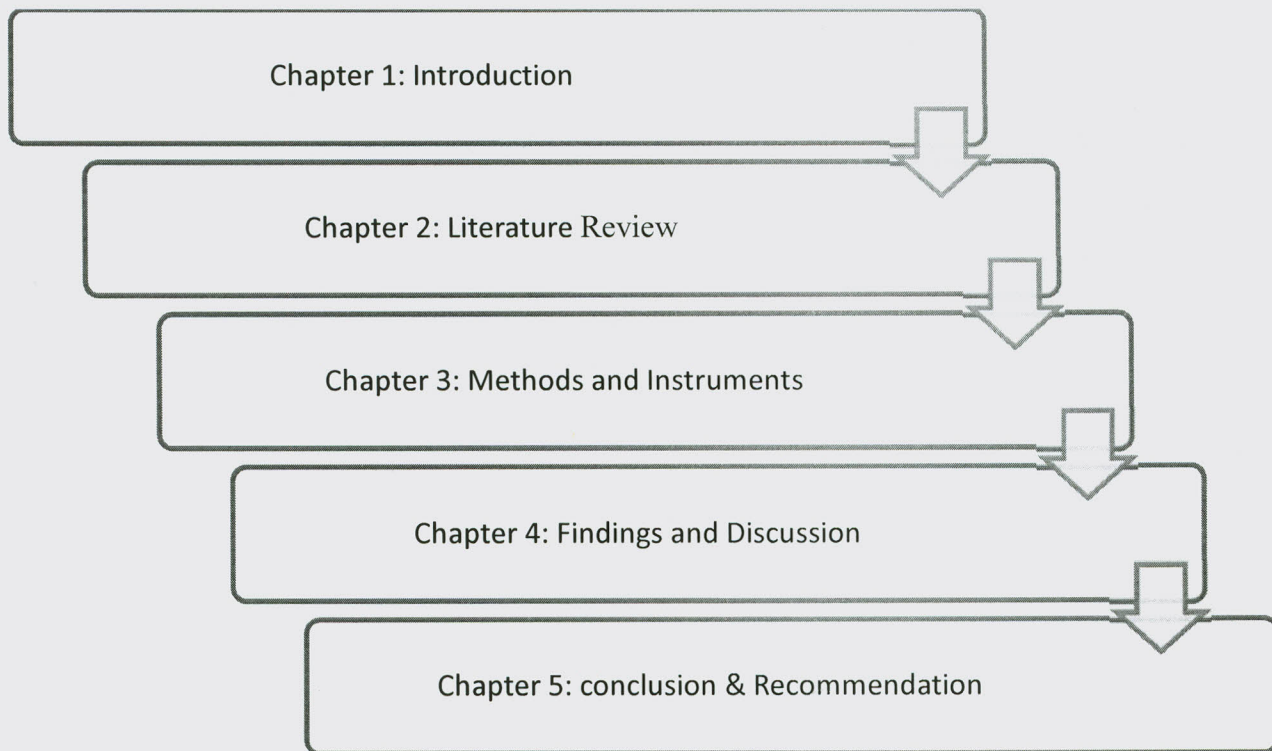
The researcher used the following conceptual definitions throughout this study.

- ❖ **Marketing:** Marketing is defined in this study as the performance of activities that seek to accomplish an organization's objectives by anticipating customer or client needs and directing a flow of need satisfying goods and services from producer to customer or client
- ❖ **Marketing mix:** The marketing mix is the means by which marketing objectives of the organization will be achieved and comprises of product, price, promotion and place of the marketing activities.
- ❖ **Product:** A product is anything that can be offered to a market for attention, use or consumption that satisfies a want or need.
- ❖ **Price:** Price is the amount of money charged for a product or service, or the sum of the values that consumers exchange for the benefits of having or using the product or service.
- ❖ **Promotion:** The specific mix of advertising, personal selling, and public relations that a company uses to pursue its marketing objectives.
- ❖ **Distribution:** It is the set of firms and individuals that take title or assist in transferring title to a good or service as it moves from the producer to the consumer.

1.9 Organization of the Paper

The study was organized in to five chapters where the first chapter gave an explanation on background of the study, statement of the problem, general and specific objectives of the study, significance of the study, scope and limitations faced when conducting the study. The second chapter explained review of related literatures and empirical findings by different authors. The third chapter presented the sample design, data type and source, target population, data collection, data processing and analysis, and instrument development. Whereas, the fourth chapter presented findings of the study and discussion; and finally, the fifth chapter presented the conclusion of study findings and recommendation for concluded problematic areas.

Figure 1.1 Organization of the Paper



CHAPTER TWO

2 REVIEW OF RELATED LITERATURE

2.1 Overview of Marketing mix Strategy

As it is defined in the advanced dictionary of marketing Dacko (2008), marketing mix strategy is the set of marketing decisions made by a firm determining its choice of product markets in which to invest and compete and how the firm decides to compete in terms of its customer value proposition, assets and competencies, and functional area strategies and programs.

There are different definitions of marketing mix strategy. The development of a marketing plan is not the end of the marketing process. High performance firms must hone their expertise in organizing, implementing, and controlling marketing activities as they follow marketing results closely, diagnose problems, and take corrective action when necessary. In today's fast-paced business world, the ability to effectively manage the marketing process beginning to end has become an extremely important competitive advantage.

In the word of Kotler (2007), marketing mix strategy is the marketing of logic by which the business unit expects achieve its marketing objectives. Marketing strategy consists of marketing decisions on the business's marketing expenditure, marketing mix and allocations in relation to expected environmental and competitive conditions

2.2. Product strategy

2.2.1. What is a product?

In essence, the term "product" refers to anything offered to provide customer satisfaction, be it tangible or intangible. It can be a single product, a combination of products, a product-service combination, or several related products and services. Although a product is normally defined from the perspective of the manufacturer, it is also important to note two other points-of-view-those of the consumer and other relevant publics (Burnett, 2008).

Marketers define a product as being a bundle of benefits. This means that the product is more than just the sum of its physical characteristics; it includes fringe elements such as the brand image, the way the product is packed and delivered, even the color of the box it comes in.

According to Quain (2012) primary characteristics are those core benefits of the product that it has in common with its competitors; auxiliary characteristics are the features and benefits that are unique to the product. For instance, consider the contrast between a pizza from a delivery service and a pizza from the supermarket freezer. The primary characteristics of each are the same: a dough base with tomato sauce and cheese on top, with other ingredients included. The primary benefit is that each provides a tasty and filling meal; the auxiliary characteristics are where the two products diverge

2.2.2. Product Life-Cycle Strategies

After launching the new product, management wants the product to enjoy a long and healthy life. Although it does not expect the product to sell forever, the company wants to earn a decent profit to cover all the effort and risk that went into launching it. Management is aware that each product will have a life cycle, although the exact shape and length is not known in advance.

According to Kotler (2007) the product life cycle (PLC) has five distinct stages. These include the following stages:

I. Produce Development Stage

Produce development stage begins when the company finds and develops a new-product idea. During product development, sales are zero and the company's investment costs mount. Many companies organize their new-product development process into an orderly sequence of steps, starting with idea generation and ending with commercialization. Under this sequential product development approach, one company department works individually to complete its stage of the process before passing the new product along to the next department and stage. This orderly, step-by-step process can help bring control to complex and risky projects. But it also can be dangerously slow. In today's fast-changing, highly competitive markets, such slow-but-sure product development can result in product failures, lost sales and crumbling market positions.

'Speed to market' and reducing new product development time have become pressing concerns to companies in all industries.

II. Introduction Stage

In this stage, as compared to other stages, profits are negative or low because of the low sales and high distribution and promotion expenses. Much money is needed to attract distributors and build their inventories. Promotion spending is relatively high to inform consumers of the new product and get them to try it. The firms focus their selling on those buyers who are the readiest to buy - usually the higher-income groups. A company might adopt one of several marketing strategies for introducing a new product. It can set a high or low level for each marketing variable, such as price, promotion, distribution and product quality.

III. Growth Stage

If the new product meets market needs or stimulates previously untapped needs, it will enter a growth stage, in which sales will start climbing quickly. The early adopters will continue to buy, and later buyers will start following their lead, especially if they hear favorable word of mouth. Attracted by the opportunities for profit, new competitors will enter the market. They will introduce new product features, improve on the pioneer's product and expand the market for the product (mahajan, 2013).

The increase in competitors leads to an increase in the number of distribution outlets, and sales jump just to build reseller inventories. Prices remain where they are or fall only slightly. Companies keep their promotion spending at the same or a slightly higher level. The firm uses several strategies to sustain rapid market growth as long as possible. It improves product quality and adds new product features and models. It enters new market segments and tries to grow sales further by selling through new distribution channels.

IV. Maturity Stage

This maturity stage normally lasts longer than the previous stages, and it poses strong challenges to marketing management. Most products are in the maturity stage of the life cycle, and, therefore, most of marketing management deals with the mature product. The slowdown in sales growth results in many producers with many products to sell. In turn, this overcapacity leads to greater competition. Competitors begin to cut prices, increase their advertising and sale promotions, and increase their R & D budgets to find better versions of the product. Three strategies for the maturity stage are market modification, product modification, and marketing mix modification.

V. Decline Stage

Sales may plunge to zero, or they may drop to a low level where they continue for many years. Sales decline for many reasons, including technological advances, shifts in consumer tastes and increased competition. As sales and profits decline, some firms withdraw from die market. Those remaining may reduce the number of their product offerings. They may drop smaller market segments and marginal trade channels, or they may cut the promotion budget and reduce their prices further (Anderson, 2000).

2.2.3. Challenges to New Product Success

A number of research studies have examined new product or service successes versus failures. Most of the failures can be attributed to the inability to meet one of the criteria for success. Thus, most products that fail do so because the firm does not have a market orientation throughout, or there is poor coordination, or the firm does not have or does not use a technological advantage. These factors contribute to a product that does not provide value. Another key factor in product failure is poor marketing, either through failing to launch the product with adequate or appropriate support, or by pricing the product inappropriately. Again, the marketing department plays a key role in determining the success of a new product or service and, ultimately, the success of the firm (David & Charles, 2007).

0044686/02



Services face additional challenges. Pure services must overcome all of the same barriers as products; in addition to those factors related to such characteristics as perish ability, tangibility, and reliability. Services cannot be produced and stored until needed in the way that products can. For example, if Hilton builds a hotel and rooms go empty, those unpaid nights are lost forever. If Hilton miss anticipates demand or if demand varies widely for a particular location, the hotel may fail.

2.3. Pricing Strategies

Pricing has traditionally been considered as me too variable in marketing strategy. Effective pricing is not an easy task, even under the most favorable conditions. A large number of internal and external variables must be studied systematically before price can be set. For example: the reactions of a competitor often stand out as an important consideration in developing pricing strategy (Tellis, 1986).

Although making the pricing decision is usually a marketing decision, making it correctly requires an understanding of both the customer and society's view of price as well. In some respects, price setting is the most important decision made by a business. A price set too low may result in a deficiency in revenues and the demise of the business. A price set too high may result in poor response from customers and, unsurprisingly, the demise of the business. The consequences of a poor pricing decision, therefore, can be dire. We begin our discussion of pricing by considering the perspective of the customer.

The Customer's View of Price

According to Blyth (2005) a customer can be either the ultimate user of the finished product or a business that purchases components of the finished product. It is the customer that seeks to satisfy a need or set of needs through the purchase of a particular product or set of products. Consequently, the customer uses several criteria to determine how much they are willing to expend in order to satisfy these needs. Ideally, the customer would like to pay as little as possible to satisfy these needs. Therefore, for the business to increase value (i.e., create the competitive

advantage), it can either increase the perceived benefits or reduce the perceived costs. Both of these elements should be considered elements of price.

The marketer's view of price

According to David, et al (2007) Price is important to marketers, because it represents marketers' assessment of the value customers see in the product or service and are willing to pay for a product or service. A number of factors have changed the way marketers undertake the pricing of their products and services.

1. Foreign competition has put considerable pressure on U.S. firms ' pricing strategies. Many foreign-made products are high in quality and compete in U.S. markets on the basis of lower price for good value.
2. Competitors often try to gain market share by reducing their prices. The price reduction is intended to increase demand from customers who are judged to be sensitive to changes in price.
3. New products are far more prevalent today than in the past. Pricing a new product can represent a challenge, as there is often no historical basis for pricing new products.
4. Technology has led to existing products having shorter marketplace lives. New products are introduced to the market more frequently, reducing the "shelf life" of existing products. As a result, marketers face pressures to price products to recover costs more quickly (Burnett, 2008).

2.3.1. Factors to be Considered When Setting Prices

A company's pricing decision are affected both by internal and external company factors.

- ❖ Internal factors affecting pricing includes company's marketing objectives, marketing mix strategy, cost and organization.
- ❖ External factors affecting pricing includes nature of the market and demand, competition and other environmental factors

2.3.2. Alternative Approaches to Determining Price

As in any other question of marketing, pricing is dependent on how the customer will react to the prices set. Customers do not usually buy the cheapest products; they buy those that represent good value for money. Typically, customers will assess the promises the supplier has made about what the product is and will do, and will measure this against the price being asked (Blythe, 2005).

Cost-Oriented Pricing: Cost-Plus and Mark-Ups

As it is explained by Burnett (2008) the cost-plus method, sometimes called gross margin pricing, is perhaps most widely used by marketers to set price. The manager selects as a goal a particular gross margin that will produce a desirable profit level. Gross margin is the difference between how much the goods cost and the actual price for which it sells. This gross margin is designated by a percent of net sales. A primary reason that the cost-plus method is attractive to marketers is that they do not have to forecast general business conditions or customer demand. A major disadvantage of cost-plus pricing is its inherent inflexibility & it does not take into account consumers' perceptions of a product's value.

Mark-up pricing is similar to cost-plus pricing, and is the method used by most retailers. Typically, a retailer will buy in stock and add on a fixed percentage to the bought-in price (a mark-up) in order to arrive at the **shelf price**. The level will vary from retailer to retailer, depending on the type of product; in some cases the mark-up will be 100% or more, in others it will be near zero (if the retailer feels that stocking the product will stimulate other sales). Usually there is a standard mark-up for each product category (Blythe, 2005).

Break-Even Analysis

According to Perreault et al (2011), "break-even analysis evaluates whether the firm will be able to break even--- that is covering all its cost with a particular product. This method focus on the breakeven point, i.e., the quantity where the total cost equals the total revenue. The shortcoming of break-even analysis is it assumes that variable costs are constant. However, wages will increase with overtime and shipping discounts will be obtained. The other shortcoming is that it assumes that all costs can be neatly categorized as fixed or variable".

Target Rates of Return

The target rate of return approach to pricing is pricing of the product on the absence of any information concerning the demand for the product at the desired price. It is assumed that all of the units will be sold at the price which provides the desired return. In the target rate of return the firm has set a target for profit let for instance of 20% above total costs (Vakratsas, 2001).

Demand pricing

Demand pricing is the most market-orientated method of pricing. Here, the marketer begins by assessing what the demand will be for the product at different price levels. This is usually done by asking the customers what they might expect to pay for the product, and seeing how many choose each price level.

Product-line pricing

Product-line pricing means setting prices within linked product groups. Often sales of one product will be directly linked to the sales of another, so that it is possible to sell one item at a low price in order to make a greater profit on the other one. As explained by Onkvisit (2004) Gillette sells its Mach III system razors at a very low price, with the aim of making up the profit on sales of the blades. In the long run, this is a good strategy because it overcomes the initial resistance of consumers towards buying something untried, but allows the firm to show high profits for years to come.

Psychological pricing

Psychological pricing relies on emotional responses from the consumer. Higher prices are often used as an indicator of quality so some firms will use prestige pricing. This applies in many service industries, because consumers are often buying a promise; a service that does not have a high enough quality cannot be exchanged afterwards. Consumers' expectations of high-priced restaurants and hairdressers are clearly higher in terms of the quality of service provision; cutting prices in those industries does not necessarily lead to an increase in business (Blythe, 2005).

2.3.3. Pricing Strategies for Established Products

An examination of existing prices lead to one of three strategic alternatives; maintaining the Price, reducing the price and increasing the price.

- ✓ Maintaining the prices: If the market segment from which the company drives a big position of its sales is not affected by changes in the environment, the company may decide not to initiate any change in its pricing strategy.
- ✓ Reducing the prices:
- ✓ During a period of inflation, all types of costs go up, and to maintain adequate profits, an increase in price becomes necessary. How much the price should be increased is a matter of strategy that varies from case to case

There are three main reasons for lowering prices. First, as a defensive strategy, prices may be cut in response to competition. In addition, to successfully compete in mature industries, many companies reduce prices, following a strategy that is often called value pricing. A second reason for lowering price is offensive in nature. Following the experience curve concept, costs across the board go down by fixed percentage every time experience doubles. Technology advances have made possible the low cost production of high quality electronics gear. The third and final reason for price cutting may be a response to customer needs (Kotler et al. 2008).

2.4. Promotion Strategies

Promotion strategies are concerned with the planning, implementing and control of persuasive communication with customers. Modern marketing calls for more than developing a good product, pricing it attractively and making it accessible. Companies must also communicate with present and potential stakeholders as well as the general public. For most companies, the question is not whether to communicate but rather what to say, to whom, and how often (Peter et al, 2006).

2.4.1. Promotional Mixes

Each promotional tool has its own unique characteristics and costs. These strategies may be designed around advertising, personal selling, sales promotion and publicity.

2.4.1.1 Advertising strategy

Advertising is a paid, mediated form of communication from an identifiable source, designed to persuade the receiver to take some action, now or in the future. As explained by Khan (2006) the word paid in this definition distinguishes advertising from a related marketing communication tool, public relations, that secure unpaid space or time in media due to the news value of the public relations content. Advertising of products and services is often described as being costly and slow in showing positive effects in the initial stages.

Advertising of products and services in some organizations is considered a long-term investment and hence, the allocation of time and resources is shifted to the advertising strategies of the organization. Advertising is costly and its effects often uncertain. It is for these reasons that many companies think it appropriate occasionally to reduce advertising expenditures or to eliminate advertising entirely.

Marketing managers and perhaps especially chief financial officers and chief executive officers sometimes consider it unnecessary to advertise when their brands already are enjoying great success. Companies find it particularly seductive to pull funds out of advertising during economic downturns every dollar not spent on advertising is one more dollar added to the bottom line. Olufunso (2006) also argues in favor that advertising performs informing, persuading, reminding, adding value and assisting other company efforts.

Advertising evolves from a company's overall marketing strategy. Marketing strategy involves the plans, budgets and controls needed to direct a firm's production, promotion, distribution and pricing activities (Bamforth, 2009). Figure 2.2 shows how advertising evolves from marketing strategy.

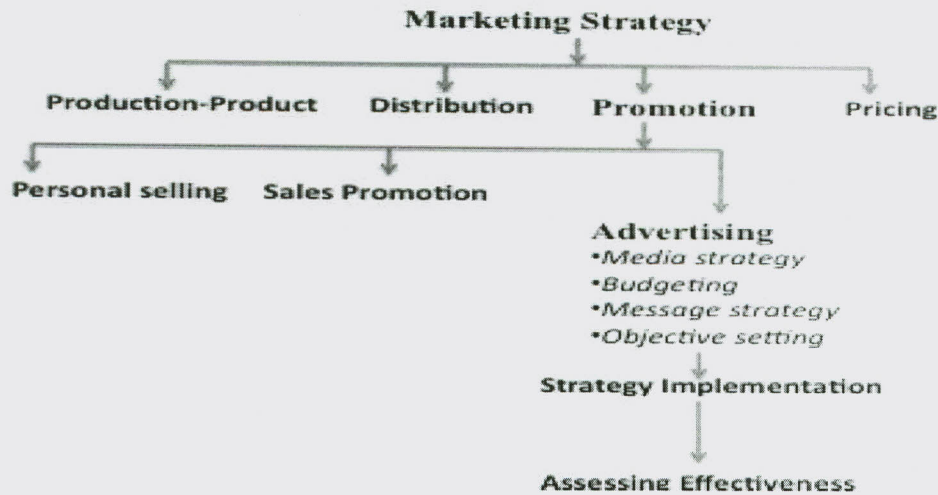


Figure 2.2. Advertising -Management Process

2.4.1.2. Sales Promotion Strategy

Sales promotion, a key ingredient in many marketing campaigns, consists of a diverse collection of incentive tools, mostly short term, designed to stimulate trial, or quicker or greater purchase, of particular products or services by consumers or the trade. Whereas advertising offers a reason to buy, sales promotion offers an incentive to buy. Sales promotion includes tools for consumer promotion (samples, coupons, cash refund offers, prices off, premiums, prizes, patronage rewards, free trials, warranties, cross promotions, point of purchase displays, and demonstrations); trade promotion, and business sand sales force (Perreault, 2011).

Sales promotion offer three distinctive benefits: (1) communication (they gain attention and usually provide information that may lead the consumer to the product); (2) incentive (they incorporate some concession or inducement that gives value to the consumer); and (3) invitation (they include a distinct invitation to engage in the transaction now). Sales promotion can be used for short run effects such as dramatizing product offers and boosting sales (Ranchhod et al. 2007).

2.4.1.3. Public Relations

According to Kotler (1999) public relation concerns about building good relations with the company's various publics by obtaining favorable publicity, building up a good 'corporate image' and handling or heading off unfavorable rumors, stories and events. The old name for marketing public relations was publicity, which was seen simply as activities to promote a company or its products by planting news about it in media not paid for by the sponsor, Public relations (PR) is a much broader concept that includes publicity as well as many other activities.

Public relations departments use many different tools;

- ✓ Press relations or press agency. Creating and placing newsworthy information in the news media to attract attention to a person, product or service.
- ✓ Product publicity. Publicizing specific products.
- ✓ Public affairs. Building and maintaining local, national and international relations.
- ✓ Lobbying. Building and maintaining relations with legislators and government officials to influence legislation and regulation.

2.4.1.4. Personal selling strategy

According to Khan (2006) Personal selling is a key element in promotion, one of the four Ps in the marketing mixes. Personal selling has three distinctive qualities: (1) Personal confrontation (it involves an immediate and interactive relationship between two or more persons); (2) cultivation (it permits all kinds of relationships to spring up, ranging from a matter of fact selling relationship to a deep personal friendship); and (3) response (it makes the buyer feel under some obligation for having listened to the sales talk). Salespeople perform one or more of the following tasks: Prospecting, targeting, communicating, and selling approaching, Servicing, Information gathering, Allocating.

2.5. Distribution Strategies

Managers must think about place—making goods and services available in the right quantity and locations, when the customers want them. And when different target markets have different needs, a numbers of place variations may required. Distribution strategies are concerned with the channels a firm may employ to make its goods and services available to customers (Perreault, 2011).

2.5.1. Distribution channels

Transportation method is also affected by the channel of distribution, or marketing channel. Figure 2.1 shows some of the possible channels of distribution a consumer product might go through.

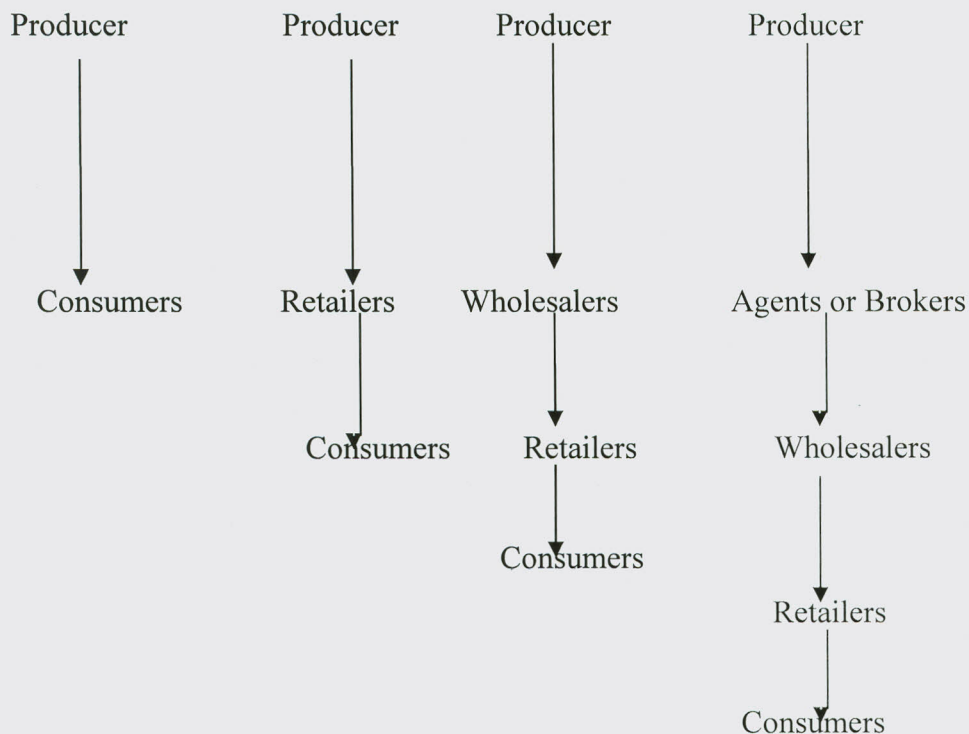


Figure 2.1 the possible channels of distribution

According to Peter et al (2006) direct producer-to-consumer channels are typical of personal services such as hairdressing, where use of intermediaries would be impossible, and of major capital purchases such as houses or home improvements. This is because these products cannot be broken down into smaller units, or assorted, or accumulated. There is therefore no function for the middlemen to fulfill. If the distribution network is efficiently managed, goods come down the channel and information goes up. Retailers can feed back information about what consumers

need, either formally (by carrying out a monitoring exercise and passing the information to the manufacturer or wholesaler) or informally (since retailers order only what is selling, producers can infer what is required by the consumers). A good salesperson will also act as an information channel, and will find out from the retailers what they think consumers want, as well as convey information from the manufacturers to the retailer.

Major manufacturers often have several distribution channels, catering for different market segments. Food processing firms will usually have separate channels for caterers and for retailers, car manufacturers may deal directly with large fleet operators rather than operating through their retail dealer network, and electronics manufacturers may have one channel for consumer products and another for defense products (Blythe, 2005).

2.5.2. Selection of Distribution Channels

Channels should determine what the final buyer wants and determine the best way to reach them, Marketing Oriented! Determined by:

1. Organizational Goals, Objectives (same day delivery), resources and capabilities. Companies with wide product mixes can sell more directly to the retailers, have more promotional skills etc.
2. Market Characteristics, Geography, greater distance use more intermediaries, market density, clustering, market size etc., industrial vs. consumer, Buyer Behavior, Where?/How?/ May need creativity.
3. Product Attributes, IE Need to provide a service. Perish ability short channels, storage requirements, space, fashion, size (reduce handling), complexity, standard.
4. Environmental Forces, i.e. Competition, Technology need to determine the number of Intermediaries, determine the channel width, intensity of distribution, the products market exposure (Kotler, 2007).

2.6. EMPIRICAL LITERATURE

There are researches conducted in Finland in the University of Applied Sciences Hotel Management Program by Karppinen (2011) addressing Strategic Marketing for a Hotel Helsinki. The aim of the thesis is to create a strategic marketing for Hotel Helsinki; first to assess the current marketing situation of the hotel and what possible needs and gaps it might have. With the basic information of the situation a marketing plan can be formed. The aim is also for the new marketing plan is realistic and applicable so that the hotel can use it in their marketing.

In the research a qualitative method was used and the data was collected using semi-structured questionnaire. In-depth interviews were conducted with the hotel owner and staff members. The results of the research formed the strategic marketing plan outlining the action plans on how Hotel Helsinki should proceed with its marketing. In this research a total of 4 people were interviewed which makes the results reliable enough. In quantitative research method minimum number of people interviewed is usually three to five in order to get reliable results. If more people had been interviewed the reliability would have been higher but as the Hotel Helsinki is a small privately owned hotel and the target group for the interviews was the hotel staff the number of people to interview was limited.

The study shows that the hotel offer annual membership to its customers. All the members get a Hotel VIP Club or Hotel Express-card that allows them to get accommodation for half the price at hotels which have joined the organization. Hotel Helsinki offers these half the price-deals for the members and all the respondents agree that it is a useful and good working partnership. The hotel has a couple of distribution channels that are bringing customers in regularly, most of them through the internet. For example booking.com has been proven to be a good channel for the hotel at the moment. Hotel Helsinki co-operates with many of the educational institutes, especially with the vocational institutes of this particular field of hotel and restaurant business and the hotel has many trainees to come and do their practical training periods at the hotel.

Another study is on Marketing Strategy Competition among Beer Companies before Liquor Liberalization by the Sankrusme(2011). The purpose of the study is to analyze marketing strategy of beer companies before liquor liberalization in 2000 in Thailand. Research method was a qualitative approach. In-depth interviews of the key people and beer company experts

were conducted. The primary data was gathered from direct answers to specific questions. Secondary data was gathered from textbooks, journals, dissertations, newspapers, newsletters, seminars, etc.

The study shows Carlsberg beer entered the market with a strategy of combining Carlsberg beer with local liquors through agents that were available throughout the country together with advertising. Advertising via television attracted consumers in a broad scope complementing its cheap price due to selling local liquors with Chang beer. They spent up to 500 million baht just for the promotion. There was a big competition between Singha and Chang beer in mobilizing various strategies to compete in every aspect such as rebate, exchange distribution and promotional gift. The main strategy applied continuously was the attractive price that was lower than competitors' price by selling local liquors with Chang beer in economic crisis that caused consumers' purchasing power to decrease. Therefore, price is an important factor in determination to buy beers.

The company produced new beers to be in completed amounts for every segment for the purpose of: (1) Selling for competition, (2) Scrambling for market share and insertion into the marketing space, (3) The liquidity in laying of market policy and cooperation with alliance, and (4) Having an increased amount of products to serve the demand for Singha Draft beer with a mild taste to attract customers who like the smooth taste.

A research conducted by Yifru (2007) address market structure, conduct and performances of some selected Large and Medium Scale Food Manufacturing Companies. The main aim of this project was to identify and analyze the reasons why large and medium scale manufacturing firms in the selected food processing firms particularly pasta, macaroni and biscuits producers were characterized by low level of performances and lack of competitiveness i.e. under capacity, low profitability and productivity through market structure, conduct and performance model of analysis.

The research is a descriptive research that covered the analysis of five food processing firms using the industrial organization approach of market analysis. This approach asserts that market performance is determined by the structure of an industry and conducts of firms, and it was adopted to understand the characteristics of the firms under study.

Judgmental sampling technique was adopted to choose the five firms and fifty consumers in a private college were chosen just conveniently to complete brand preferences of pasta, macaroni and biscuits. Questionnaires and personal interviews were used as the main tools of primary data collections. Management staffs and supervisor of the selected food processing companies' are filled questionnaires and held interviewed and discussions with them to understand their performances & current problems in their respective firms.

This study conducted by Yifru Tafesse concludes the following points:

- ❖ Competition among the biscuits firms is more intensive than the macaroni and pasta markets due to the larger number of firms and low level of product differentiation although attempts were made to differentiate through branding and advertisement. However, there is a tendency where a dominant firms are emerging in each case, followed by infringe firms that are competing at low level.
- ❖ The role of marketing in those governments owned firms has been ignored and some of its functions are handled by the commercial units which undermined the active roles of these firms in the industry. This would certainly minimizes their innovative and competitiveness in the market.
- ❖ Prices are not determined in consultation among rivals, no collusion. But in the case of biscuits producing firms, NAS Foods, the market leader, sets its wholesale prices higher than its competitors. At the retail level all prices of same sizes are same. In the case of pasta and macaroni market, Dire Dawa Charges higher than its rivals due to its brand preference among consumers.

The searcher recommended that well organized market department that can carry out market research on existing products and new products, develops sound marketing strategies for all firms is critical in order to enhance their competitiveness. And firms should also gear themselves towards diversification in to related products such as cornflakes, wafers and chocolates in order to tap the existing sales and distribution infrastructure.

Finally, a study conducted in Nigeria by Olufunso (1999) assesses advertising as a marketing tool in the maltonic product. Advertising, as a part of promotional activities plays a vital role in marketing a product. It has been referred to as a compulsory tool playing a necessary role to the marketing tools of sales promotion and personal selling. The basic objective of this study is to know how advertising can be used to make maximum contribution for long term profitability. A survey of the purchase behavior of consumers in the Western region for maltonic was done by administering questionnaire to the consumers. The Western region was divided into four selected zones. The primary data for this research study were collected through interview and questionnaires. A total of 120 consumers and 20 management questionnaires were administered and all the management questionnaires administered were returned and 100 consumers questionnaires were responded to and the result of the questionnaire couple with oral interview were used to analyzed the effect of advertising on sales turnover of maltonic.

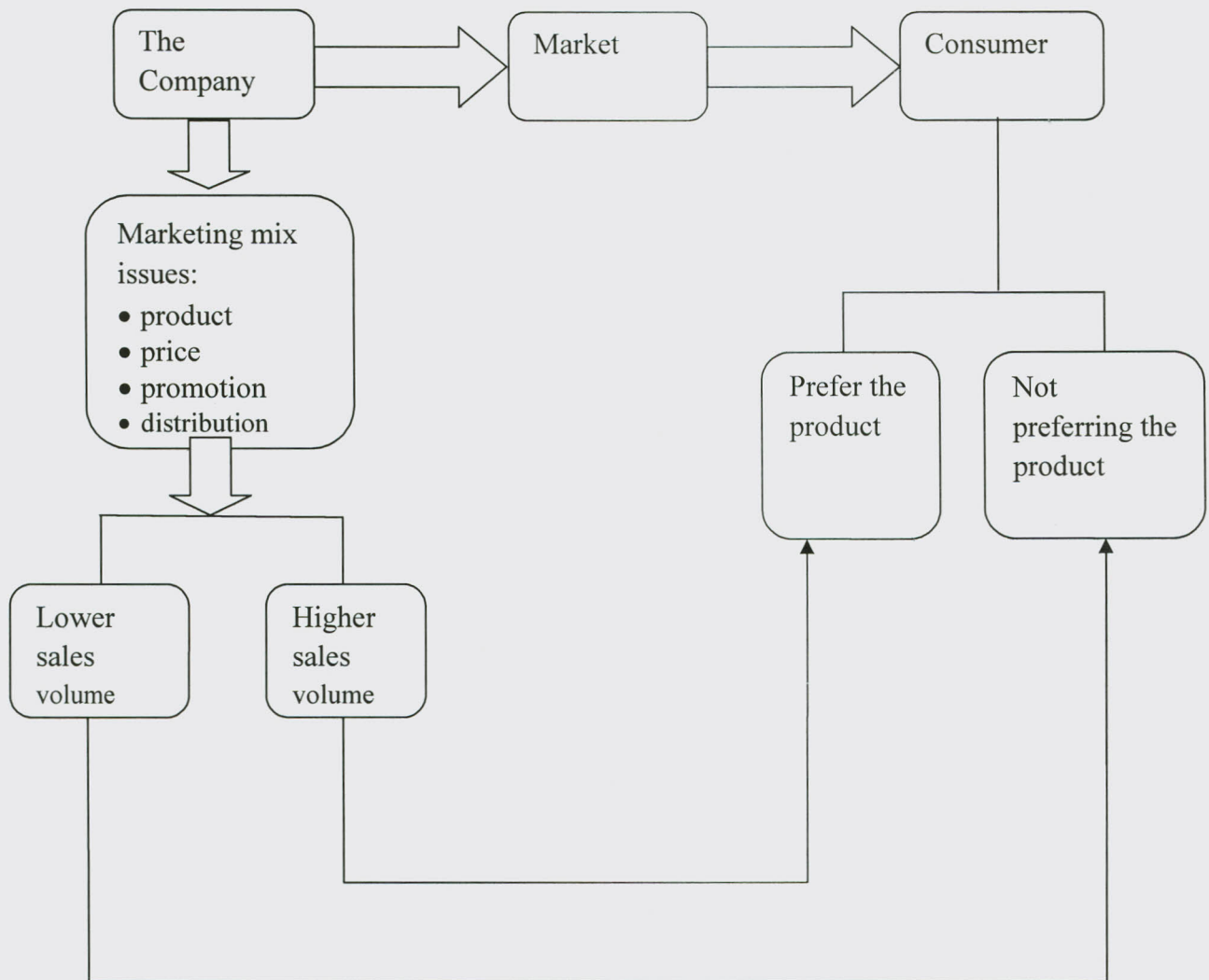
The secondary data used comprise of the sales figure and advertising expenditure figures which were extracted from the company's annual sales brief, audited account for the period between 1993 and 1997. Correlation and Regression and Chi-Square methods were used to analyze the results of both primary and secondary data. The analysis has shown the sensitive position advertising occupies in the promotional strategy of maltonic, expenditure advertising, consumers' responses and as well as the effectiveness of advertising using certain parameters like persuasiveness and awareness.

The findings seem to be high in response from sales turnover to expenditure on advertising, there seems to be much room for improvement. The study shows that the amount of money spent on advertising could bring high sales figure. The company is strongly advised to handle more carefully the form or method of its advertisement on maltonic. The billboard is undoubtedly a successful medium for advertising maltonic consequently more fascinating designs/concepts for billboards should be done to increase sales figure.

2.7. Conceptual Framework

Based on the above theoretical and empirical literatures the researcher has developed the following conceptual framework. A transaction between consumers and company takes place in the market. The company marketing mix strategy can be successful or not. When the strategy is sound the consumers will prefer the products produced by the company.

Figure 2.3 Conceptual framework



Source: Developed by the researcher, 2014

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The study adopted descriptive method of research design. The purpose of the researcher using this method is it tries to explain the characteristics of the population and define problems in proper manner. Descriptive research design is a scientific method which involves observing and describing the behavior of a subject without influencing it in any way. Descriptive study sets out to collect, organize, and summarize information about the matter being studied (Punch, 2006).

3.2 Target Population

To collect the data for this study, the target population of the study is the marketing department of the Dashen Brewery share company. The study also targeted the consumers of the company. It has taken consumers found in the Gondar town. Consumers of Dashen beer, Dashen draught and Royal draught at the different hotels, bars, restaurants and groceries found in the Gondar town was considered in the study. There are more than 500 bars, restaurants, hotels and groceries that the Dashen brewery products are sold from Gondar town. From this the researcher selected 30 of them for this study. The hotels, bars, restaurants and groceries found in the Gondar are scattered in the different part of the town. Due to this the researcher used convenient sampling to select the hotels, bars, restaurants and groceries.

3.3 Sampling Technique

From the company side, the study takes the marketing department. Since marketing mix strategy is the main concern of marketing department, the researcher interviewed the marketing officer of the company about the marketing mix strategy.

To see the successfulness of the company's marketing mix strategy, the researcher has also distributed questionnaires to the consumers of the Dashen Brewery. It used consumers found in the Gondar Town because the town is where the company located and it is convenient for the researcher to make interview with the marketing manager of the company and distribute questioners to the consumers in the town.

The study use simple random sampling method to distribute questionnaires to the respondents. As the number of consumers is infinite and is difficult to prepare source list, the researcher used survey from infinite population. In this case, the researcher calculated sample size from the total population using the following formula, which is presented in Kothari (2004: 179).

$$n = \frac{Z^2 \cdot p \cdot q}{e^2}$$

Where;

n = sample size of consumers of Dashen beer

P= sample proportion

q= 1-P

Z= Standardized normal variable and its value that corresponds to 95 % confidence interval equals 1.96

(e) = Allowable error (0.05)

Accordingly, the sample size was determined to be;

$$n = \frac{1.96^2 \cdot 0.5 \cdot 0.5}{0.05^2} = 385$$

Therefore, the number of respondents taken was 385 plus 5% contingency (404 consumers) to compensate invalid responses.

3.4 Data Collection Method

According to Kothari (2004:95), a researcher should consider two types of data, primary and secondary. The researcher, hence, used both primary and secondary sources of data in order to gather relevant information. Primary data was collected using questionnaires and interview. An interview with the marketing manager of the Dashen brewery was conducted on the marketing mix strategy of the company. On the part of the consumers, both open ended and close ended questionnaires were distributed when they consume Dashen products at the different hotels, bars, restaurants and groceries found in the Gondar town. From the sources of secondary data, the researcher used books, journals, reports, conference proceedings, and other published secondary sources.

3.5 Instrument development

The instruments were developed based on the objectives of the study and research questions. The principles of questionnaires such as, use simple and clear languages, statements should not be too long and use of appropriate punctuations is also considered when developing the instrument.

3.5.1 Validity

Validity is the degree to which a test measures what it purports to measure (Creswell, 2003:190-92). A pilot study was conducted to refine the methodology and test instrument such as a questionnaire before administering the final phase. Questionnaires were tested on potential respondents to make the data collecting instruments objective, relevant, suitable to the problem and reliable as recommended by Dawson(2002: 95). Issues raised by respondents were corrected and questionnaires were refined. Besides, proper detection by an advisor was also taken to ensure validity of the instruments. Finally, the improved version of the questionnaire was printed, duplicated and dispatched.

3.5.2 Reliability

The reliability of instruments measures the consistency of instruments. Creswell (2003:190-92) considers the reliability of the instruments as the degree of consistency that the instruments or procedure demonstrates. The reliability of a standardized test is usually expressed as a correlation coefficient, which measures the strength of association between variables.

Typically, a Cronbach alpha value of above 0.7 is usually considered to offer reasonable reliability for research purposes. Constructs were identified and their reliability coefficients (Cronbach's) as ranged from 0.83. Since, instruments were developed based on research questions and objectives; it is possible to collect necessary data from respondents. Then, instruments are consistent with the objectives of the study.

3.6 Method of Data Analysis

Data collected through different instrument were structured, organized and framed to suit for analysis. The data were analyzed using descriptive statistics with the help of Statistical package for social scientists (SPSS) version 16.0 software. The findings are presented in the form of charts, tables and graphs based on their types and appropriateness for presentation. Anley (2011) similar to this study was used descriptive analysis to assess marketing mix in promoting customer satisfaction on national alcohol and liquor factory.

3.7. Ethical Considerations

While conducting the study, ethical issues were primarily considered. Before conducting the data collection all the necessary information about the study was provided to the sample respondents, i.e. who is conducting the study, for what purpose, and the like, this has helped them to decide whether or not to participate in this study. They were also notified that their participation in the study is voluntary; they are not harmed as a result of their participation or non-participation in the study. They were also aware that anonymity and confidentiality of their response are guaranteed.

CHAPTER FOUR: FINDINGS AND DISCUSSION

3. INTRODUCTION

This chapter presents the data analysis and findings from the questionnaires completed by consumers of the DBSC and interview from the company. To achieve each specific objective of the study, the data obtained from survey were analyzed using descriptive statistics methods of analysis. By using infinite sample size formula determination, 385 samples were selected and 5% of the sample size was added for reserving to non-response. Out of this 373 questionnaires were returned from this 21 questionnaires were rejected due to missing data and unfilled. A total of 352 usable questionnaires were used for data analysis.

4.1 Demographic Characteristics of the Respondents

Table 4.1 Sex and Age of the Respondents

Variables		Frequency	Percentage
Sex	Male	296	84.3
	Female	56	15.7
	Total	352	100
Age	less than 20	18	5.3
	21-30	119	34
	31-50	156	44.3
	above 50	59	16.4
	Total	352	100
Edu. background	Illiterate	13	3.6%
	Certificate	101	27%
	Diploma	143	38.2%
	First degree	60	19.5%
	Master's degree and above	35	11.7%
	Total	352	100%

According to the result of the study, out of the total respondents, 296(84.3%) of them are male consumers of Dashen beer products whereas the rest 56(15.7%) are female consumers. This shows that majority of Dashen beer drinkers are males' part of the population.

Concerning the age of the respondents from the total 352 respondents, 18(5.3%) are below 20 age group, 119(34%) are from 21-30, 156(44.3%) are from 31-50 the rest 59(16.4) respondents are categorized above 50 years. Majority of the respondents are above the age group that is allowed legally to drink alcohols.

Regarding the educational level of the respondents, from the total sample taken 13 are illiterate consumers of the Dashen brewery forming, 101(27%) are certificate holders, 143(38.2%) are diploma holders, 60 (19.5%) respondents have first degree and the remaining 35(11.7%) respondents have master's degree and above. This shows that majority of the people who drink the products of Dashen brewery are educated people.

4.2 Questions related to the marketing mix of the Dashen Brewery

4.2.1 Product Related issues

Table 4.2 Product related issues

No.	Item	Respondents	
		No	%
1.	The duration in consuming the product		
	1. Less than one year	18	5.1
	2. Two to five years	118	33.5
	3. Six to ten years	186	52.9
	4. More than ten years	30	8.5
	Total	352	100.0
2.	Consumers' opinion about the product quality of the company		
	1. Very good	150	42.6
	2. Good	114	32.4
	3. Medium	59	16.7
	4. Poor	16	4.7
	5. Very poor	12	3.6
	Total	352	100.00
3.	Products most preferred by the consumers		
	1. Dashen bottle beer	295	84
	2. Dashen draught beer	39	11
	3. Royal draught beer	18	5
	Total	352	100.00
4.	Reasons for preference		
	1. By the good quality	214	60.7
	2. By the price	21	6
	3. By availability	42	12
	4. By the company's participation in d/t development activities	75	21.3
	Total	352	100.00

Source: Survey 2014

The Duration in Consuming the Product

A question was raised to the respondents about the duration in consuming the products of the company. As indicated in the above table item (1), out of the total respondents 118(33.5%) and 30(8.5%) replied that they use the product for two to five years and above ten years respectively. Only 18(5.2%) of the respondents use the product for less than one year while most of the respondents 186(52.9%) consume the product from six to ten years. This indicates that respondents are more familiarized and experienced in the products of the company so they are capable enough to respond to the questions to be investigated.

Product Quality of the Company

One of the principal ways in which a company can differentiate itself is by delivering consistently higher quality than its competitors. Many companies are finding that outstanding quality can give them a potent competitive advantage that leads to superior sales and profit performance. Offering greater quality results in higher costs however, investments usually pay off because greater customer satisfaction leads to increased customer retention and sales.

Regarding the quality of the Dashen brewery products, 264 of the respondents replied that the quality of the Dashen brewery is very good or good by forming 75 % of the total, 59 (16.7%) of them said the quality is moderate and only 29(8.3%) of the respondents said the quality of the products are poor or very poor.

The response from the consumers shows that the company provides quality products. Furthermore, the interview from the marketing managers also witnessed about the company's product quality. They said, the factory has latest equipment that make its production modern. In each stage of the fermentations, there are laboratory technicians who controlled the quality of the Brewery. Due to this the company is a pioneer to receive the ISO awards among the Ethiopian breweries.

Quality should be from market or customer perspective with respect to color, clarity and foam of beer: Here, the important point is that quality perspectives should be based on customers' preference, not on internal evaluation. So, the ultimate objectives of product quality should be to delight the customers in every way possible.

The Study by Jain (2008:34) also shows that when the quality is poor 49% of the drinkers will not order the same drink if the quality is poor and 34% of drinkers will go to a different outlet if quality is poor. This show how much drinkers take care of the quality of beer and companies should strive to make their product quality.

Products most preferred by the consumers

Currently the company produce three types of products namely, Dashen bottle beer, Dashen draught beer, Royal draught beer. Out of the total 352 respondents considered, 295(84%) of the consumers prefer Dashen bottle beer, 39(11%) prefer Dashen draught beer and the remaining 18(5%) of the respondents like royal draught beer mostly to drink. This shows that the majority of consumers of the Dashen brewery are bottle beer consumers.

As the marketing manager replied, 90% of the revenue is from bottled beer. The share of Draught beer from the total sales is 8.5% and the share of spent grain is 1.5%. According to Quain (2005:77) draught beer accounts for about 10% of the world's beer market which in 2004 totaled over 1500 million hector liters. The Dashen brewery average annual sale is over Birr 500 million with average annual increasing growth rate. The marketing manager also replied the companies major consideration is on the bottle beer of the company.

Reasons for preference

Customers prefer one product from the other by some reasons. Consumers of Dashen brewery have reasons to prefer the product. From the total sample taken, 214(60.7%) of the respondent prefer by the products good quality, 21(6%) prefer by the price and 42(12%) by the company's product availability in the different bars and restaurants. The other respondents 75(21.3%) prefer the product by the company participation in the different developmental activities that benefit the different areas.

The above result shows that the quality of the beer is the main reason for the consumers to prefer the product and participating in the different developmental activities also benefit the company though it incurs some cost.

Table 4.3 Product related issues (Likert scale questions)

Res	LPP*		CDP*		RB*	
	f	%	f	%	f	%
SD	75	21.4	47	13.4	35	10
D	158	45	31	19	59	16.7
N	30	8.6	48	13.6	33	9.3
A	54	15	149	42	105	30
SA	35	10	77	22	119	34
Tot.	352	100	352	100	352	100
X	2.48		3.51		3	
M	2		4		5	
SD	1.258		1.292		1	

Source: survey 2014

SD= strongly disagree, D = disagree, N = Neutral, A= agree, SA= strongly agree, X= mean, M= mode, SD= standard deviation

LPP = the leveling and the packaging of the product are attractive and good.

CDP = there is consistency in the quality of Dashen products.

RB = most consumers of beer like refrigerated beer

The leveling and packaging of the product

Question was raised for the respondents whether the leveling and the packaging of the product is attractive or not. Packaging includes the activities of designing and producing the container or wrapper for a product. Packaging performs a vital function for most products. It protects goods from being damaged. A company needs to design the package to make it more appealing so as to increase profit as well as to create value to the customers.

Concerning the leveling and packaging of the Dashen brewery product, 35(10%) of respondents strongly agree and 54(15%) of the sample taken agree with the question i.e., they like the leveling and packaging of the beer. Whereas 75(21.4%) and 158(45%) of the respondent strongly disagree and disagree with the good leveling and packaging of the product respectively. Out of the total respondents only 30(8.6%) of them became undecided with the question and the item has a mean score of 2.48.

From the above result one can conclude that majority consumers of the Dashen beer are not satisfied with the leveling and packaging of the product. When the leveling and packaging of the product is not attractive consumers may not prefer the product though it has quality in it.

Consistency of the product quality

Quality is one of the marketer's major positioning tools. Quality has two dimensions level and consistency. The flavor attributes of beer are critical to its overall acceptance by consumers. For product quality consistency, a fine degree of control is required (Bamforth, 2009: 61).

The most important raw materials used for the production of beer barley (usually malted), adjuncts such as hops. Therefore, the consistency of the quality of the product depends on the raw materials and the quality of production process.

Based on the survey result of the researcher 225 consumers with 64% showed their agreement on the consistency of the product of the company while 78 respondents with 22.4% disagreed on the consistency of the product of the company. The remaining 48 respondents with 13.6 % remain undecided on this issue. Holding the above results, issue scored a mean of 3.51.

From the above finding, it is clear that sometimes there is a consistency problem on the quality of the Dashen product. But we can't conclude that the quality of the beer or draught is poor. This can be proved by the question in item number (2) that many consumers agree on the good quality of the product.

Most Consumers of Beer like Refrigerated Beer

Some breweries are providing branded refrigerators for their customer which increases the sales volume of their products. But Dashen brewery does not provide its own refrigerators which affects its amount of sales on its draft product.

Based on the survey result of the researcher 224 consumers with 64% showed their agreement that most consumers of beer like refrigerated beer while 94(26.7) of the respondents disagree the statement that most consumers of beer like refrigerated beer. The remaining 33(9.3) of them are undecided on the issue. Holding the above results, issue scored a mean of 3.61. The above finding shows the most consumers of beer like refrigerated beer.

4.2.2 Price Related Issues

Table 4.4 Price related issues

No.	Item	Respondents	
		No	%
1.	Your opinion concerning the price of the Dashen products as compared to your purchasing power?		
	1. Very cheap	43	12
	2. Cheap	34	9.8
	3. Affordable	219	62.2
	4. Expensive	35	10
	5. Very expensive	21	6
	Total	352	100.0
2.	If price increase, do you reduce the amount of consumption?		
	1. No	115	32.6
	2. Yes	237	67.4
	Total	352	100.00
3.	Do you consume the product if the price is reduced significantly?		
	1. No	218	61.8
	2. Yes	134	38.2
	Total	352	100.00
4.	Is the price charged for the company products are reasonable as compared to the quality of the product?		
	1. No	77	22
	2. Yes	275	78
	Total	352	100.00

Source: survey 2014

Opinion concerning the price of the Dashen products

Price is an important characteristic of the brands. To the consumer, higher prices generally signify better quality or status, while lower prices signify more affordable, mass-produced drinks. Because taste differences between beers may be indistinguishable to ordinary consumers, some traditional beers may be sold as “premium” at a higher price (Ascher, 2012:25).

As far as the theory is concerned, a large number of internal and external factors are examined before prices can be set. Accordingly, the survey result shows majorities of the respondents 219(62.2%) revealed that the pricing of the Dashen products are affordable. However, 35(10%) and 21(6%) respondents said pricing of the Dashen products are expensive and very expensive respectively. The remaining 42(12%) respondents said it is very cheap and 34(9.8) replied it is cheap. The response implies that the price of the company is affordable for most of the consumers; as a result most individual consumers can handle this price.

As the marketing manager of the company replied, they are working hard to lower their production, over head and administrative costs by removing redundant activities and increasing efficiency and productivity. Alcohol affordability is the people ability to buy and consume alcohol, and it is a function of alcohol price and consumers' income.

Increasing Price and Amount of Consumption

The second item from the list of pricing issues is about increasing the price of the product and amount of consumption. Accordingly, the survey result shows majority of the respondents 237(67.4%) said they will reduce their amount of consumption if the Dashen increase its price. Whereas, 115(32.6) of the respondents replied that they will remain their amount of consumption though the product price increase. From the above finding, it is clear that increasing the price of Dashen brewery products are not advisable since many of the consumers will reduce their amount of consumption. Even when the company increases the price, it should consider the amount of reduced consumption by the consumers.

The findings of the study conducted by Stockwell (2010:23) shows that a 10% increase in the minimum price of an alcoholic beverage reduced its consumption relative to other beverages by 16.1%.

A price reduction

One of the most common ways to gain market share is to lower price. Firms strive to build a lower cost position than competitors and pass those savings along to customers in the form of lower price (Schnaars, 2009: 133). But sometimes lowering price may not help the company to increase their long term market share.

The third item from the list of pricing issues is about reducing the price of the product and amount of consumption. Accordingly, the survey result shows majority of the respondents 218(61.8%) said they will not consume the product if the price is reduced significantly. Whereas, 134(38.2%) of the respondents replied that they will remain as the consumers of the Dashen brewery product when the price is reduced. From the above finding, one can understand that when price of the Dashen brewery reduced significantly consumers will not prefer it. As some of the respondents explained when consuming a beer with lower price, they feel inferiority especially when drink in the group.

Concerning price reduction the marketing manager replied, price reduction in the developing country will increase the sales volume of the company. But the result of this study indicates lowering price does not attract many consumers rather they will reduce consuming the beer.

Price reduction in the beer industry does not appear to be a good long-term strategy. Price cutting may gain sales but if lower price is staying for the longer period of time, it cheapens the image of the brand so that it becomes very difficult to return to the original prices.

Price Charged and Quality

Customers were asked to suggest the price charged for the products are reasonable as compared to quality. As can be seen from the above table item (4), only 77(22%) of the respondents answered price charged for the company products are not reasonable as compared to the quality of the product. But majority of them 275(78%) said the price charged is reasonable for the product provided. From the response given above, we can conclude that the prices charged by the company are reasonable as compared to quality.

Table 4.5 Price related issues (Likert scale questions)

Res	CEC*		PDH*		CSPS*	
	f	%	f	%	f	%
S	4	13	82	23.	77	22
D	39	11	13	38.	183	51.8
N	31	9	19	5.4	29	8.2
A	167	47	74	21	39	11
S	7	20	43	12	24	7
Tot.	352	100	352	100	352	100
X	3.52		2.61		2.29	
M	4		2		2	
SD	1.292		1.365		1.130	

Source: survey 2014

SD= strongly disagree, D = disagree, N = Neutral, A= agree, SA= strongly agree, X= mean, M= mode, SD= standard deviation

CEC = credit sales can encourage consumers to purchase more beers.

PDH = the price of Dashen brewery products is higher than other Ethiopian brewery products.

CSPS = consumers are satisfied with the current overall pricing system of the company.

Credit Sales Can Encourage Consumers To Purchase More Beers.

With regard to credit sales to the consumers the survey shows most of the respondents 237(67%) showed their agreement that credit sales can encourage consumers to purchase more beers. On the contrary, 85(24%) of the respondents replied credit sales cannot encourage consumers to purchase more beers. The remaining 31 respondents are in dilemma whether to say they agree or disagree yielding 9%. Overall, the item credit sales can encourage consumers to purchase more beers scored a mean of 3.51.

The response of the marketing manager shows that the company has no plan to give credit to the consumers. He replied also credits to the consumers can be given by the retailers but the company is not responsible to the risks associated with selling by credit. It is solely the responsibility of the retailers or any other parties in the distribution channels of the company. But accordingly to the above finding if managed properly giving credit sales to the consumers can be one of the means to increase the sales of DB products.

0044686/01



The price of Dashen Beer with Respect to Others and its overall pricing

If the price is too high, and the market is competitive, sales may be correspondingly reduced. On the other hand, many of the most marketers have found ways to reduce the impact of price and you need to balance the costs of producing a product with competition and the perception of your target customers to select the right product price. That is the reason why pricing takes creativity, time, research, good record keeping and flexibility (Jean, 2004).

As shows in the above table majority of the respondents 216(61.6%) disagree that the DB products are priced higher than the other Ethiopian beer products. On the other hand, 117(33%) replied that the price of Dashen products are higher than its competitor brewery in Ethiopia. The remaining 19(5.45) are undecided to the issue. The mean score value of this item is 2.61. As indicated in the finding, most of them said it is price is not higher. The response of the marketing manager also shows the company price its product in line with other companies' price.

The respondents also asked about the overall pricing system of the company. As shown in the above table, majority of them 260(73.3%) replied they are not satisfied with the overall pricing system of the company. whereas 63(18%) of them said they are satisfied with the current pricing system of DB. The remaining 29(8.2%) are undecided about the issue. Additionally, this item has a mean score of 2.29.

In setting prices of the products, the companies should considers competitors, the demand for the product, government and trade union influence, and purchasing power of the consumers. A pricing system that satisfy the consumers will help for the survivals of the company. But the above result shows that the Dashen brewery overall pricing system is not satisfying many consumers of the beer.

4.2.3 Promotion Related Issues

Table 4.6 Promotion related issues

No.	Item	Respondents	
		No	%
1.	Have you ever frequently seen or heard the products being promoted on any mass media?		
	1. Yes	184	52.3%
	2. No	168	47.7%
	Total	352	100.0
2.	Advertising media most comfortable for you?		
	1. Watching TV	197	56
	2. Listening to the radio	74	21
	3. Reading magazines and newspapers	46	13
	4. Browsing the internet and social networking sites	14	4
	5. Others	21	6
	Total	352	100.00

Source: survey 2014

Products on different Mass Media

Promotion and communication efforts in marketing mix strategy are directed at accomplishing brand awareness, brand loyalty and increase in market share. Based on the survey result of the study, 184(52.3%) of the respondent replied they see or heard the promotion of the Dashen brewery. The remaining 168(47.7%) of respondents said they don't see or heard frequently the promotion of the company.

From the above finding, it is clear that many consumers of the Dashen brewery does not frequently access the promotions made by the company. As the marketing manager of the company replied, the company does not conduct frequent promotion. The company justify that currently they do not have problems of demand, the entire product the company produced is immediately sold. But this will not be applied when well-known international companies are entering to the Ethiopian beer market and the current under construction companies start operation.

Advertising Media Most Comfortable For You

Advertising is aimed to create a favorable image of the company. It enhances the consumers' confidence on the products and services. A company that succeeds in developing the goodwill of the public can aspire to sell more products.

According to the response of consumers, 197(56%) respondents prefer watching TV as a means to know the advertising of the company, 74(21%) of them responds listening to the radio is most comfortable to hear the advertising and 46(13%) of the consumers replied reading magazines and newspapers. The remaining 14(4%) and 21(6%) of the respondents prefer browsing the internet and social networking sites and others respectively. From the response of the consumers, one can understand that watching TV and listening to radio are most available and comfortable to know about the products of the Dashen brewery. The result of the study by Halilu (47: 2007) also shows that continuous advertising in TVs and radios are not only stimulates sales but also create customer loyalty and hence market expansion.

Table 4.7 Promotion related issues (Likert scale questions)

Res	PICP*		ADE*		AUCA*		CIR*		SCI*	
	f	%	f	%	f	%	f	%	f	%
S	116	32.9	147	42	23	6.5	35	10	21	6
D	127	36.1	63	18	45	12.5	53	15	42	12
N	28	8	39	11	49	14	14	4	70	20
A	49	14	24	7	116	33	138	39.1	176	50
S	32	9	77	22	119	34	112	31.9	42	12
Tot.	352	100	352	100	352	100	352	100	352	100
X	2.3		2.5		3.75		3.6		3	
M	2		1		5		4		4	
SD	1.30		1.60		1.23		1.326		1	

Source: survey 2014

SD= strongly disagree, D = disagree, N = Neutral, A= agree, SA= strongly agree, X= mean, M= mode, SD= standard deviation

PICP= the promotions made by the company can initiate consumers for purchasing.

ADE= the advertising strategies of the company are ethical.

AUCA = If the advertising of the company is unethical your consumption and attitude to the company wrongly affected.

CIR = Consumers can increase consumption if free bottles of beer or other rewards are given when they consume more.

SCI = When Dashen brewery supports the development of d/t infrastructure or other similar activities, consumers will prefer it.

Effectiveness of Company's Promotion

As indicated in the above table most of the respondents 243(69%) showed their disagreement that the promotion made by the company does not motivate them for purchasing the product. On the other hand, 81(23%) respondents showed their agreement that promotions made by the company can initiate consumers for purchasing. Only 28(8%) of the respondents were neutral to the question. Overall, the item effectiveness of company's promotion has mean score 2.3. From this one can conclude that the effectiveness of the Dashen brewery's promotional strategies is less effective that is why 243(69%) of the respondents said they are not initiated to purchase by the company's promotion.

Ethical and unethical of the Advertising Strategies

Beer advertising and marketing materials should portray beer in a responsible manner. Beer advertising should not portray, encourage drunk driving. It should not depict situations where beer is being consumed excessively, in an irresponsible way or in any way illegally.

The second item from the list of promotion issue is concerning whether advertising strategies of the company is ethical or not. From the total respondents, 210 (60%) of them said the company's advertising strategy is unethical whereas 101(29%) replied the advertising strategy is ethical. It is only 39 (11%) of the respondents are undecided about the issue. Additionally, this item has a mean score of 2.5. This shows that that advertising strategies of the Dashen brewery are unethical.

The other item in the ethics of advertising is the attitude of consumers towards unethical advertising. 235(67%) of the sample taken responds that their attitude towards the company is wrongly affected when the advertising strategy of the company is unethical whereas 68(19%) of them responds that their attitude is not affected though the advertising is unethical. only 49(14%)

of respondents remains undecided about the issue. This shows that when companies' ads are unethical, many consumers of that product will have not good attitude towards the company. This item has a mean score of 3.75.

Sometimes when the companies advertising is unethical, consumers will have wrong attitude towards the company's product. But the response from interviewing the marketing managers of the company shows their advertising activities are ethical. This is contrary to the response of the consumers.

Consumption when gift is given

As indicated in the above table, most of the respondents 250 (71%) showed their agreement that consumers can increase consumption if free bottles of beer or other rewards are given when they consume more whereas 88(25%) responds that free bottles or other rewards cannot increase consumption. The remaining 14(4%) of the sample taken are undecided to the issue raised. The above table depicts that this item accounted 3.68 mean score.

When consumers are rewarded or some gifts are given they respond favorably to money-saving opportunities and other value-adding promotions. Consumers would not be responsive to promotions unless there was something in it for them. All promotion techniques provide consumers with rewards (benefits, incentives, or inducements) that encourage certain forms of behavior desired by brand managers. From the above findings we can understand that providing free bottles of beer or other rewards can increase consumption of beer by the drinkers. But the response the interview shows the company is not using it. Some beer brands have tried to increase sales by offering “buy-3-get-1-free” promotions.

Participation in d/t activities

Concerning the Dashen brewery participation in the development of d/t infrastructure or other similar activities, majority of the respondents 218(62%) said they will prefer Dashen brewery when the company participate in developmental activities while 63(18%) of them responds they will not prefer Dashen though it participate in above activities. Only 70 (205) of the sample taken are undecided. The mean score of the item is 3.5.

The interview result shows Dashen brewery helps the community by participating in the construction of referral hospital, in the building of standard international stadium, asphalts, rural schools, health care centers and others. For example, the brewery supported the construction of international stadium found in the Mekelle and B/dar town by contributing 7-10 million birr for each stadium. This becomes competitive advantage in the promoting their product through good public relation. The finding on this aspect indicates that participation in the development of d/t infrastructure or other similar activities will help the company because it create good public image by the consumers.

4.2.4 Distribution Related Issues

Table 4.8 Distribution related issues

No.	Item	Respondents	
		No	%
1.	How do you see the company's product availability?		
	1. Very good	266	75.7
	2. Good	42	12
	3. Fair	19	5.3
	4. Poor	18	5
	5. very poor	7	2
	Total	352	100.0
2.	Channel of distribution you prefer most?		
	1. Directly by the producer to consumer	214	60.8
	2. From producer-- retailer-- consumer	92	26.2
	3. From producer-- wholesaler-- retailer-- consumer	28	8
	4. From producer-- agent-- wholesaler-- retailer-- consumer	18	5
	Total	352	100.00

Source: survey 2014

The Company's Products Availability

As shown in the above table item (1), 266 (75.7%) of the respondents said the availability and accessibility of the products are very good and 42(12%) of the respondents responded as it is good. And 18(5%) of the respondent replied it is poor whereas 7(2%) responds very poor to the company's product availability. Only 19 (5.3%) said it is fair. The response implies that the distribution system of the company in Gondar town is excellent. Thus, products availability is so nice and buyers can get the product easily in almost everywhere. This is due to the production company is located in the Gondar town.

On the other hand the marketing manager of the company said quality product is the key to the company success and because of this everyone is willing to market our products. Once quality product is produced, it will reduce the problems to distribute it and it can distribute through direct and indirect channels.

DBSC Channel of Distribution

The other element is about the channel of distribution that consumers most prefer. From the total respondents, majority of the respondents 214(60.8%) prefer directly by the company to consumers and 92(26.3) want retailers to be in between producer and consumers. The other 28(8%) like the channel from producer-- wholesaler-- retailer-- consumer and the remaining 18 (5%) respondents prefer from producer-- agent-- wholesaler-- retailer-- consumer. This implies that many consumers of beer prefer the product from the company's beer gardens. Some respondents said when they drink beer directly from the producer they feel as if the product is fresh.

According to the marketing manager, company does not sell directly to bars, liquor stores, or grocery stores. It is the responsibility of the distributor to establish the retail relationship. Dashen brewery use different agents found in different places to distribute its quality beer to the ultimate customers and it sets different criteria to select the qualified agents. In addition to the agents, the company has three main warehouses found in three different locations. This includes Gondar warehouse, Addis Ababa warehouse and Woldia warehouse.

The Gondar warehouse serves the markets found around Gondar, Bahirdar and other places that are near to the Gondar warehouse whereas the Addis Ababa warehouse is designed to compete in the central market with the other beer manufacturers like St.georgs, Bedele and other breweries. The Woldia warehouse is located in the Woldia town and is designed to serve the markets found in Tigray and around Dessie Kombolcha.

The study by Ndagi (2001: 57) shows the Dangote Group Company changed its policy from supplying distributors to consumers directly. The company provides good prices to the distributors but they always try to add too much mark up. It is necessary to change the policy of supplying distributors because they add many profit margins, therefore making the company's products expensive in the market.

Table 4.9 Distribution related issues (Likert scale questions)

Res	CBS*		DASS*		RPRB*	
	f	%	f	%	f	%
SD	32	9	109	31	74	21
D	91	26	165	48	77	22
N	39	11	25	7	28	8
A	107	30.4	37	10.5	96	27
SA	83	23.6	16	4.5	77	22
Tot.	352	100	352	100	352	100
X	3.34		2.11		3.07	
M	4		2		4	
SD	1.327		1.096		1.486	

Source: survey 2014

SD= strongly disagree, D = disagree, N = Neutral, A= agree, SA= strongly agree, X= mean, M= mode, SD= standard deviation

CBS = Consumers want to buy beers at supermarkets and other off-trade areas.

DASS= Dashen brewery products are available in most supermarkets, shops and other off- trade areas.

RPFPP = most retailers of DB have refrigerator and providing refrigerated beer for the consumers.

Consumers want to buy beers at the off-trade areas & DB availability

Beer consumption can be categorized as on-trade and off-trade, depending on whether the beer is consumed at the retailer's premises. On-trade refers to in store consumption and off-trade is the opposite. For example, beer sold to end consumers through supermarket falls into off-trade as it will be consumed outside the store. According to a beer report published in 2005 off-trade is responsible for about 72% of the beer sales, almost three fold of 28% of sales contributed by on-trade channel such as restaurants and hotels (Dai and Zhou, 2008).

Concerning consumers want to buy beers at supermarkets and other off-trade areas, 190(54%) of the respondents wants to buy at the off-trade areas while 123(35%) disagree with the issues that consumers want to buy beers at supermarkets and other off-trade areas. The remaining 39(11%) are neutral to the issues. the issue has a mean score of 3.34.

Small grocery stores are the leading retailers of off-trade alcoholic beverages based on sales value. These stores are conveniently located close to residential neighborhoods, which has been the main reason for their success. However, supermarket sales are increasing as they become more popular and as car ownership increases, thereby making supermarkets more accessible. From the above findings we can conclude that consumers can purchase beer if it is available to their nearby off- trade areas.

The other item from the distribution is the availability of dashen brewery products in off-trade areas. From the total sample considered, 274(78%) disagree with availability of dashen brewery products in off-trade areas, 25(7%) of them are undecided and the remaining 53(15%) said the products are available in the off-trade areas like supermarkets, shops or other areas and the item has a mean score of 2.11. This findings show that the products of Dashen brewery are not available in most off-trade areas.

The availability of refrigerator at the retailers

According to the survey result of the researcher, 151(43%) of the respondents said retailers of beer found in the different place have not refrigerator and not providing refrigerated beer for the consumers. On the opposite side, 173(49%) replied they get refrigerated beers from the different retailers. The rest 28(8%) of the sample taken are undecided about the issue. The last item in the distribution has a mean score of 3.07.

Ethiopian breweries like St.george has provided branded refrigerators for the retailers so that they can provide refrigerated beer for the consumers and to keep the product quality. The above findings of the study shows dashen brewery has not provide refrigerators for its retailers like other Ethiopian breweries. When the retailers do not have refrigerators the product quality will be affected.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Summary of Findings

- According to the result of the study, out of the total respondents, 296(84.3%) of them are male consumers of Dashen beer products whereas the rest 56(15.7%) are female consumers. This shows that majority of Dashen beer drinkers are male part of the population.
- Concerning the age of the respondents from the total 352 respondents, 18(5.3%) are below 20 age group, 119(34%) are from 21-30, 156(44.3%) are from 31-50 the rest 59(16.4) respondents are categorized above 50 years. Majority of the respondents are above the age group that is allowed legally to drink alcohols.
- Currently the company produce three types of products namely, Dashen bottle beer, Dashen draught beer, Royal draught beer. Out of the total 352 respondents considered, 295(84%) of the consumers prefer Dashen bottle beer, 39(11%) prefer Dashen draught beer and the remaining 18(5%) of the respondents like royal draught beer mostly to drink. This shows that the majority of consumers of the Dashen brewery are bottle beer consumers.
- Based on the survey result of the researcher 225 consumers with 64% showed their agreement on the consistency of the product of the company while 78 respondents with 22.4% disagreed on the consistency of the product of the company. The remaining 48 respondents with 13.6 % remain undecided on this issue. From the above finding, it is clear that sometimes there is a consistency problem on the quality of the Dashen product.

- ➡ With regard to credit sales to the consumers the survey shows most of the respondents 237(67%) showed their agreement that credit sales can encourage consumers to purchase more beers. On the contrary, 85(24%) of the respondents replied credit sales cannot encourage consumers to purchase more beers. The remaining 31 respondents are in dilemma whether to say they agree or disagree yielding 9%. The response of the marketing manager shows that the company has no plan to give credit to the consumers.

- ➡ When consumers are rewarded or some gifts are given they respond favorably to money-saving opportunities and other value-adding promotions. Concerning this, most of the respondents 250 (71%) showed their agreement that consumers can increase consumption if free bottles of beer or other rewards are given when they consume more whereas 88(25%) responds that free bottles or other rewards cannot increase consumption. The remaining 14(4%) of the sample taken are undecided to the issue raised. From this finding we can understand that providing free bottles of beer or other rewards can increase consumption of beer by the drinkers

- ➡ Beer consumption can be categorized as on-trade and off-trade, depending on whether the beer is consumed at the retailer's premises. Concerning consumers want to buy beers at supermarkets and other off-trade areas, 190(54%) of the respondents wants to buy at the off-trade areas while 123(35%) disagree with the issues that consumers want to buy beers at supermarkets and other off-trade areas. From this finding we can conclude that consumers can purchase beer if it is available to their nearby off- trade areas.

5.2 Conclusions

The findings and discussion part of this study are concluded as follows:

- The response from the consumers shows that the company provides quality products. Furthermore, the interview from the marketing managers also witnessed about the company's product quality and the factory has latest equipments that make its production modern.
- The company produces Dashen bottle beer, Dashen draught beer and royal draught beer. From the total products produced by the company, the majority of consumers of the Dashen brewery like bottle beer.
- The quality of the beer is the main reason for the consumers to prefer the Dashen products. In addition to this, participating in the different developmental activities also benefit the company in building good public relation.
- The price of the company is affordable for most of the consumers; as a result most individual consumers can handle this price.
- When the price of Dashen brewery product increases, many of the consumers reduce their amount of consumption. Stockwell results also shows that a 10% increase in the minimum price of an alcoholic beverage reduced its consumption relative to other beverages by 16.1%.
- When price of the Dashen brewery product reduced significantly, consumers will not prefer it. As some of the respondents explained when consuming a beer with lower price, they feel inferiority especially when drink in the group.
- Watching TV and listening to radio are most available and comfortable for majority consumers to know about the products of the Dashen brewery. The result of the study also shows that continuous advertising in TVs and radios are not only stimulates sales but also create customer loyalty and hence market expansion

Many consumers of the Dashen beer prefer the product from the company directly in the company's beer gardens. Respondents said when they drink beer directly from the producer they feel as if the product is fresh.

5.3 Recommendations

This section presents researcher's recommendation based on the finding and conclusion of the study. Therefore, based on the above sections the researcher recommends the following:

- It is advisable for the Dashen brewery to redesign the leveling and packaging of the product. A good leveling and packaging can attract consumers and increase the products acceptance.
- It is highly recommendable for the company to ensure the consistency of its product quality. The flavor attributes of beer are critical to its overall acceptance by consumers. To keep product quality consistency, a fine degree of control in the raw materials and production process is required.
- It is also not advisable to reduce the price of the Dashen brewery significantly. This will reduce the sales volume of the company since when consuming a beer with lower price, the consumers feel inferiority especially when drink in the group.
- It is worth for to use frequent promotions of the product are not only stimulates sales but also create customer loyalty and hence market expansion.
- It is better for the company to establish beer gardens owned by the company itself. Because many consumers said when they drink beer directly from the producer they feel as if the product is fresh and they became satisfied with it than from the ordinary retailers.

References

- Anderson, H. and Julian, W. (2000) *Strategic Marketing Management*, Houghton.
- Bamforth, C. (2009), *Alcoholic Beverage Series: Beer quality Perspective*, California: Elsevier Inc.
- Blythe (2005) *Essential of marketing*, 3rd edition, London: Prentice Hall.
- Blythe, J. (2005) *Essentials of Marketing*, 3rd edition, Edinburgh: Pearson Education Limited.
- Burnett, J. (2008) *Core Concepts of Marketing*, New York: McGraw Hill.
- Dacko, S. (2008) *The Advanced Dictionary of Marketing: Putting Theory to Practice*, 1st edition, New York: Oxford University Press Inc.
- David, W. and Charles, W. (2007) *Strategic Marketing: Cases and Applications*, 4th edition, McGraw Hill.
- Goi, C. (2009) *International Journal of Studies, A Review of Marketing Mix*, vol.1, no.1, Sarawak, Malaysia, p-3.
- Jean F, (2004). Quality, Available at <http://www.TheTimes100.co.uk/theory> Accessed on May, 2014.
- Halilu, H., 2007, *Advertising as a Tool for Effective Communication: A Case Study of P.Z Industries Plc, Kaduna*, pp 40-60
- Karppinen, M. (2011) *Strategic Marketing Plan for a Hotel*, Vaasa University of Applied.
- Khan, M. (2006) *Consumer Behavior and Advertising Management*, New Delhi: New Age International (P) Ltd.

Kothari, C.R. (2004) *Research Methodology: Methods and Techniques*, 2nd edition, New Delhi: New Age International (P) Ltd Publishers.

Kotler, P. (2002) *Marketing management millennium edition*, 10th edition, New Delhi: Prentice Hall.

Kotler, P. (2003) *Marketing insights from A to Z : 80 concepts every manager needs to know*, New Jersey: John Wiley & Sons, Inc.

Kotler, P. and Armstrong, G. (2007) *Principles of marketing*, 12th edition, prentice Hall.

Lamb, J. and W, C. (2002) *Marketing e- commerce*, 6th edition, western publishing.

Mahajan,S.andVanRyzin,G.(2013)'or.journal.[Online]Availableat:<http://or.journal.informs.org/>[Accessed 1 May 2014]'.

Mathin, K. (2006) *Consumer behavior and advertisement management*, New Delhi: New age international publisher.

McDonald, M. and Dunbar, I. (2007) *Market strategy and segmentation*, 18th edition, New York: McGraw Hill.

Ndagi,S,(2001),Marketing Mix policy in Dangote group Company,Zaria:Amadu Bello University.

Olufunso, F.A. (1999) *Advertising as a Marketing Tool in the Brewery Industry*, Akure,Nigeria: the Federal University of Technology.

Onkvisit, S. and Shaw, J. (2004) *Internatinal Marketing: Analysis and strategy*, 4th edition, New York: Routledge Taylor & Francis group.

Perreault, J.W.D., Cannon, J.P. and McCarthy, E.J. (2011) *Basic Marketing: A Marketing Strategy Planning Approach*, 18th edition, New York: McGrawHill.

Peter, M. and Angela, P. (2006) *Service Marketing Management*, 3rd edition, Burlington: Elsevier Ltd.

Punch, K. F., (2006). *Developing an Effective Research Proposal*, 2nd ed. London: SAGE Publications Ltd.

Richard, M. and Colin, G. (2005) *Strategic Marketing Management: Planning, implementation and Control*, 3rd edition, Elsevier Publishers.

Robert, D. and John, F. (2002) *Business marketing: connecting strategy, relationships and learning*, 2nd edition, New York: McGraw Hill.

Sankrusme, S. (2011) 'Marketing Strategy Competition among Beer Companies before Liquor Liberalization', vol. 5.

Scott, G. (2008) *The advanced dictionary of marketing*, England: Oxford university press.

Schnaaks, S., (200) *Marketing strategy: Customer and Competition*. 2nd ed., London: the Free Press.

Shaw, E. (2012), *Marketing strategy: From the origin of the concept to the development of a conceptual framework*, *Journal of Historical Research in Marketing*, p-34, Vol.4 No.1: Emerald Group Publishing Limited.

Stockwell, T, (2010), Does minimum pricing reduce alcohol consumption, Centre for Addictions Research of British Columbia, University Victoria pp-23.

Tellis, G. (1996) '*Beyond the Many Faces of Price: An Integration of Pricing Strategies*', vol. 50, pp. 146-160.

Terence, A. (2007) *Advertising, promotion, and other aspects of integrated marketing communications*, 7th edition, Thomson south western.

Quain,D.,*Draught beer Quality:Challenges and opportunities*,pp-3,United Kingdom

Vakratsas, D. and Ambler, T. (2001) 'How *Advertising Works: What do we really know?*', *Journal of Marketing*, vol. 6, pp. 23-26.

Walker, B. and Lance, G. (1992) 'Marketing strategy: planning and implementation' USA.

Yifru, T. (2007) *Market structure, conducts and performances of some selected Large and Medium Scale Food Manufacturing Companies*, Addis Ababa: Addis Ababa University.

Appendix A

JIMMA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
MBA PROGRAM

Questionnaires to be filled by consumers of the Dashen Brewery

Dear respondents;

The purpose of this questionnaire is to carry out a research for the partial fulfillment of master's degree in Business Administration. Any information you present will be kept confidential and will be used only for academic purpose. Your cooperation and prompt response will be highly appreciated.

General instruction

- This questionnaire is to be filled by consumers of the Dashen Brewery.
- You are not required to write your name.
- You are kindly asked to read carefully and respond to each question in the questionnaire.
- Please put a "√" mark in the box of your choice.

Thank you for your cooperation in advance!

SECTION I: GENERAL INFORMATION

1. Sex

Male

Female

2. Age

Below 20years

between 21- 30 years

31-50 years

Above 50years

3. Educational Status

Illiterate	<input type="checkbox"/>	First Degree	<input type="checkbox"/>
Certificate	<input type="checkbox"/>	Masters Degree and above	<input type="checkbox"/>
Diploma	<input type="checkbox"/>		

SECTION II: QUESTIONS RELATE TO MARKEING MIX

4. How long have you been in using Dashen Brewery products?

Less than one year	<input type="checkbox"/>
Two to five years	<input type="checkbox"/>
Six to ten years	<input type="checkbox"/>
more than ten years	<input type="checkbox"/>

5. Which product of Dashen brewery you prefer most?

The Dashen bottle beer	<input type="checkbox"/>
The Dashen draught beer	<input type="checkbox"/>
The Royal draught beer	<input type="checkbox"/>

6. What is your opinion about the quality of Dashen brewery products?

Very good	<input type="checkbox"/>
Good	<input type="checkbox"/>
Medium	<input type="checkbox"/>
Poor	<input type="checkbox"/>
Very poor	<input type="checkbox"/>

7. If you have observed problems on the quality of the Dashen beer please specify _____

8. Why you prefer to consume the Dashen beer as compared to the other beer products?

By the good quality	<input type="checkbox"/>
By the price	<input type="checkbox"/>
By availability	<input type="checkbox"/>

By the company's participation in the development activity

If others please specify _____

9. What is/are your major reason(s) for preferring one of the above beers?

10. What is your opinion concerning the price of the Dashen beer?

- Very cheap
- Cheap
- Affordable
- Expensive
- Very expensive

11. If the Dashen brewery increase the price of its beer, would you like to switch to other company's beer products?

- Yes
- No

12. Do you consume the product if the price is reduced significantly?

- Yes
- No

13. If your response for the above question is No, please explain the

reasons.....
.....

14. Have you ever seen or heard the products being promoted on any mass media?

- No
- Yes

15. Which advertising tool is most comfortable for you to know about the Dashen beer?

Watching TV

Listening to the radio

Reading magazines and newspapers

Browsing the internet and social networking sites

16. How do you see the company's products availability?

Excellent

Very good

Good

Fair

Poor

17. Which channel of distribution is most convenient for you?

Directly by the producer

From producer → retailer → consumer

From producer → wholesaler → retailer → consumer

From producer → agent → wholesaler → retailer → consumer

18. Please specify the reason for your choice

Instruction: Please read each statement and indicate your level of agreement (on the response scale: 1 to 5) by taking from the options provided as strongly agrees, agree, neutral, disagree, and strongly disagree. (Tick one from the given five scales.)

Response scale:

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

Product related issues		Response scale				
		1	2	3	4	5
19.	The leveling and the packaging of the product are attractive and good.					
20.	There is consistency in the quality of Dashen products.					
21.	Most consumers of beer like refrigerated beer.					

Price related issues		Response scale				
		1	2	3	4	5
22.	Credit sales can encourage consumers to purchase more beers.					
23.	The price of Dashen brewery products is higher than the other Ethiopian brewery products.					
24.	Consumers are satisfied with the current overall pricing system of the company.					

Promotion related issues		Response scale				
		1	2	3	4	5
25.	The promotions made by the company can initiate consumers for purchasing.					
26.	The advertising strategies of the company are ethical.					
27.	If the advertising of the company is unethical your consumption and attitude to the company wrongly affected.					
28.	Consumers can increase consumption if free bottles of beer or other rewards are given when they consume more.					
29.	When Dashen brewery supports the construction of d/t infrastructure or other similar activities, consumers will prefer it.					

Distribution related issues		Response scale				
		1	2	3	4	5
30.	Consumers want to buy beers at supermarkets and other off-trade areas.					
31.	Dashen brewery products are available in most supermarkets, shops and other off- trade areas.					
32.	The retailers of DB have refrigerator and provide Cool products for the consumers.					

33. If you have other opinions regarding the marketing mix strategy please specify here

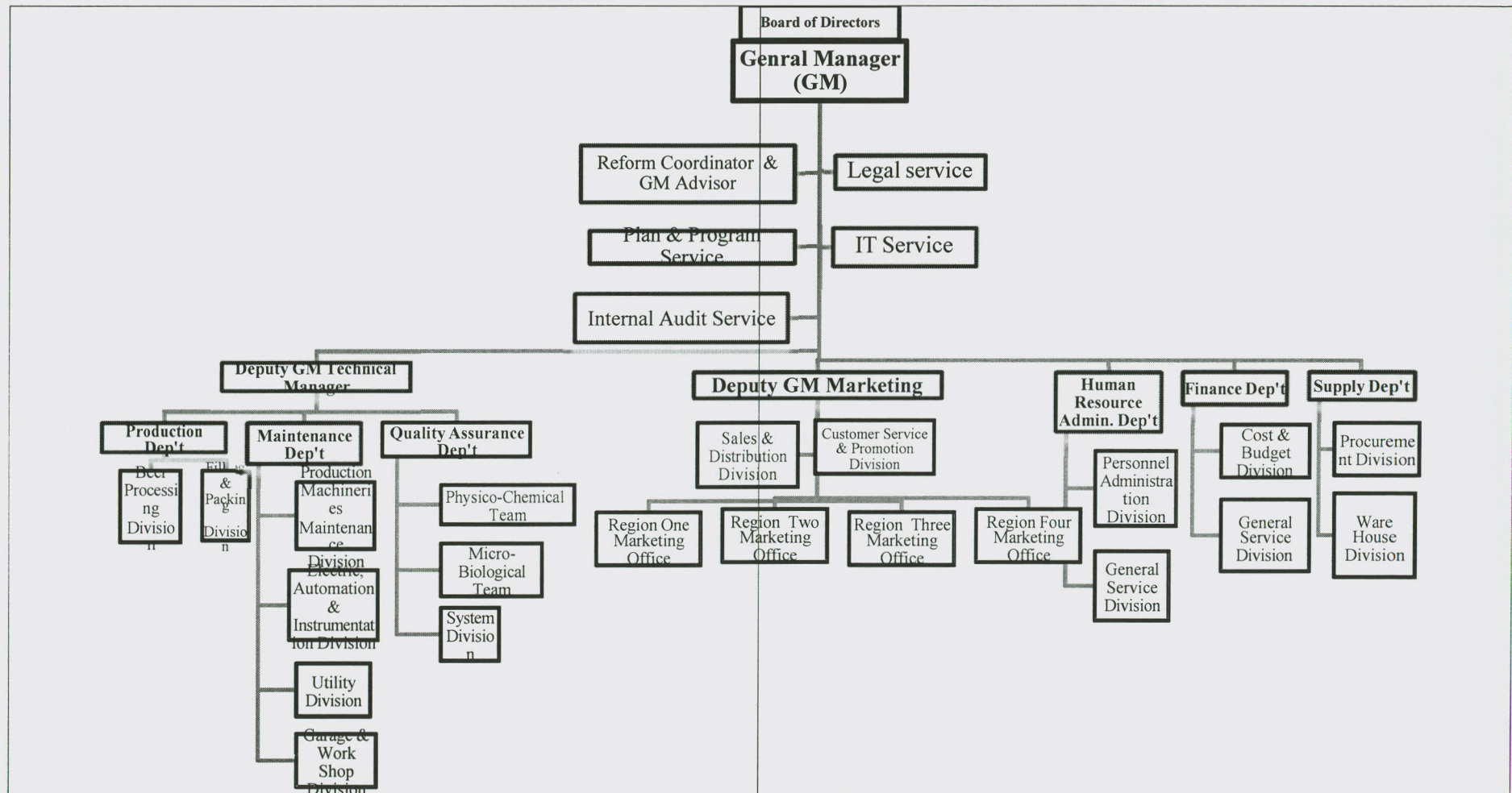
Thank You!

JIMMA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
MBA PROGRAM
Interview Questions

The following are interview questions asked for marketing manager of the Dashen Brewery share company.

1. How do you evaluate whether the product quality satisfy the customers?
2. Explain how marketing strategy changes during a product's lifecycle.
3. What factors you considered in setting the price of your beer? Do you considered the purchasing power of the customer?
4. Which alternative approaches the Dashen brewery used to determining price?
5. What mechanisms you used to form a good image of your product in the minds of the customers (relative to other products).
6. What are mechanisms the company uses to motivate its customers?
7. Which advertising tools the company mostly uses to communicate with its customers? And why?
8. Which promotional mix Dashen brewery mostly uses? What are the reasons for using it?
9. How you distribute your product so that it can easily reach to the ultimate consumers?
10. Which of the strategies you used to improve the company's competitiveness?
11. What are the major problems encountered in implementing marketing mix strategies?

Organizational Structure of DBSC





This work is licensed under a
Creative Commons
Attribution – NonCommercial - NoDerivs 3.0 License.

To view a copy of the license please see:
<http://creativecommons.org/licenses/by-nc-nd/3.0/>

This is a download from the BLDS Digital Library on OpenDocs
<http://opendocs.ids.ac.uk/opendocs/>