

43

# MARKETING PRACTICE AND ITS EFFECT ON SALES

(A Case Study of National Lottery Administration)

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**Marketing Practice and Its Effect on Sales**  
**(A case study of National Lottery Administration)**

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# TABLE OF CONTENTS

Contents	page
<b>Chapter One -Introduction</b>	
1. Background of the Study -----	1
1.2 Statement of the Problem -----	3
1.3 Objective of the Study -----	5
1.4 Methodology of the Study -----	6
1.5 Significance -----	6
1.6 Scope -----	9
1.7 Limitation -----	9
1.8 Measurement -----	10
1.9 Organization of the paper -----	10
<b>Chapter Two- Review of Related Literature</b>	
2.1 Meaning and Importance of Marketing -----	12
2.1.1 The meaning of marketing -----	12
2.1.2 The importance of marketing -----	13
2.2 The marketing mix elements-----	14
2.2.1 Product -----	14
2.2.1.1 Meaning of product -----	14
2.2.1.2 Classifications of products -----	15
2.2.1.3 Development of new products -----	16
2.2.2 Price-----	20
2.2.2.1 Introduction -----	20
2.2.2.2 Definition of price -----	21
2.2.2.3 Pricing objectives -----	21
2.2.2.4 Selecting a pricing method -----	22
2.2.3 Promotion-----	23
2.2.3.1 Introduction -----	23
2.2.3.2 Steps in developing effective communication -----	24
2.2.3.3 Promotion mixes -----	25
2.2.3.3.1 Advertising -----	25
2.2.3.3.2 Personal selling -----	27



2.2.3.3.3 Sales promotion-----	30
2.2.3.3.4 Public relation -----	31
2.2.4 Distribution -----	32
2.2.4.1 Introduction -----	32
2.2.4.2 Marketing channel functions and flow-----	33
2.2.4.3 Factors determining choice of particular channel -----	34
2.2.4.4 Determining intensity of distribution -----	34
2.3 sales-----	35
2.4 The relationship between sales and marketing-----	36
2.5 Summary of literature review vis-à-vis lottery-----	36

**Chapter Three-Organizational Profile of National Lottery Administration**

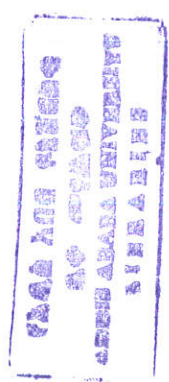
3.1 Background of the Administration-----	39
3.2 Vision and mission of the administration -----	40
3.3 Contribution of the Administration towards Development of the Country -----	40
3.4 Types of lotteries offered to the market -----	42
3.5 sales channels of lottery -----	44
3.6 Organizational Structure of the Administration-----	45

**Chapter Four- Data Presentation and Analysis**

4.1 Introductions -----	46
4.2 General Demographic Variables of Respondents-----	46
4.3 Analysis of Questions related to lottery-----	50
4.4 Analysis of Questions related to lottery price -----	60
4.5 Analysis of Questions related to promotion -----	64
4.6 analysis of Questions related to distribution -----	75
4.7 Analyses of Interview Results -----	80
4.8 Secondary Data Analysis Showing the Relationship b/n Advertising and Sales-----	87

**Chapter Five- Summary, Conclusions and Recommendations**

5.1 Summary -----	90
5.2 Conclusions -----	93
5.3 Recommendations -----	95



# LIST OF TABLES

Table	Descriptions	Page
Table 4.1	Demographic Variables of Respondents	47
Table 4.2	Lottery Purchase Frequency and the Way how Respondents Manage it	51
Table 4.3	Availability of Lotteries in the Market	55
Table 4.4	Respondents' Need for the Introduction of Additional Lotteries with More Variety of Prizes	58
Table 4.5	Respondents' View Regarding Decreasing Price and Increasing Amount of Prize	62
Table 4.6	Purchase of Lottery Due to Vendors' Approach	70
Table 4.7	Customers' Perception about Lottery Advertisement	73
Table 4.8	Customers' View to Buy Lottery from Super Markets and Their Rating of the Current Distribution	77
Table 4.9	<i>Sales, Net Profit and Advertising Expense of the Administration (2003-2007</i>	87



# LIST OF FIGURES

Figure	Descriptions	Page
Figure 4.1	<i>Customers' Lottery Buying Experience</i>	50
Figure 4.2	Types of Lotteries as per Respondents' Demand	54
Figure 4.3	Reasons why Respondents Don't Buy Lotteries	56
Figure 4.4	Respondents' View towards the Fairness of Lottery Price	60
Figure 4.5	Lottery Types According to their Relative Expensiveness	61
Figure 4.6	Factors that Initiate Respondents to Buy Lottery	64
Figure 4.7	Respondents' Source of Information	66
Figure 4.8	Respondents' Awareness about Activities Done By the Administration That Can Benefit the General Public	68
Figure 4.9	Vendors' Sales know how	72
Figure 4.10	Do Respondents Face Difficulty of Getting Lottery At a Time?	76
Figure 4.11	The Relationship between Sales and Advertising Expense	87
Figure 4.12	The Relationship between Advertising Expense and Net profit	88



# ABSTRACT

This study is conducted with respect to the practice of marketing and its effect on sales, particularly in light of lottery marketing. The major objective of the study was investigating the marketing practice especially the marketing mix elements, that is, product, price, promotion, and distribution in lottery marketing. To this end, 100 respondents are selected from Addis Ababa employing a mix of non probability sampling known as convenience and judgmental/purposive sampling.

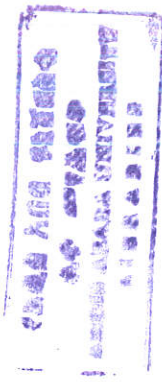
Accordingly, it is recognized that lottery is a product with which majority of the respondents are highly familiar. Lottery purchase is undertaken occasionally by larger proportion of the respondents as it is not a basic item which needs to be bought on regular basis. Regular and instant lotteries are the ones with greater market demand. The two main factors which hinder the purchase of lottery by respondents are the assumption they hold about the likelihood of winning as very low and scarcity of money. If the administration introduces new lottery types with more varieties of prizes, it can realize higher sales volume as the sample customers exhibited their enthusiasm towards lotteries with such features.

The price the administration charges for the different types of products it offers to the market currently is rated to be fair by large number of respondents, but there are respondents who strongly believe the price need to be reduced so as to induce customers to buy it more frequently. Through either price reduction or increment in the current prize amount of lotteries, the administration can increase its sales volume. Vendors play a crucial role in selling lotteries as majority of customers buy lottery being influenced by their approach. Vendors serve as both salesperson and promotional means. The administration distributes its products mainly through its own branches and agents. Because vendors sell the items only at places like cafes and major road sides, people who live inside main roads and in areas somewhat far from the central part of Addis face problems of finding lottery easily in their environment.



# CHAPTER ONE

## INTRODUCTION



### 1.1 Background of the Study

The National Lottery Administration of Ethiopia was established as the first autonomous and legal state lottery by proclamation number 183 in 1961 G.C. The administration began its operation by issuing conventional lottery named regular lottery on September 8, 1961 (on the day of the Ethiopian New Year, 'Enqutatash'.) which was drawn after staying four months in the market. This lottery was drawn on the promised and planned date of drawing January 7, 1962 (on the date of the Ethiopian Christmas - Genna). Starting from that time, the administration has been issuing various types of lotteries and marketing them to the public through a large number of distributors/vendors. (<http://www.lotteryinsider.com>)

The administration offers to the market different kinds of lotteries among which some are issued on regular basis whereas the rest are issued in relation to various occasions. It prepares eleven lottery types differing from each other by their prizes setting, selling price, prize type (in kind and money) and by their drawing methods (active/instant and passive/conventional). The types of lotteries which fall under the conventional category include: Regular lottery, Tombola, Tesaie lottery, special lottery, Enqutatash lottery, and Edil lottery. Those which belong to the active/instant lottery are: instant lottery-Fetan, and Bingo lottery. In addition to this, the administration has also introduced a new type of lottery known as Lotto lottery in 1997 G.C. (<http://www.mor.gvt.et>)

As lottery become to grow and get nationwide acceptance as well as popularity, the infrastructure for the collection, distribution, and vending of the game tickets are hence well established and controlled through eight ticket delivery offices in Addis Ababa, 20 branches, 2 sub branches and 55 agent sites outside.

The administration approaches the whole market using the same techniques of pricing, promotion and distribution, that is, it uses mass/ undifferentiated marketing. In mass marketing the assumption is that all customers have similar needs and wants and these needs can be satisfied by offerings a single product. But this is not usually an appropriate approach in the face of rapidly changing consumer tastes and preferences, life style, income, occupation, and other demographic variables. Globalization has led people to get various products information easily. Hence becoming successful and attaining desired sales and profitability objectives effectively and efficiently is not such an easy task using this approach.

Since the income of majority of Ethiopians does not allow them to purchase lottery for lottery is not an item people consider its purchaser usually, the administration also faces low demand for its products. Obviously as individual's income grows it is hoped that their purchasing power shall increase and this will lead to higher demand for lottery in the future. To increase sales and profitability of the administration, different marketing issues need to be addressed.

Marketing is an exciting, fast-paced, and contemporary business discipline. We engage in marketing activities or are affected by them on a daily basis, both in our business related roles and as consumers. Marketing encompasses all facets of buyer/seller relationships. In order to be successful, companies need to make these relationships satisfactory for both the seller and buyers. Specific marketing activities include environmental analysis, and marketing research, broadening an organization's scope, consumer analysis, product planning, and distribution, promotion planning, and marketing management. Marketing is employed by various forms of organizations irrespective of their form of ownership and whether they provide goods or services to the market. The National lottery administration also highly employs marketing concepts and tools to wards its effort to

achieve its vision, mission, and objectives through selling varieties of lotteries it offers to the market and thereby earn profit.

The most common distribution decision is whether to use a selective or an intensive distribution system. Products that require substantial pre or post sale service, that have high costs related to stocking and selling, or that are positioned as prestige products typically require a selective distribution system. The two dominant forms of promotion are advertising and personal selling. Advertising is particularly appropriate for creating awareness and interest and for reaching a broad market. Personal selling is particularly appropriate when customers require more in-depth information in real time.

The current study suggests that it is important to compare the contemporary marketing practices of firms that serve different markets with different products for three reasons: first, given the limited amount of research and when it was conducted, there is an identified need for more current examination of the topic. Second, there is a lack of research examining contemporary marketing practices in a manner that is both comparative across multiple firms types and based on a common analytical framework. However, this type of research is important given the increasing discussion around the blurring of boundaries between areas that have historically been examined independently. Third, all the extant studies rely on a simple interpretation of the traditional marketing mix model as their basis for investigation, has been identified. (Coviello et al; 2002, p.37)

## **1.2 Statement of the Problem**

Companies cannot survive today simply by doing a good job. They must do an excellent job if they are to succeed in the increasingly competitive global market place. Consumers and business buyers face an abundance of suppliers seeking to satisfy their various types of needs. Recent studies have

demonstrated that the key to profitable company performance is knowing and satisfying target customers with competitively superior offers. Marketing is the function charged with defining target customers and the best way to satisfy their needs and wants competitively and profitably.

Though lottery marketing in Ethiopia is conducted only by the National Lottery Administration of Ethiopia as monopoly, there are some problems encountered by the administration in relation to the marketing practice. These problems also have certain impacts on the sales volume the administration realizes from a particular type of lottery. As per the result of preliminary interview held with Sales Department Head of the administration, the major problems encountered by the administration regarding its marketing practices among others are:

- ◆ The limited amount of interest among the buyers despite the company's aggressive promotional undertakings has led to lower sales volume of some lotteries.
- ◆ People quit buying lotteries after trying for a few periods of time, that is, they are not willing to remain as loyal customers of the authority.
- ◆ Some individuals have wrong perception about the draw process in which winning numbers are announced- they are doubtful about the probability of getting the chance though the authority announces winners publicly.
- ◆ Not conducting market survey before launching new lottery types also causes its sales to be below the amount anticipated by the authority as the demand for that kind of product may be wrongly estimated.
- ◆ Despite the fact that the authority practices different marketing elements in its effort to boost sales as well as profitability of the organization, there are difficulties in realizing its objectives effectively.
- ◆ Since lottery is not a basic necessity, people do not give priority to its purchase, they purchase when they believe it is important and ignore it the other time.



- ◆ The authority faces problems in relation to the availability of distributors, there are enough amounts of distributors in some seasons and there will be shortage of them in other seasons.
- ◆ There is difficulty of printing the desired amount of lotteries at the right time due to the presence of only one printing press capable of accomplishing such activities.
- ◆ Low income and low level of awareness about lottery among the general public has hindered the sale of lottery in the country.
- ◆ The fact that all types of lotteries offered to the market are paper based and this has also negatively affected sales. In other countries there are lotteries provided to the public in the form of games, and they are also available online.
- ◆ The administration also faces problems when different regions issue lotteries for their own developmental purposes as these regions market them actively in different parts, people shift towards these lotteries and this leads to lower level of sales.

### **1.3 Objectives of the Study**

**General objective:** the general/overall objective of this study is to investigate the practice of marketing tools and their effect on sales in light of the National Lottery Administration of Ethiopia. To this effect, how the four ps of marketing, i.e., product, price, promotion and distribution are practiced by the authority is studied.

In order to realize this general objective, the following specific objectives are set:

- ◆ To differentiate what varieties of products, i.e., lotteries are offered to the market by the authority and their relative acceptance by the customers so that ways to improve their acceptance could be suggested.
- ◆ To differentiate the major techniques of promotion currently employed by the authority so as to communicate with its target customers and forward comments regarding their benefit.

- ◆ To identify which promotional tools are more effective in increasing the sales volume of the authority.
- ◆ To sort out the distribution means the authority utilizes to avail the products at places where the products are needed and the associated problems.
- ◆ To investigate whether the authority conducts market research before introducing new types of lotteries to the market in order to identify the existence of demand for the envisaged product. In other words, to check if the authority applies the modern marketing concept or not.
- ◆ To get information in relation to how much budget is allocated for promotional purposes so as to realize high sales volume from a specific type of product and suggest better ways of its utilization.
- ◆ To investigate whether there is any mechanism in the authority that enables it to measure the outcome of a given promotional activity in comparison to the expenditure on that particular method.
- ◆ To identify the type of lottery which accounts for the larger market share/ sales volume in comparison to others and the associated reasons and based on this information to pinpoint ways of further improving the sales of that product and others.
- ◆ To sort out the most profitable lottery among those offered to the market by the administration and the reason behind this fact.
- ◆ To examine whether the authority follows mass marketing or market segmentation approach and to realize if targeting and positioning concepts are used.

## **1.4 Methodology of the Study**

**1.4.1 Data Collection Procedure:** in course of conducting this study, both primary and secondary data sources were exploited. The primary data were collected through questionnaires and interviews. Questionnaires designed in relation to the aforementioned objectives were distributed to lottery customers selected on random basis. Interview was conducted with officials in the marketing and sales division in

National Lottery Administration. Personal observation was made as a means of intensifying both the questionnaires and interviews and thereby to have sufficient data about the study. Secondary data were collected from such sources as journals, books, brochures, hand books, web sites and other publications in the area of marketing practices and sales.

**1.4.2. Sampling Technique:** though lottery is distributed and sold in every part of Ethiopia, this study focuses only in Addis Ababa, where there are around four million populations. Even among Addis's residents, respondents are selected. To select the respondents, a method of non probability sampling known as convenience sampling mixed with judgmental sampling is used. To this end, 100 individuals are selected employing the above method, i.e., the sample size of the study is 100. To have reasonably reliable and representative data, the questionnaires were distributed to people from different walks of life as clearly shown in the demography section of the paper. Hence, questionnaires were distributed to these conveniently chosen respondents in different parts of Addis. Specially to minimize the number of unreturned questionnaires, the researcher has distributed them in places like cafes, schools, shops, supermarkets, stationeries and the like where people stay for relatively long time period. Because respondents are allowed to fill the questionnaires by taking time and the collection of the questionnaires was followed seriously, the researcher has successfully collected back all the distributed questionnaires. A mix of structured and unstructured interview was conducted with pertinent individuals working in the areas of marketing and sales in National Lottery Administration (NLA) of Ethiopia.

**1.4.3. Data Presentation and Analysis Technique:** data which was collected through the methodologies described above is presented and analyzed in such a way that it can be easily understood and inferred. Therefore, to make the data possess such qualities, different tools such as descriptions, statistical tools like tables, graphs, frequency distributions, pie charts, percentages, ratios and others are employed. Since the findings of the study are supposed to provide some insights towards the improvement of the application of

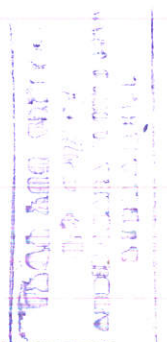


marketing activities in order to boost the authority's sales and profitability, the data is presented in a manner that it lends itself to easy comprehension and understandability by those who want to utilize it.

## **1.5 Significance of the Study**

It is clear that marketing practices has a far reaching effect in different aspects and it has a number of significances/importance in relation to increasing the sales volume of a given enterprise. By taking in to account this reality, the rationales to conduct this study are as follows:

- ◆ The study can give useful insights to those involved in practicing marketing so as to boost the sales volume of their organization.
- ◆ The findings of this study is supposed to contribute a lot towards the better, effective and efficient utilization of marketing elements by the National Lottery Administration by suggesting some important practices of marketing which can help specifically the administration in achieving its desired goals.
- ◆ It can be used as a springboard for further and more detailed study concerning how to make better use of marketing in order to realize the sales plan of the authority.
- ◆ Depending on the findings of the study some useful recommendations as to how to utilize marketing elements in the area are forwarded. On top of this, conclusions which can be used by the concerned parties in their effort towards enhancing the administration's sales activities are also drawn.
- ◆ The findings of this study could pin point where problems lie with regard to the practice of marketing and initiate pertinent individuals to take some corrective actions.
- ◆ It suggests various ways of improving marketing practices in the future in pursuit of achieving high sales volume and profit.





## **1.6 Scope of the study**

Though marketing is very broad area which can be applied in different fields such as profit oriented, not for profit firms, charity organizations and others, this study mainly focuses on the marketing practices and its effect on sales in relation to the National Lottery Administration. Thus, this study concentrates on the application and use of marketing elements like product, price, promotion, and distribution practices and their contribution towards increasing sales of the administration's products- different kinds of lotteries it offers to the market. Therefore, the scope of the study is limited only to the investigation of how marketing tools are implemented in pursuit of securing sufficient amount of sales specifically in light of the administration. The study is conducted by gathering data through the methods described in the methodology section from sample respondents in Addis Ababa only and marketing officials of the administration.

## **1.7 Limitations of the Study**

Since the number of lottery customers in Addis is very large, conducting the study based on data gathered only from 100 sample respondents selected using non probability sampling technique known as convenience sampling may have affected the reliability, validity and representativeness of the information to some degree notwithstanding the efforts made to make the data possess these qualities. Had the time given to conduct this whole research paper been sufficient, the study could have been undertaken even with greater detail and its representativeness, validity, and reliability could have been improved further. Even though all the questionnaires were successfully collected back, some respondents did not give responses to some questions, particularly open ended questions were not filled up to desired level of detail. Carelessness on the part of some respondents while filling the questionnaires has led to miss information which could still further increase the usefulness of the finding.

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## 1.8 Measurement

- ◆ The key variables of this study are marketing practices and sales.
- ◆ Marketing is an independent variable whereas sale is assumed to be a dependent variable. That is, the volume of sales an organization can realize is highly dependent on the proper practices of marketing elements such as product, price, promotion, and distribution.
- ◆ The major measurement methods that are used so as to measure the effect of marketing practices towards boosting a company's sales level include questionnaires, interviews and personal observation.
- ◆ To this end, questionnaires and interview questions are designed by the researcher in such a way that the practices of marketing being undertaken by the authority and its effect on sales could be recognized.
- ◆ As properly measuring the effect of marketing practices on sales enables the administration to emphasize on each of the elements of marketing according to their relative merit, in this study secondary data gathered with respect to sales, advertising expenditure and net profit is analyzed with the help of graphs that depict the trend of these items for the years from 2003-2007.

## 1.9 Organization of the Paper

This study is composed of the following five major sections:

- **Chapter One: Introduction**-includes background of the study, statement of the problem, objectives of the study, research methodology, significance of the study, scope and measurement.
- **Chapter Two: Review of Related Literature**- this Chapter is concerned with review of literatures related to the title of the study, that is, marketing practices and how it affects sales.

- **Chapter Three: Organizational Profile-** here the profile that reveals the authority's establishment date, branches, types of lotteries offered by it, and other points of the organization where this study is undertaken is assessed.
- **Chapter Four: Data Presentation and Analysis-**in this section of the paper, data gathered through the mechanisms mentioned in the methodology section are presented and analyzed with the help of various tools.
- **Chapter Five: Summary, Conclusions and Recommendations-** the major findings from the discussion and analysis section are extracted and presented so that the overall paper can be reviewed within short period of time by those individuals who are interested to do so. Moreover, based on the major findings of the study certain useful conclusions are drawn. Finally, recommendations that can contribute positively towards the betterment of marketing practices by the administration are forwarded.

## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

#### 2.1 Meaning and Importance of Marketing

**2.1.1 Meaning of Marketing:** As marketing is very broad concept applied in business as well as non business sectors, providing a single definition that encompasses all its elements is some what difficult and below different definition forwarded by various individuals is described:

- ❖ According to Evans, “Marketing is the anticipation, management, and satisfaction of demand through the exchange process.” It involves goods, services, organizations, people, places and ideas. (Evans;1997,p.7)
- ❖ As per Kotler’s definition, “Marketing (management) is the process of planning and executing the conception, pricing, promotion, and distribution of goods, services, and ideas to create exchanges with target groups that satisfy customer and organizational objectives. (Kotler;1994,p.13)
- ❖ According to Keegan et al, marketing is defined as the process of planning and executing the various activities which are involved in selling goods, services or ideas and which lead to an exchange between a seller and a buyer. (Keegan et al; 1992, P.7)
- ❖ The Institute of Marketing of the United Kingdom defined marketing as ‘the management function which organizes and directs all those business activities involved in assessing and converting customer purchasing power into effective demand for a specific product or service and in moving the product or service to the final consumer or user so as to achieve the profit target or other objectives set by a company. (Davar;1996, p. 3)

**Working Definition:** Based on the above definitions and others, the working definition for this study will be the one which is forwarded by Kotler that defines marketing as the process of planning

and executing the conception, pricing, promotion, and distribution of goods, services, and ideas to create exchanges with target groups that satisfy customer and organizational objectives.

### **2.1.2 The Importance of Marketing**

As coined by Etzel et al., marketing can occur any time on social unit (person or organization) strives to exchange something of value with another social unit. Thus, the essence of marketing is a transaction or exchange. In this broad sense marketing consists of activities designed to generate and facilitate exchanges intended to satisfy human needs or wants. The following conditions must exist for a marketing exchange to take place.

- Two or more people or organizations must be involved and each must have needs or wants to be satisfied. If you are self sufficient in some area, there is no need for an exchange.
- The parties must be involved voluntarily
- Each party must have something of value to contribute in the exchange and each must believe that it will benefit from the exchange.
- The parties must communicate with each other. The communication can take many forms and may even through a third party, but without communication there can be no exchange.

There are parties involved in the exchange. On one side of the exchange is the marketer. Marketers take the initiative in trying to stimulate and facilitate exchanges. They develop marketing plans and programs and implement them in hopes of creating an exchange. On the other side of the exchange is the market made up of the persons or organizations to whom the marketing programs are directed and who will play a role in the acceptance or rejection of the offer. Markets are made up of customers consisting of any person or group with whom an individual or organizational marketer has an existing or potential exchange relationship. (Etzel et al; 1997, pp.4-5)

The following are some points that reveal the importance of marketing in addition to the aforementioned ones: (Evans & Berman, 1997; pp.17-18)

- ❖ Because marketing stimulates demand, a basic task for it is to generate consumer enthusiasm for goods and services. A large amount of each dollar goes to cover the costs related to such marketing activities as product development, packaging, distribution, advertising and personal selling, price making, and administrating consumer credit programs. Some estimates place the cost of marketing as high as 50 percent or more of sales in certain industries.
- ❖ All people and organizations serve as consumers for various goods and services. By understanding the role of marketing, consumers can become better informed, more selective and more efficient. Effective channel of communication with sellers can also be established and complaints resolved more easily and favorably.
- ❖ By optimizing customer service, inventory movement, advertising expenditures, product assortments, and other areas of marketing, firms will better use resources.
- ❖ Marketing has a role to play in improving our daily life. For example, marketing personnel often encourage firms to make safer products, such as child proof bottle caps.
- ❖ Knowledge of marketing is extremely important for those not directly involved in a marketing job.

## **2.2 The Marketing Mix Elements**

There are four core elements of marketing usually referred to as the four ps. They are: product, price, promotion, and place/distribution.

### **2.2.1 Product**

**2.2.1.1 Meaning of product:**-As Evans stated, a product may be an idea, a physical entity (a good), or service or any combination of the three. It exists for the purpose of exchange in the satisfaction of individual and organizational objectives.



According to the definition forwarded by Kotler, a product is any thing that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. Products that are marketed include physical goods,( e.g., automobiles, books), services,( e.g., hair cuts, concerts), persons,( e.g., a political candidate), place,( e.g., tourist attraction sites), organizations, ideas,( e.g., family planning, safe driving).

As per Etzel et al, a product is a set of tangible and intangible attributes which may include packaging, color, price, quality and brand plus seller's services and reputation. A product may be a good, service, place, person or idea. In essence, then customers are buying much more than a set of attributes when they buy a product. They are buying want satisfaction in the form of the benefits they expect to receive from the product (Etzel et al; 1997, p.193).

**2.2.1.2 Classifications of products:** to design effective marketing programs organizations need to know what kinds of products they are offering to potential customers. Thus, it is helpful to separate products in to homogeneous categories. Products can be classified as goods or services and as consumer or industrial.

- a. **Goods:** are physical products such as furniture, machinery, food, stationery and the like which can be seen and touched.
- b. **Services:** are those items that can not be felt, touched or possessed.
- c. **Consumer goods:** consumer products are intended for personal consumption by households. Consumers buy a vast array of goods. These goods can be classified on the basis of consumers' shopping habits and categorized as :

1) **Convenience goods:** these are goods that customer purchase frequently, immediately and with a minimum of effort. Convenience goods can be further divided in to staples, impulse goods and emergency goods. Staples are goods that consumers purchase on a regular basis such as toothpaste.



Impulse goods are purchased without any planning or search effort. These goods are usually displayed widely. Emergency goods are purchased when a need is urgent-umbrellas during a rainstorm, boots and shovels during the first winter snowstorm. Manufacturers of emergency goods will place them in many outlets so as to capture the sale when the customer needs these goods.

**2) Shopping goods:** are goods which are purchased by comparing their suitability, quality, price, and style. Examples include furniture, clothing, used cars and major appliances. Shopping goods can be divided into homogenous and heterogeneous goods. The buyer sees homogeneous shopping goods as similar in quality but different enough in price to justify shopping comparisons.

**3) Specialty goods:** goods with unique characteristics and/or brand identification for which a significant group of buyers habitually are willing to make a special purchasing effort. Examples include specific brands and types of fancy goods, cars, stereo components, photographic equipments, and men's suits.

**4) Unsought goods:** goods that the consumer does not know about or knows but does not normally think of buying. New products, such as smoke detectors and food processors, are unsought goods until the consumer is made aware of them through advertising. The classic examples of known but unsought goods are life insurance, funeral plots, gravestones, and encyclopedias. Unsought goods require substantial marketing effort in the form of advertising and personal selling.

**d. Industrial/business goods:** organizations buy a vast array of goods and services. Based on how they enter the production process and their relative costliness, they can be categorized as: materials and parts, capital items, supplies and services (Kotler;1994, pp.436-437 ).

### **2.2.1.3 Development of New Products**

Most marketers consider a product to be a new product if it must be introduced to a market that is distributors and consumers are not aware that the product exists. Product newness has three dimensions: development, customer perception, and legal requirements.

- Development: products may be new if they are developed as an invention (an entirely new type of product) or as innovation (a significantly better product,) or as an improvement (a gradual change in an existing product or product line).
- Customer perception: to be new, a product must also be perceived as new by a group of customers. Thus, a product that is well established in one place may be a new product when first introduced elsewhere.
- Legal requirements: in the United States a supposedly new product must also meet legal requirements overseen by the Federal Trade Commission. (Keegan et al; 1992,pp.412-416)

According to Etzel et al, new products are considered from the viewpoint of the following three distinct categories:

1. Products that are really innovative-truly unique. Any new product in this category satisfies a real need that is not being satisfied at the time it is introduced.
2. Replacements that are significantly different from existing products in terms of form, function and most important, benefits provided.
3. Innovative products that are new to a particular company but not new to the market ( Etzel et al; 1997,pp. 203-204).

#### **a) Stages in the Development Process**

Guided by a company's new product strategy, a new product is best developed through a series of six stages. Compared to the unstructured development, the formal development of new products provides benefits such as improved teamwork, less rework, earlier failure detection, shorter development times and higher success rates. At each stage, management must decide whether to proceed to the next stage, abandon the product, or seek additional information. Here is a brief description of what should happen at each stage of the new product development process.

1. **Generating New Product Ideas:** new product development starts with an idea. A system must be designed for stimulating new ideas within organizations and then reviewing them promptly.
2. **Screening ideas:** here new product ideas are evaluated to determine which ones warrant further study.
3. **Business analysis:** a surviving idea is expanded in to a concrete business proposal. During the stage of business analysis, management identifies product features, estimates market demand, competition and the product's profitability and establishes a program to develop the products and finally assigns responsibility for further study of the product's feasibility.
4. **Prototype Development:** if the results of business analysis are favorable, then a prototype (a trial model) of the product is developed.
5. **Market tests:** unlike the internal test conducted during prototype development, market tests involve actual consumers. A new tangible product may be given to a sample of people for use in their households. This stage often entails test marketing in which the product is placed on sale in a limited geographical area. Market test findings including sales and repeat purchases are monitored by the company that developed the product and perhaps by competitors as well. The product's design and plans may have to be adjusted as a result of test findings.
6. **Commercialization:** in this stage full scale production and marketing programs are planned and then implemented. Up to this point in development, management has virtually complete control over the products. However, once the product is 'born' and made available for purchase, the external competitive environment becomes a major determinant of its destiny ( Etzel et al; 1997,pp. 205-207).

## **b) Product Life Cycle (PLC)**

Keegan and others contend that products like people have life cycles. The product life cycle describes the stages through which product categories pass as they 'age' in the market place. There



are six stages in the PLC: development, introduction, growth, maturity, decline and termination. The different stages call for changes in marketing strategy.

1. **Development:** the period that starts when the product is first seriously considered and continues until it is ready for selling and distributing. Most activities in this period are in research and development and product design.
2. **Introduction:** is relatively short period in which a product is introduced to intermediaries and consumers. Sales are usually slow and profits non-existent. The product pipeline is being filled- the product has begun flowing through the distribution channels. Its positioning and brand images are being established in the consumers' minds and the target markets are being confirmed. Potential competitors will watch a new product's performance and begin deciding if they want to offer a competing product. Here advertising and promotion are at their highest levels.
3. **Growth:** once distribution has begun and brand awareness established, a product is on its way. The growth period is the 'honeymoon' when the product can dominate its category. Byres are responding to the introductory advertising and promotion. Profits per unit usually run high because there are few competitors-though they are no doubt starting to appear. To ensure that the product can compete with new products coming in to the market, product improvements are important beginning with this stage.
4. **Maturity:** is the period during which the sales curve begins leveling off. Here most potential consumers have already been identified and competitors established. Brands with significant shares are now getting repeat purchases. Profit margins may be high at established firms that have refined their operations to lower production, distribution and selling expenses, or they may be reduced in an effort to compete on the basis of price. Maturity is generally the longest of all the stages.

5. **Decline:** this is the reverse of the growth period-sales begin to decline. A category or a brand can decline for many reasons including technological changes, changes in consumer wants or changes in economic conditions. During this period advertising and promotion have little effect. A few remaining customers buy because they are very brand or category loyal and have a strong wants or needs for the product.
6. **Termination:** as a product category continues to decline, each brand in the category needs to decide when production and marketing activities should stop. Risk is always an inherent part of business and thus of marketing. Product life cycle expresses this fact of marketing. (Keegan; 1992, pp.361-364)

## **2.2.2 Price**

**2.2.2.1 Introduction:** Developing a pricing strategy perplexes many CEOs, marketing and sales executives, and brand managers. It is not surprising really: real businesses don't always follow the pricing strategy models that business schools and books on pricing strategy present. But there are a few basic guidelines that can help take some of the mystery out of the process of establishing a successful pricing strategy. <http://www.markitek.com/articles/pricing.htm>

The most common rationale for the importance of price is that price is the only element in the marketing mix that generates revenue; all other elements are associated with costs. Such costs are necessarily included in creating value via product development, promotion, and distribution. In addition to the role of price as a revenue generating marketing mix element, it has other characteristics such as:

- ⬇ It has a very strong impact on sales volume and market share.
- ⬇ Compared to the rest of the marketing mix element, price can be modified relatively quickly.

- ✦ Competitive reaction to price variation both in terms of speed and intensity tend to be more severe than competitive reaction to changes in other elements.
- ✦ The manipulation of price is not associated with an initially negative cash flow, in contrast to the manipulation of other elements results in expenses that are not recovered in later times.  
(Baker,2000,pp.339-340)

Price influences the perception of value. Value generally increases with a rise in perceived quality and decreases with a fall in perceived quality. When consumers view products as being of high quality, they are willing to pay more. Pricing plays a special role in the marketing mix of any product. Pricing allows the firm to recover the cost of the value added. Pricing can influence a product's acceptance in market place because it determines in part the value buyers put on that product. It can also influence a product's position in the market, affect its image and even shape the nature of competition in an industry. (Keegan et al; 1992, p.501)

**2.2.2.2 Definition of Price:** a price, according to Evans and Berman, represents the value of a good or service for both the seller and the buyer. As Kotler stated, all organizations and many non profit organizations set prices on their products or services. We pay rent for our apartment, tuition for education, and fee for a physician or dentist, interest for use of money, fare for taxi or airline flight and toll for highways.

**2.2.2.3 Pricing Objectives:** As Etzel and others have stated every marketing activity, including pricing, should be directed towards a goal. Thus, management decides on its pricing objectives before determining the price itself. To be useful, the pricing objective management selects must be compatible with the overall goals set by the firm and the goals for its marketing program. In general, the pricing objectives of a firm can be profit oriented such as to achieve a target return and to maximize profit; sales oriented which entails increasing sales volume, maintaining or increasing

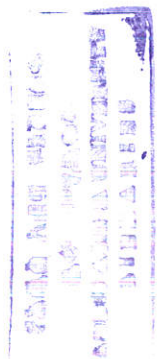
market share; and status quo orientation which includes stabilizing prices and meeting competition. (Etzel et al; 1997, pp.277-278)

According to Keegan and others, pricing objectives depend directly on and must be coordinated with the organization's overall marketing objectives. Pricing objectives are the goals that the firm expects to reach with its pricing plans. Pricing objectives generally fall into one of the following categories:

- a) Survival objective: a firm in trouble may have little choice but to make survival a pricing objective. Survival pricing is designed to keep the firm alive by generating cash, sometimes by selling at cost or at below cost.
- b) Profit objective: although maximum profit is not the only possible objective for a firm, it often is the objective of choice. Profit objective may be either short term or long term.
- c) Sales objective: many organizations develop pricing objectives in terms of a desired level of sales or market share or to balance peak and off peak. If the firm's product is relatively price elastic, a change in price will naturally leads to changes in sales volume.
- d) Competitive objective: as marketing managers try to price a firm's product, they must keep in mind the pricing activities of competitors and their reaction to a price change by their firm. In developing pricing objective, a firm may choose to match the competition, to prevent competition or to stabilize prices. ( Keegan et al, 1992, pp. 501-505)

**2.2.2.4 Selecting a Pricing Method:-** given the customers' demand schedule, the cost function, and competitors' prices, the company is now ready to select a price.

1. Markup pricing: - is the most elementary pricing method in which a standard mark up to the product's costs is added.
2. target return pricing: here the firm determines the price that would yield its target rate of return on investment(ROI)



3. Perceived value pricing: here companies see the buyers' perceptions of value, not the seller's cost, as a key to pricing.
4. Value pricing: this is a case where companies charge a low price for a high quality offering. Value pricing is not the same as a perceived- value pricing. The latter is really a "more for more" pricing philosophy.
5. Going rate pricing: in this case, the firm bases its price largely on competitors' prices with less attention paid to its own cost or demand.
6. Sealed bid pricing: here the firm bases its price on expectations of how competitors will price rather than on a rigid relation to the firm's costs or demand. (Kotler;1994;pp.498-505)

## **2.2.3 Promotion**

**2.2.3.1 Introduction:** Promotion represents the third element in the marketing mix. The promotional element comprises a mix of tools available for the marketers called the promotional mix, which consists of advertising, personal selling, sales promotion and publicity. All of these elements can be used to 1) inform prospective buyers about the benefited of the product, 2) persuade them to try it and 3) remind them later about the benefits they enjoyed by using the product. (Kerin; 1992, p.464)  
(<http://www.determan.net/Michele/mpromotion.htm>)

As keegan and others have stated, all the different ways in which an organization makes an impression- every forms of communication that contributes to the company's image and that of its products is a form of marketing communication. It includes every element in the marketing mix that establishes meaning and communicates values to an organizational customers and stakeholders- even the firm's letterheads, its signs, and its shopping bags. (Keegan et al; 1992, p. 628)

According to Evans & Berman, promotion is any communication used to inform, persuade and/or remind people about an organization's or individual's goods, services, image, ideas, community



involvement or impact on society. Communication occurs through brand names, packaging, company marquees, and displays, personal selling, customer service, trade shows, sweep takers, and messages in mass media (such as news papers, television, radios, direct mail, billboards, magazines and transit). It can be company sponsored or controlled by independent media. Messages may emphasize information, persuasion, fear, sociability, product performance, humor and/or comparisons with competitors. (Evans; 1997, p. 501)

As coined by Etzel and others, promotion in whatever form it takes is an attempt to influence. More specifically, promotion is the element in an organization's marketing mix that serves to inform, persuade, and remind the market of a product and/or the organization selling it, in hopes of influencing the recipients' feelings, beliefs, or behavior. Etzel et al; 1997, p. 440)

### **2.2.3.2 Steps in Developing Effective Communication**

As stated by Kotler, in developing a total communication and promotion program, the following seven steps need to be adopted:

1. **Identifying the Target Audience:** a marketing communicator must start with a clear target audience in mind. The audiences could be potential buyers, current users, deciders or influencers. The target audience will critically influence the communicator's decision on what to say, how to say it, when to say it, where to say it and to whom to say it.
2. **Determining the Communication Objective:** here the marketing communicator must decide on the desired audience response. The ultimate response, of course, is purchase and satisfaction. But purchase behavior is the end result of a long process of consumers' decision making. The marketer can be seeking a cognitive, affective or behavioral response from the target audiences.
3. **Designing the Message:** ideally the message should gain attention, hold interest, arouse desire and elicit action (AIDA model). Formulating the message will require solving four problems:



what to say( message content), how to say it logically (message structure), how to say it symbolically( message format), and who should say it ( message source)

4. **Selecting the Communication Channels:** the communicator must select efficient channels of communication to carry the message. Communication channels are of two broad types, personal and non personal. Personal communication channels involve two or more persons communicating directly with each other. They may communicate face to face, person to audience, over the telephone, or through the mails. Non personal communication channels carry messages without personal contact or interaction. They include media, atmospheres, and events.
5. **Establishing the Total Promotion Budget:** one of the most difficult decisions facing companies is how much to spend on promotion. Four common methods used to determine promotion budget are: affordable method, percentage of sales method, competitive parity method, and objective and task method.
6. **Deciding on the Promotion Method:** companies face the task of distributing the total promotion budget over the five promotion tools: advertising, sales promotion, direct marketing, public relations and sales force.
7. **Measuring Promotion Results:** after implementing the promotional plan, the communicator must measure its impact on the target audience. This involves asking the target audience whether they recognize or recall the message, how many times they saw it, what points they recall, how they felt about the message, and their previous and current attitudes toward the product and company ( Kotler; 1994, pp. 599-621).

### 2.2.3.3 Promotional Mixes

The promotional mixes are discussed briefly as follows:

**2.2.3.3.1 Advertising:-** according to Baker, advertising is promotion via an advertisement in a chosen advertising medium or the internet, guaranteeing exposure to the general or specific target

audience, in return for an advertising rate charged by the media owner, web site owner, or internet service provider plus the cost of producing the advertisement or 'hypertext' material (Baker;2000,p.379).

Evans and Berman defined advertising as any paid, non personal communication regarding goods, services, services, organizations, people, places, and ideas, that is transmitted through various media by business firms, government and other non profit organizations, and individuals who are identified in the advertising message as the sponsor. The message is generally controlled by the sponsor (Evans; 1997, p. 503).

**a) Typical Advertising Tasks:** because of its strengths, advertising is commonly used to carryout certain marketing tasks.

- **Announcing new products and product changes:** a new product is introduced, an existing one changed, a new pack or a different price is brought in, the distribution is increased to include new retailers, a special offer is available for a short period- customers and potential customers must be made aware of these changes, and quickly.
- **Aiding the salesperson:** selling will be easier if customers know the company and they have been informed in advance of the product it wants them to buy.
- **Entering new markets and expanding old ones:** customers have to both informed and persuaded to try out new products. Except in markets where the cost per unit is high and the number of customers is low, advertising is again the only economical way of reaching them.
- **Keeping existing customers 'sold':** it is a mistake to think that once a product is established in the market, it can simply be left to carry on. This is not so for three reasons: first, customers who have bought a product need reassuring that it was a 'wise buy' in the light of all the alternatives purchases they could have made. Second, competitive or alternative products are constantly being



offered; our customers are constantly exposed to advertising, displays in shops and other invitations to buy them. Third, established customers grow old and eventually die, and the new generation has to be told about the product refresh.

- **Inviting enquiries:** this technique is used when a constant stream of new customers have to be found.
- **Selling direct:** some display advertising and much classified advertising aims to complete most of the selling process.
- **Creating a brand or a company image:** the way a product is viewed by customers and those who might become customers can be a very important influence on the level of sales.( John Wilmshurst;1995,pp.242-244)

## 2. Personal Selling

**a) Introduction:** as Kerin noted, personal selling involves the two-way flow of communication between a buyer and seller, often in a face to face encounter, designed to influence a person's or group's purchase decision. However, it can also take place over the telephone, video conferencing, and interactive computer links between buyers and sellers. Personal selling remains a highly human-intensive activity despite the use of technology. Accordingly, the people involved must be managed. Personal selling serves three major roles in a firm's overall marketing effort. First, salespeople are the critical link between the firm and its customers. Second, salespeople are the company in the consumer's eyes. They represent what a company is or attempts to be and are often the only personal contact a customer has with the company. Third, it may play a dominant role in a firm's marketing program. (Kerin; 1992, pp. 518-519)

As Evans and Berman coined, personal selling involves oral communication with one or more prospective buyers by paid representatives for the purpose of making sales. (Evans; 1997, p. 503)

Personal selling is the process of communicating with a potential buyer (or buyers) face-to-face with the purpose of selling a product or service. The main thing that sets personal selling apart from other methods of selling is that the salesperson conducts business with the customer in person. Though personal selling is more likely to be effective with certain types of products or services, it has important applications for nearly all kinds of small businesses.

Personal selling is one part of a company's promotion mix, along with advertising, sales promotion, and public relations. Personal selling offers salespersons both advantages and disadvantages in comparison with the other elements of the promotion mix. On the positive side, personal selling allows the salesperson to target the message specifically to the audience and receive immediate feedback. In this way, it is more precise than other forms of promotion and often has a greater persuasive impact. Conversely, personal selling cannot reach as many potential customers as advertising, plus the cost of each contact is much higher. Another advantage is that personal selling can be an important source of marketing information. Salespeople may learn about competitors' products, for example, or about emerging customer needs that may lead to the development of a new product. If the sales force is well trained-acting as problem solvers and advisors for customers rather than using hard-sell tactics-personal selling may help a small business build loyal, long-term relationships with customers. (<http://www.udel.edu/alex/chapt20.html>)

b) **Steps in Completing a Sale:** The many different types of salespeople all go through the same basic steps when making a sale. The steps are:

1. **Prospecting and Qualifying:** involves locating potential customers and finding out if they are in a position to buy. Prospecting, or lead-generation, can be as simple as asking current customers for names of acquaintances who may also be interested, or as sophisticated as using a database

or mailing list. Prospecting usually involves an element of cold-calling-that is, calling an unknown potential customer and introducing oneself and the product.

2. **Pre-approach:** this step involves researching the prospective customer-often another company. The salesperson may read up on the company, talk to other vendors, or study the overall industry. At this stage, the salesperson will also try to determine the best time to make the sales call and establish sales call objectives.
3. **Approach:** is crucial for a salesperson to make a positive first impression while introducing himself/herself, the company represented, and the product or service being offered. It is also important that the salesperson listen carefully to the prospect and respond appropriately.
4. **Demonstration/presentation:** depending on the company and the product or service, there are generally three types of presentations. The prepared or "canned" approach involves a tightly scripted talk that is either memorized or read. The formula approach is less rigid. Depending on the buyer's response to some carefully asked questions, the seller will go to a formula presentation that he or she hopes will meet the customer's needs. The third presentation style is the need-satisfaction approach, in which the seller tries to uncover the customer's needs, mostly by listening. Presentations and demonstrations may involve any number of visual aids, such as flip-charts, or samples of the products themselves. One of the keys to a successful presentation is product knowledge. The more the salesperson knows about the product or service, the more relaxed he or she will be, and the more able to answer questions, shape his or her presentation to address customer concerns and desires, and handle objections.
5. **Handling objections:** almost every customer will present objections to making a purchase. A good salesperson is not flustered by these objections and handles them in a positive, confident manner. One approach to handling objections, used frequently with canned presentations, is simply to acknowledge the objection then continue with the presentation.

6. **Closing:** is often identified by novice salespeople as the toughest step. In fact, some new salespeople are so reluctant to be perceived as aggressive that they never try to close the sale. Consequently, the customer may become annoyed and decide not to purchase just for that reason. Customers must be given the opportunity to purchase. Salespeople need to learn to look for signals that a closing is appropriate. Common signals that customers give include asking questions, making comments, leaning forward or nodding, or asking about price or terms.
7. **Following up:** is often neglected, but is important for many reasons. The follow-up, which can be done in person or by telephone, gives the customer the chance to ask questions and reinforce his or her buying decision. The salesperson can review how to use the product, go over instructions and payment arrangements, and make sure the product has arrived in proper working order. This step ensures repeat business is a good opportunity to obtain referrals, and increases the chances that subsequent payments will be made. (<http://www.referenceforbusiness.com/small/Op-Qu/Personal-Selling.html>)
3. **Sales promotion:** according to Kotler, sales promotion consists of short term incentives to encourage purchaser or sales of a product or service. Whereas advertising offers reasons to buy a product or service, sales promotion offers reasons to buy now (Kotler; 1998, p.463).

As Baker noted, sales promotion is promotion via association with an entity, events, or activity target audience by means of the sponsor's logo and to a secondary one by means of reference to the sponsor in associated media coverage, in return for the price of a negotiated sponsorship contract plus the cost of producing visual identification material (Baker; 2000, p.380).

As Kerin noted, sales promotion is a supplemental ingredient of the promotional mix and is not as visible as advertising, but a huge amount of money is spent annually on it. (Kerin; 1992, p. 476)



**Purposes of sales Promotion:** sales promotion tools vary in their specific objectives. A free sample stimulates consumer trial, while a free management-advisory service cements a long term relationship with a retailer. Sellers use incentive type promotions to attract new trials, to reward loyal customers, and to increase the purchase rates of occasional users. New triers are of three types-users of other brands in the same category, users in the other categories, and frequent brand switchers. Sales promotion often attract the brand switchers, because users of other brands and categories do not always notice or act on a promotion. (Kotler; 1994; p.666)

**4. public Relations/publicity:** - is promotion via news related to chosen news media, mention, in return for the costs of producing distributing the release. (Baker; 2000, p.379) Public relation includes any communication to foster a favorable image for the goods, services, organizations, people places, and ideas among their publics- such as consumers, investors, government, channel members, employees and the general public. It may be non personal or personal, paid or non-paid, and sponsor controlled or not controlled. Publicity is the form of public relations that entails non personal communication passed on via various media but not paid for an identified sponsor. (Evans; 1997, p. 503)

As Kotler coined, public relation has generally been treated as a marketing stepchild, an afterthought to more serious promotion planning. Public relation departments perform the following five activities:

1. Press relations: the aim is to place noteworthy information into the news media to attract attention to a person, product, service or organization.
2. Product publicity: involves various efforts to publicize specific products.
3. Corporate communication: this covers internal and external communication and promotes understanding of the organization.



4. Lobbying: involves dealing with legislators and government officials to promote or defeat legislation or regulation.
5. Counseling: involves advising management about public issues and company positions and images. (Kotler;1994,pp.676-677)

## **2.2.4 Distribution/Place**

**2.2.4.1 Introduction:** according to Evans, distribution planning is a systematic decision making regarding the physical movement of goods and services from producer to consumer, as well as the related transfer to ownership of them. It encompasses such diverse functions as transportation, inventory management, and customer transactions. Functions are carried out via a channel of distribution, which is composed of all the organizations or people involved in the distribution process. The organizations or people are known as channel members and may include manufacturers, service providers, whole sales, retailers, marketing specialists, and/or consumers. (Evans; 1997, p. 415)

According to Kerin, distribution, or simply marketing channel, which consists of individuals and firms involved in the process of making a product or service available for use or consumption by consumers or industrial users. Marketing channel can be compared to a pipeline through which water flows from a source to terminus. It makes the possible the flow of goods from a producer, through intermediaries, to a buyer. (Kerin; 1992, p. 376)

As stated by Davar, distribution may be defined as an operation, or series of operations which physically bring goods manufactured or produced by any particular manufacturer into the hands of the final consumers or user. (Davar; 1996, p. 379)

#### **2.2.4.2 Marketing Channel Functions and Flow**

According to Kotler, a marketing channel performs the work of moving goods from producers to consumers. It overcomes the time, place and possession gaps that separate goods and services from those who would use them. Members in the marketing channel perform a number of key functions and participate in the following marketing flows:

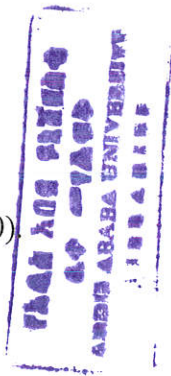
- Information: the collection and dissemination of marketing research information about potential and current customers, competitors, and other actors and forces in the marketing environment.
- Promotion: the development and dissemination of persuasive communication about the offer designed to attract customers.
- Negotiation: the attempt to reach final agreements on price and other terms so that transfer of ownership or possession can be effective.
- Ordering: the backward communication of intentions to buy by the marketing channel members to the manufacturer.
- Financing: the acquisition and allocation of funds required to finance inventories at different levels of the marketing channel.
- Risk taking: the assumption of risk connected with carrying out the channel work
- Physical possession: the successive storage and movement of physical products from raw materials to final customers.
- Payment: buyers paying their bills through banks and other financial institutions to the seller.
- Title: the actual transfer of ownership from one organization or person to another.

These functions and flows are listed in the normal order in which they arise between any two channel members. Some of the flows are forward flows (physical, title, and promotion), others are backward flows (ordering and payment); and still others move in both directions (information, negotiation, finance and risk taking). (Kotler; 1994, pp.527-528)

### 2.2.4.3 Factors Determining Choice of Particular Channel

As Davar coined, various factors have to be taken into consideration before choosing a particular channel of distribution.

- The first important factor is the type of goods involved, i.e. whether the goods are specialty goods or industrial goods, or are mass consumer goods.
- The next point to be considered is the location of the buyers. If all the buyers or users are concentrated in a particular area, simple distribution system will suffice.
- Another relevant aspect is the number of buyers there are for a particular product.
- Next would come the buying habits of the consumers.
- Finally, the type of retail outlet for the goods needs to be considered (Davar; 1996, p. 400).



### 2.2.4.4 Determining Intensity of Distribution

As per Etzel et al, there are many degrees of intensity. Among such degrees the following are the key ones:

- Intensive Distribution:** under this a producer sells its products through every available outlet in the market where a consumer might reasonably look for it. Ultimate consumer demand satisfaction from convenience goods and will not defer purchases to find a particular brand.
- Selective distribution:** in selective distribution a producer sells its products through multiple, but not all possible, wholesalers and retailers in a market where a consumer might reasonably look for it. A firm may move towards more selective distribution to enhance the image of its products, strengthen customer service, improve quality control and/ or maintain some influence over its prices.
- Exclusive Distribution:** under this type of distribution, the supplier agrees to sell its product only to a single wholesaling middleman and/ or retailer in a given market. At the wholesale

level, such an arrangement is normally termed an exclusive distributionship; at the retail level, an exclusive dealership. A manufacturer may prohibit a middleman that holds an exclusive distributionship or dealership from handling a directly competitive product line (Etzel et al; 1997, pp. 356-358).

## **2.3 Sales**

Sales are the activities involved in selling products or services in return for money or other compensation. It is an act of completion of a commercial activity. The "deal is closed", means the customer has consented to the proposed product or service by making full or partial payment (as in case of installments) to the seller. Academically, selling is thought of as a part of marketing, however, the two disciplines are completely different. Sales often form a separate grouping in a corporate structure, employing separate specialist operatives known as salespeople (singular: salesperson). Sales is considered by many to be a sort of persuading "art". Contrary to popular belief, the methodological approach of selling refers to a systematic process of repetitive and measurable milestones, by which a salesperson relates his or her offering of a product or service in return enabling the buyer to achieve their goal in an economic way.

Sale is completed by the seller, the owner of the goods. It starts with consent (or agreement) to an acquisition or appropriation or request followed by the passing of title (property or ownership) in the item and the application and due settlement of a price, the obligation for which arises due to the seller's requirement to pass ownership, being a price she is happy to part with ownership of or any claim upon the item. The purchaser, though a party to the sale does not execute the sale, only the seller does that. To be precise the sale completes prior to the payment and gives rise to the obligation of payment. If the seller completes the first two above stages (consent and passing

ownership) of the sale prior to settlement of the price the sale is still valid and gives rise to an obligation to pay. (<http://en.wikipedia.org/wiki/Sales>)

## **2.4 The Relationship between Marketing and Sales**

Marketing plays a very important part in sales. If the marketing department generates a potential customers list, it can be beneficial for sales. The marketing department's goal is to bring people to the sales team using promotional techniques such as advertising, sales promotion, publicity, and public relations. In most large corporations, the marketing department is structured in a similar fashion to the sales department and the managers of these teams must coordinate efforts in order to drive profits and business success. Driving more customers "through the door" gives the sales department a better chance by ratio of selling their product to the consumer. There may also be a downside to this phenomenon. Very often (for legal reasons, e.g. in non-store retailing) companies have to provide credit to customers. This may cause a conflict between the sales department on the one hand and the credit department on the other hand. (<http://en.wikipedia.org/wiki/Sales>)

Though many people assume marketing and sales are synonyms, sales is only the tip of the marketing iceberg. Marketing is much broader than selling as it encompasses a large variety of activities including selling. Selling aims at generating securing sales of products offered to the market by a firm. Marketing goes beyond securing sales.

## **2.5 Summary of Literature Review**

Lottery can be categorized as an impulse good that is purchased without any planning or search effort. The types of lotteries offered to the market differ from one another in their prize setting, price and prize type. There are two broad categories of it-passive/conventional and active/instant. New lottery types need to be developed and introduced based on the prevailing market demand which ought to be recognized through well organized and conducted market research. Adopting lottery

types being marketed in other countries can also serve crucial role in attracting and satisfying customers' needs through the introduction of lotteries with attractive features.

With respect to pricing, lottery ought to be priced by taking into account the target customers' purchasing ability. To this end, value pricing in which low price is charged for high value offering can be adopted. As to promotion, messages tailored exactly towards target audiences should be released through media like TV, radio, news papers, trade shows, road shows, lottery manifestations, testimonials, well oriented vendors and the like. Media appropriate vis-à-vis target customers' accessibility, interest, and characteristics ought to be utilized so as to inform, persuade and remind them. After implementing the promotional plan through whatever media, it is necessary to measure its effectiveness. Advertising messages designed by keeping the ultimate audiences in mind ought to be presented by those individuals who have got the chance to increase its credibility. By comparing advertising expenditure with the result stemmed from it like increase in sales volume or profitability, effectiveness can be monitored. Among the promotional tools, personal selling is the one that should be used intensively to sell lotteries. With this regard, having highly qualified sales force is crucial to enable the administration attain its objectives. Since vendors are being used as the major sales force currently, providing sufficient orientation and training can help improve their sales know how. Sales promotion activities in which various incentives like giveaways are provided to customers so as to induce them to buy the item under consideration also need to be exploited in the effort to maximize profits. Public relation tools targeted towards fostering favorable image of the administration among the public such as participating in the development endeavor of different regions, making contributions to mitigate problems arising from various factors, involving in the construction of infrastructures such as schools, hospitals, roads and others are can be highly useful in realizing the desired result, i.e. building goodwill of the administration.

As to the way how lottery should be distributed, intensive distribution in which the item is distributed through all possible means should be utilized. This greatly increases the likelihood of buyers coming across with lottery and thereby sale of lottery as customers buy it randomly. With this respect, groceries, supermarkets, kiosks, post offices, cafes, and other outlets can be used to distribute the item apart from the vendors. Lotteries issued with specific drawing date can be distributed through the aforementioned means whereas as Instant and Bingo lotteries which allow checking the chance instantly by scratching the ticket can be distributed through vendors as well as others outlets.

To sum up, as the product mix increases from time to time, modifying the existing pricing, promotion and distribution decisions is also imperative. On top of this, keeping abreast of customers' need and introducing or modifying lotteries provided to the market depending on the prevailing situation is essential.



## **CHAPTER THREE**

### **ORGANIZATIONAL PROFILE**

#### **3.1 Background of the Administration**

The National Lottery Administration of Ethiopia was established as the first autonomous and legal state lottery by the proclamation number 183 in the year 1961G.C. The administration began its operation by issuing conventional lottery named, regular lottery, on September 8,1961G.C. (on Ethiopian New Year- 'Enqutatash') which was drawn after staying four months in the market. This lottery was drawn on the promised and planned date of drawing, i.e. January 7, 1962, on Ethiopian Christmas-Genna. This lottery also had five perforated parts of the same number winning Birr 10,000 each in the 1<sup>st</sup> prize. The administration was again recognized and strengthened by proclamation number 210/1981. According to this proclamation, National Lottery Administration has dual objectives. The first objective is operating and administering various lotteries. The other objective is regulating and controlling all activities that are related to lottery games and gambling. This objective includes the power of issuing permits to other persons who carryout Tombolla and sport betting, suspend and cancel the permits for sufficient reasons, and collect charges for the permits issued. It also has the power to give permission or restrict the import of game related items and machines such as playing cards, articles of billiards, articles of casino and bingo, video games, and other games which are disk or coin operated. The administration is now accountable according to proclamation number 256/94 to the Federal Government Ministry of Revenue. (<http://www.lotteryinsider.com/lottery/ethiopia.htm>)



## **3.2 Vision and Mission of the Administration**

### **3.2.1 Vision of the Administration**

The vision of National Lottery Administration is *to see a modern, diversified, entertaining and attractive lottery activity in the country which in turn can contribute to the socio economic development of the public.*

### **3.2.2 Mission of the Administration**

*The administrations' mission is entertaining the society through lottery, awarding the winners, controlling and ensuring legality of lottery operation, and increasing the income from lottery sales by allowing the involvement of private sectors. To this end, having highly qualified employees, implementing modern lottery operations and organizing the resources effectively are highly emphasized by the administration.*

## **3.3 Contribution of the Administration towards the Economic Development of the Country**

The administration has played an important role for more than forty five years in Ethiopia's socio economic development. The major contributions of the administration to the development of Ethiopia's economy among others are:

- ✚ It has paid to the prize winners 43.4% of its total income
- ✚ The commission it paid to itinerary lottery vendors and to the agents amounted 17% of its total income. In doing so the administration enabled the vendors to lead their life at least in a better way than what would have been in the absence of such commissions.
- ✚ It was also able to cover its operating expenses such as printing, advertisement, salary, and others which amounted 17.8% of the total income. This payment has benefited those individuals who are involved in the activities mentioned as well as others.

- ✚ It has also transferred the profit for the wellbeing of the society through government expenditure which account for 21.8% of the total income.
- ✚ It provides the customers with the opportunity to try their chance and possibly get the prize which can significantly improve their lives as well as their family members and even others as the winners may engage in various economic activities which in turn benefit other individuals. Therefore, the importance of the administration is multifaceted as the benefit one secures extends to the other.

(<http://www.lotteryinsider.com/lottery/ethiopia.htm>)

In addition to the aforementioned accomplishments, the administrator has also engaged in the following activities in its effort to tackle various types of social problems. Some of these engagements are described below:

- ❖ It has prepared millennium lottery whose net income was used for the construction of youth centers which are expected to benefit large number of Ethiopian youths by providing them with the opportunity to spend their leisure time by engaging in productive activities such as reading books.
- ❖ It has prepared lotteries whose net income was meant for the partial construction of Saint Paulos's Hospital.
- ❖ Lotteries were also prepared by the administration in order to finance various Olympic Games, to finance 10<sup>th</sup> African cup, for the former organization of African union memorial, for Red Cross, for the return of the monument of Axum, for patients with heart problems, for Ethiopian youth development program, for flood victims, and for those who are affected by famine.
- ❖ It enables lottery customers to try their chance for thousands of Birr, create job opportunities for the vendors and to participate in development activities being accomplished by the government

with a single purchase of lottery ticket from a vendor. (History of Lottery in Ethiopia; 2008, pp.4-5)

### **3.4 Types of Lotteries Offered To the Market**

The Administration prepares eleven lottery types differing from each other by their prize setting, selling price, prize type (in kind & money) & by their drawing methods (active/ instant and passive/conventional). Generally the various types of lotteries can be categorized into two broad classes as passive and active. Below each of the lottery types are discussed briefly:

- 1. Passive (conventional/ Traditional) Lotteries:** the drawing method of such lotteries takes place on the date of the appointment printed usually at the back of the ticket which is to be held in front of the public using drawing machines. This category encompasses like regular lottery, Extra special (Elephant), Tombola, Special lottery, Enqutatash lottery, Edil Lottery, Tensaie Lottery, and lotto Lottery.
- a) Regular lottery:** this is the first lottery of the Administration which is instituted on Ethiopian new year–‘Enqutatash’ in 1954 E.C. (September 8, 1961 G.C). The 1<sup>st</sup> prize of this lottery was Br. 50,000 having 5 perforated part of the same number each having a prize of Br.10, 000. The first draw was undertaken in Addis Ababa in a place called “Jan-medea” on a special day of Ethiopia Christmas on “Tahsas”29, 1954 E.C. /January7, 1962 G.C/. Currently, this lottery has two prizes each winning Br.75,000 and each having 2 perforated parts of the same number each perforated part entitling for 37,500 Br. Prize.
- b) Elephant (Extra Special) Lottery:** this has began to be issued in 1980 G.C. (1972 E.C.) and was set to win Br. 78,000 for the 1<sup>st</sup> prize. Currently the 1<sup>st</sup> prize has reached Br. 500,000 and prepared once in a budget year.

- c) **Tombola Lottery:** this lottery was first prepared by the Administration for the special occasion in 1987 G.C. (1980 E.C). Afterwards the Administration has been continuously issuing this lottery once in a year basis.
  - d) **Tensaie Lottery:** the first issue took place 1998 E.C and the first prize was Br. 250,000.
  - e) **Special Lottery:** The Administration has begun to issue this lottery in 1989 E.C. and in that time the 1<sup>st</sup> prize was Br.400, 000. The highest prize to be won from this lottery now is Br.1, 000,000 and it is issued on yearly basis.
  - f) **'Enqutatash' Lottery:** this lottery was prepared in the early age of the Administration related with Ethiopian New Year which was drawn on the eve of "Enqutatash". It is reinstated again and currently in the market, having the 1<sup>st</sup> prize of Br.300, 000, 2<sup>nd</sup> prize of Br.150, 000, 3<sup>rd</sup> prize of 75,000 and so many other prizes. The drawing date will be on the eve of the Ethiopian new year "Enqutatash"
  - g) **Edil Lottery:** it has begun to be issued in 1997 E.C and the first prize was Br. 100,000.
  - h) **Lotto Lottery:** this lottery type was appeared to the market at the end of November 1999 E.C with the first prize of Birr 100,000 and has a jackpot/roll over price.
2. **Active (instant/scratch) Lotteries:** the drawing method of these lotteries is undertaken by the player himself/herself. By Scratching the ticket the buyer knows instantly whether he is a winner or not. Currently, National Lottery Administration runs two kinds of active lotteries named, "Fetan" & BINGO.
- a. **Instant Lottery:** this lottery was first introduced to the market in 1981 E.C (1989G.C), with the 1<sup>st</sup> prize of Birr 15,000. By now its prize reached to Br. 25,000.
  - b. **Bingo Lottery:** first introduced to the market in 1989 E.C (1997 G.C). The 1<sup>st</sup> prize was Birr 10,000 having two playing cards on one ticket. However its prize now has reached to Birr 20,000 with one playing card. (<http://www.mor.gov.et/NLAWEB/lotterytypes.html>)

### **3.5 Sales Channels of Lottery**

As lottery become to grow and obtain nation wide acceptance and popularity, strengthening and expanding the infrastructure for the collection, distribution and vending of these game tickets has turned to be an important task. Nowadays, the infrastructure is well established and controlled through eight ticket delivery offices in Addis Ababa, 20 Branches, 2 Sub – branches and 55 Agent sites out side Addis. These agent sites are located at different parts of Ethiopia and they enable the customers to buy lotteries as well as to check whether they won the chance at their respective areas.

Branches are under the direct supervision and leadership of the Head office while agents are bound by the terms of their agreement with the administration to undertake lottery sales in the area of their jurisdiction. Agents are getting 20% commission from their actual ticket sales. These agents are allowed to return their unsold tickets to the Administration.

As everybody notices, the administration distributes the lotteries to the customers located at various places through lottery vendors whose number reaches about 10,000. These vendors are the major sales force of the administration throughout the country. They lead their daily lives with the help of 15% commission which they secure from the sale of different types of lotteries.

National Lottery Administrator's gross sales reached 94.02 million Ethiopian Birr in 2005/2006 fiscal year. It has secured a net profit of Birr 19.3 million during this year. The major payouts were Birr 41.23 million for prize winners, Birr 16.44 million as commission for lottery vendors and Agents. In the year 2006/2007, gross sales reached Birr 100.5 million and its net profit was Birr 18.8 million. As usual the administration has distributed back the money it collected from sales to the winners, lottery vendors and commission agents in the same year.

(<http://www.mor.gov.et/NLAWEB/saleschannels.html>)

### **3.6 Organizational Structure of the Administration**

The National Lottery Administration Head Office, located in piazza, which is entrusted with the ultimate authority of operating and administering lottery as well as regulating and controlling all activities that are related to lottery games and gambling, is organized in one General Director, three departments, one secretariat office, and two service offices. It has also offices in Addis and in various parts of the country established to facilitate lottery distribution. The organizational structure of the administration is included in the appendix.



## **Chapter Four**

### **Data presentation and Analysis**

#### **4.1 Introduction**

In this section data collected from customers who were selected using a mix of convenience and judgmental non probability sampling techniques are presented using descriptions, tables, charts, and percentages. Based on what is presented with the help of various tools, analysis is made. As indicated in the methodology section of the paper, the questionnaires were distributed to a sample of 100 individuals. Specially to minimize the number of unreturned questionnaires and to enable the respondents to fill the questionnaires properly, the researcher has distributed the questionnaires in places like cafes, schools, shops, supermarkets, stationeries and the like where people stay for relatively long time period. Because respondents were allowed to fill the questionnaires by taking time and the collection of the questionnaires was seriously monitored by the researcher, all the distributed questionnaires were collected back successfully. A mix of structured and unstructured interview was conducted with pertinent individuals working in the areas of marketing and sales in National Lottery Administration (NLA) of Ethiopia.

#### **4.2 General Demographic Variables of Respondents**

The demographic variables of respondents which show their ages, sex, occupation and level of education are described below in the table. As indicated in the section which deals with respondents' lottery buying experience, almost all (96%) of the respondents have the experience of lottery buying. Those respondents who do not have the experience were not able to give much information to some of the questions which implies that the finding in this paper represents those respondents who have the experience of buying lottery. Due to this fact, hereafter the words lottery customers and respondents are used interchangeably.

**Table 4.1 Demographic Variables of Respondents**

S/No	variable	Number of Respondents	percentage
1	<b>Sex</b>		
	a. Male	58	58
	b. Female	42	42
	Total	100	100
2	<b>Age</b>		
	a. Below 15 years	9	9
	b. 15- 25 years	19	19
	c. 26-45 years	48	48
	d. Above 46 years	24	24
	Total	100	100
3	<b>Occupation</b>		
	a) No occupation	9	9
	b) Self employed	27	27
	c) Working in government organization	41	41
	d) Working in NGO	14	14
	e) Working in PLCs	9	9
	f) Other	-	-
	Total	100	100
4	<b>Level of Education</b>		
	• Grade 1-6	6	6
	• Grade 7-12	18	18
	• Certificate	19	19
	• Diploma	25	25
	• Degree	28	28
	• Masters and above	4	4
	• Others	-	-
	Total	100	100

Source- Questionnaire, 2008

As one can notice from the table above, 58% of the total respondents are male where as the remaining 42% are female. From this it is possible to infer that both sexes buy lotteries so as to try their chance. It can also be said that gender difference is not as such a significant factor which determines the purchase of lotteries. Hence, the administration can target its marketing effort on both sexes without exerting any special efforts towards only either to males or females. In other words, sex cannot be as such a useful basis of segmenting lottery market.

The age distribution of sample respondents is depicted above and it shows that almost half of the respondents' age falls within the range of 26-45 years. Similarly, about one fourth of the respondents'



age is above 46 years. The rest respondents' age lies in the range of below 26 years. As the age distribution reveals, as their age increases people become able to earn their own income and thereby have better purchasing power which enables them to buy lottery more frequently than what they buy when they were economically dependent on their parents or others. Therefore, the administration can make use of this fact by targeting its marketing effort more aggressively on such groups of people who have better purchasing power. But it should be underscored that lottery customers are found in all age groups though their purchase frequency increases as they become economically independent.

As to the type of occupation the respondents are engaged in, the larger proportion of sample respondents (41%) are working in government organizations, a bit more than one fourth of them (27%) are self employed. There are also respondents who work in Non Government organizations, in private limited companies and even there are respondents who do not have any occupation. Since 96% of the respondents assured to be familiar with lottery purchase and as these respondents found to be engaged in varieties of occupations, it is possible to affirm that lottery customers cannot be attributed specifically to a single group of individuals working in a particular area. Rather, one can understand that the customers belong to almost all types of engagements even including those with no specific occupation. Hence, making any sort of differentiation among lottery customers based on their respective occupation is not as such practical as everybody wishes to get the chance and as result improve their life. Since having a particular job allows individuals to earn certain amount of money periodically, they can have better ability to buy lottery than those with no permanent job. But the initiative to buy lottery still may vary among customers engaged in various types of jobs. Customers' motive to buy lottery largely depends on their degree of aspiration to get the chance and their attitude towards lottery among other factors.



The education level of the sample respondents indicated above reveals that almost one third of the respondents are degree holders, whereas 25% of them are individuals who possess diploma. The sample also includes individuals with certificates, those who completed their secondary school, those who learnt from the first grade to grade six and finally there are individuals who are Masters Degree and above holders. Therefore it can be said that the sample respondents are taken in such a way that it allows the participation of customers at different level of education. Moreover, one can notice the fact that individuals buy lottery irrespective of their level of education and hence targeting lottery to customers with particular level of education cannot be recommended. Once again, one can understand the fact that education alone cannot serve as a bases of segmenting lottery customers.

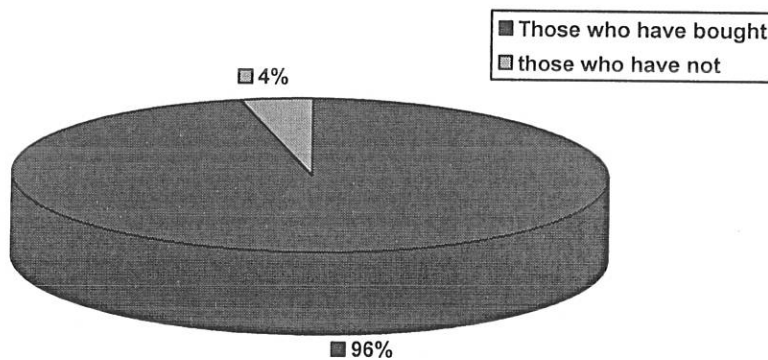
Since education and income are highly correlated, the data above also proves this fact. People with better level of education will be in a position to earn higher income than those with low level of education under normal circumstances. If customers' income is high this provides them with higher purchasing power and eventually it can be concluded that they are more capable of buying lotteries and other items more frequently than others. But one thing that should be remembered is that it cannot be concluded that the higher the level of education or income, the higher the frequency with which lottery is purchased by those individuals. This holds true because the need either to purchase or not to purchase lottery highly depends on factors like the attitude of the customer towards lottery in addition to the availability of money which can be also secured from different sources. It is known that people should not necessarily attain high educational level so as to earn high income, as there are a number of sources of money. Income simply shows the availability or unavailability of purchasing power and the real need to buy or not to buy something is a function of other variables in addition to money.

## 4.3 Analysis of Questions Related to Lottery

### 4.3.1 Respondents' Lottery Buying Experience

Lottery is the major product the administration offers to the market in order to attain its objective of getting profit and enhancing the developmental activities being underway in the country by providing funds it secured from the sale of lotteries to such undertakings. The experience of sample respondents regarding whether they have ever bought lottery or not is presented in the following pie chart.

*Figure 4.1 Respondents' Lottery Buying Experience*



*Source; Questionnaire, 2008*

The pie chart above indicates that 96 % of the sample respondents have purchased lottery in their life. Among the sample respondents only 4% stated that they have never bought lottery even once in their life. Based on this one can easily infer that lottery is among the products that majority of people are more familiar with and bought by them. But the fact that the remaining 4% of the respondents have never bought a single lottery reveals that the administration should undertake various activities so as to attract the ones who have never bought lottery. Since the sample respondents are selected only from Addis where majority of the dwellers have easy access to lottery,

the 4% respondents may mean large proportion of individuals in areas located faraway from Addis which mandates aggressive promotional effort on the part of the administration. Moreover, it is also important to focus on those customers who have the experience of purchasing lottery by convincing them to buy more in the future and even they can serve as good testimonials who know and tell others about lottery in more persuasive way.

#### 4.3.2 Lottery Purchase Frequency and the Way how Respondents Manage it

Table 4.2 Lottery Purchase Frequency and the Way how Respondents Manage it

S/No	Question	Number of Respondents	Percentage
1	How frequently do you buy lottery?		
	a. Daily	-	-
	b. weekly	7	7
	c. monthly	14	14
	d. Occasionally	73	73
	e. Other	6	6
	Total	100	100
2	How do you handle your lottery buying activity?		
	a. By plan	5	5
	b. Randomly	95	95
	Total	100	100

Source- Questionnaire, 2008

From the table above, one can easily notice that almost three fourth of lottery customers buy it occasionally, i.e. without following specific time pattern. There are also customers who purchase lottery on weekly as well as monthly basis. Still the rest groups of customers buy it depending on situations like the drawing date, when they come across with lottery vendors by coincidence and, up on meeting vendors who are handicapped, assuming that they could help those individuals with the purchase of the lottery. There are still respondents who do not buy lottery at all.

The fact that the larger proportions of lottery customers make their purchase occasionally implies that lottery is not a basic item which must be purchased following a regular time period. Rather, people buy lottery whenever they believe they should buy it without being pushed by certain internal drive which compels them to undertake an immediate action that can relieve the drive. Since

majority of customers buy lotteries without a specified timeframe, the administration should always avail the item at places where customers are supposed to buy it. As there are customers who buy lottery on weekly or monthly basis, the administration ought to work hard to increase their number as such purchase habits, if followed by majority of customers, highly simplify the process of forecasting sales for different months which in return greatly facilitates the accomplishment of other activities such as printing the desired quantity of lotteries and distributing it to various areas at the right time. If customers develop the habit of buying lottery periodically, this can help the administration to have somewhat evenly distributed demand which in return can lead to predict sales and other marketing activities with greater accuracy.

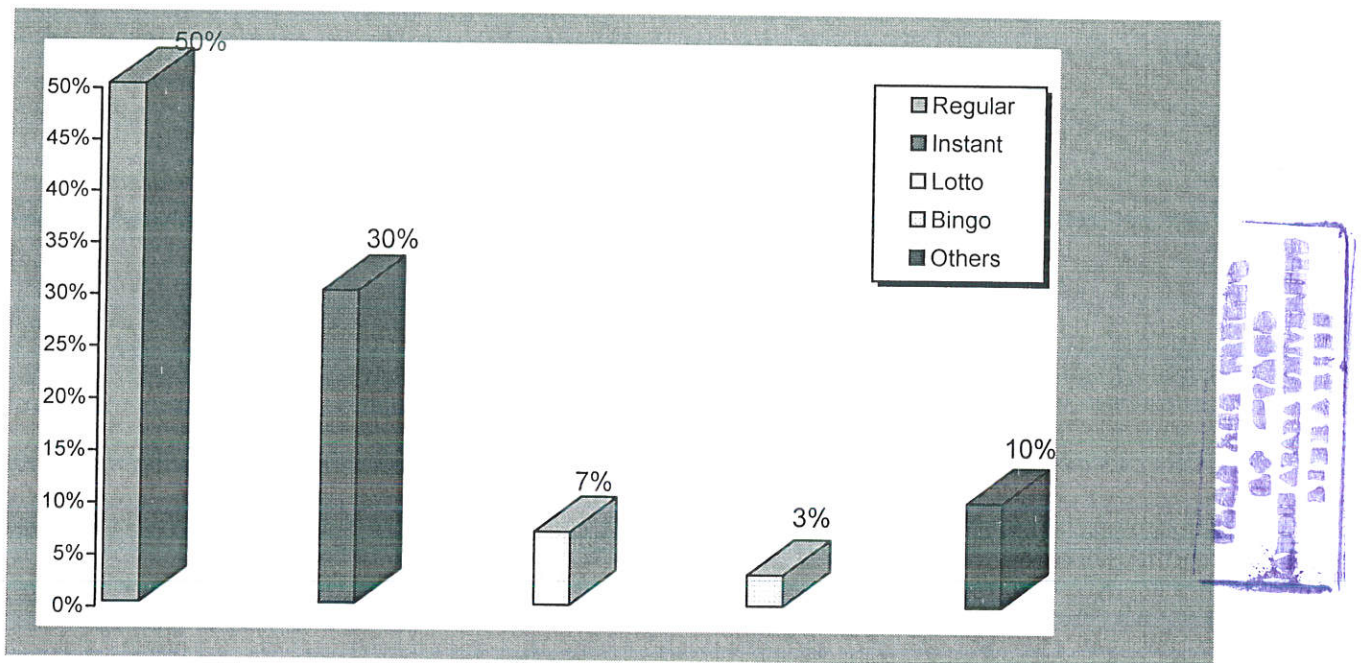
The response of sample lottery customers with respect to whether they make any plan to buy lottery or they handle it spontaneously reveals that very significant number of customers (95%) manage it in random basis while the remaining 5% of the customers make a plan of buying lottery. As per this finding, lottery can be categorized as an impulse good which customers buy unexpectedly upon coming across with it without making any detailed prior plan as well as without exerting much effort to obtain it. This buying behavior of lottery customers necessitates employing intensive distribution in which products are distributed through any available means such as kiosks, groceries, supermarkets, and in other areas where people are believed to visit regularly. This highly increases the chances people come across with lottery and hence the probability of sales because customers do not make any prior plan about lottery purchase. Therefore, the administration should try its best so as to make available lottery at every places and capture the attention of customers. It is also advisable to open permanent lottery kiosks/shops on major road sides so that customers can look at lotteries and buy them because of the increased exposure.

Though their number is not as such significant, there are also customers who undertake lottery purchase according to specified plan. To facilitate their planned purchase, the establishment of permanent lottery shops in places which are highly convenient to customers should be accomplished by the administration with a great deal of emphasis. Encouraging planned purchase of lottery by customers through the opening of lottery shops at every place where people are expected to visit, as mentioned above, can greatly simplify sales projection, determination of when to place the order of print, and when to distribute the items to branches and agents' locations. If the administration does such activities successfully, then it can increase its sales significantly which in return enables it to realize its vision, mission and objectives mentioned in the organizational profile section of the paper.

#### **4.3.3 Demand for Various Lottery Types**

Knowledge of demand for the different types of lotteries offered to the market can highly support in making decisions about the quantity of each lottery type to be issued, their respective price, distribution, promotion and other related aspects. Based on the demand for the products, it is also possible to make such decisions as issuing those lotteries with higher demand in larger quantity and hence reduce their printing, ordering, transportations and other cost, that is, economies of scale can be enjoyed. Realizing lower unit cost of issuance, transportation and ordering, on the other hand enables to sell the items at lower price than what is charged for them and thereby realize larger sales volume. The market demand for the administrations' products is presented with the help of a graph in the following page.

Figure 4.2 Types of Lotteries as per Respondents' Demand



Source; Questionnaire, 2008

The graph above reveals that half of lottery customers buy regular lottery more frequently which is issued in 10 days interval, that is, this lottery type is issued three times in a month. The other 30% of the respondents buy instant lottery more frequently than they buy other lottery types. From this, it can be inferred that regular and instant lotteries are the ones which have high market demand due to the fact that there is high chance of getting a prize which equals to the purchase price. Specially, instant lottery allows customers to check whether they have got the prize or not immediately by scratching the ticket and most of the time this type of lottery enables people to recover at least their cost. As customers are highly eager to know instantly their chance, they buy this lottery instead of others. Besides, the price of these lotteries is affordable by many people and this has contributed to the high demand for them.

Though bingo is also another type of lottery that enables customers to know their chance immediately; people do not buy it frequently because it has certain playing rules which need some

game playing skills. Moreover, the relative price of bingo is considered as expensive when compared to that of regular and instant lotteries and this relatively higher price is mentioned as one of the reasons for low demand for it in the market. Lotto lottery is recently introduced to the market and has got promising demand in the market. Other types of lotteries issued once in a year in relation to certain occasions such as Enquatash, Tensaie, Edil, tombola, special lottery, and zehon (elephant) lottery are also purchased by customers when they are available in the market. Since these lottery types are not issued regularly, it is difficult to know whether customers would buy them frequently or not if they were made available every time like regular lottery.

This finding pinpoints the fact that lottery customers are more interested in lotteries that cost less and enable to check the chance within short period of time. By taking this fact into consideration the administration ought to markets such products actively to secure more sales.

#### 4.3.4 Availability of Lotteries in the Market

Table 4.3 Availability of Lotteries in the Market

S/No	Question	Number of respondents	Percentage
1	Is there any type of lottery that you think is in short of supply?		
	a) Yes	9	9
	b) no	91	91
	Total	100	100

Source; Questionnaire, 2008

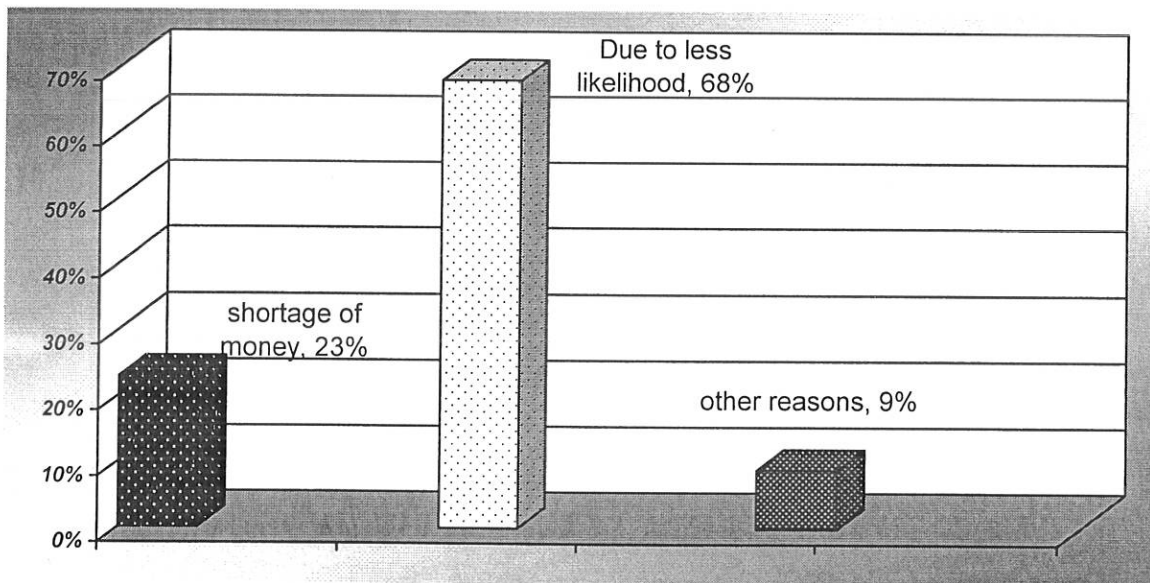
As the response of sample customers shows 91% of them stated that they do not face shortage of supply of lotteries the administration issues. Only the remaining 9% of them commented that they face shortage of lottery supply in the market. Based on this, it can be understood that the effort the administration makes in order to avail the products at places where customers are supposed to want lotteries is worth appreciating. Despite this fact, the administration has to further intensify its effort of distributing products in every place so as to satisfy those who claim there is shortage.



Some of the respondents suggested with respect to those lotteries which are issued on yearly basis and they stated their issuance should be undertaken more frequently. As per the customers' view, instead of issuing such lotteries only once in a year the administration ought to increase their issuance frequency. On top of this, customers also emphasized on the inconvenience they experience such as loss of ticket because some lotteries stay in the market for longer period of time. Hence, it is advisable that the administration should reduce the amount of time some lotteries stay in the market by increasing their issuance frequency.

#### 4.3.5 What Hinders Respondents From Buying Lotteries?

Figure 4.3 Reasons why Respondents Do not Buy Lotteries



As it can be observed from the graph above, a bit more than two third (68%) of the sample respondents who do not buy lottery frequently claim that they do not buy it because there is less likelihood of winning. Nearly one forth of them stated that the major factor that hindered them from buying lottery is shortage of money. Still the rest 9% of the respondents mentioned such factors like because they believe lottery is purely gambling, and they think there is some sort of spam or cheating in the drawing process, that is, some respondents assume that the winners are intentionally

selected by the administration instead of accomplishing the drawing process relying purely on probability.

The finding implies that the administration has to do more promotional tasks so as to persuade the customers to purchase lottery. As majority of the customers have pessimistic attitude towards the chance of winning lottery, employing aggressive promotional campaigns such as inviting the winners and allowing them to share their real feelings before and after getting the chance in various media like TV, radio, news papers and others is highly important. Therefore, the public can build their confidence regarding the fact that if they insist on buying lottery, one day they can also be winners like others. Since publicity is the most credible promotional element, more emphasis should be placed on it in order to boost the confidence of customers.

Moreover, the administration has to devise a mechanism for working with those winners in its effort of promoting the products. Better results can be achieved by promoting lotteries using the winners than accomplishing it using other means. In addition to this, the administration has to make the drawing process live which can be observed by the customers by being at their home and hence the wrong belief held by some customers in relation to the drawing process can be minimized, if not totally eliminated.

#### **4.3.6 Need for New Types of Lotteries**

Introducing new products based on the change in customers' wants or preferences is highly crucial to maintain the profitability and market share of a given company. The respondents' view towards the introduction of new or modified lottery types is described below with the help of a table.

Table 4.4 Respondents' Need for the Introduction of Additional Lotteries with More Variety of Prizes

S/No	Question	Number of respondents	Percentage
1	Do you want additional lotteries with more variety of prizes to be introduced to the market?		
	a) Yes	85	85
	b) no	15	15
	Total	100	100

Source-questionnaire, 2008

As one can clearly deduce from the table above, 85% of sample respondents are highly interested in the introduction of new lottery types with more variety of prizes. This reveals that the administration has to introduce lotteries with the stated features in order to satisfy its customers' needs and as result to generate more profit. Since in the modern marketing approach customer need is the centerpiece, the presence of such high need for new lottery types can be taken as an opportunity which ought to be exploited by the administration. To this end, the experience of other countries with respect to lotteries offered to the market as well as development of such items by the administration based on further market survey can greatly enhance the attainment of the organization's vision, mission and goals. The introduction of such variety of lotteries can catch the interest of even those respondents who stated they do not want additional lotteries by making them highly enthusiastic to try their chance of winning the attractive prizes. This definitely allows the administration to increase its sales volume which in return leads to earn higher profit from satisfied customers.

#### 4.3.7 General Impression of Sample Respondents about Lottery

The following are the results obtained from sample respondents regarding their view of lottery:

- lottery is gambling with the government and makes some individuals addicted to it- leads them to spend large amount of money and as result they face difficulties

- It enables the winners to improve their lives by investing what they have secured in different areas of businesses
- It has led many people to dream about winning lottery and even some of them became sick because of lottery
- There is contradiction as the government prohibits gambling but it actively involves in gambling-operating lottery selling activities
- The amount of prize should increase significantly like that given in other developed countries
- The number of winning tickets is very small compared to the amount of tickets sold throughout the country
- the quantity of in kind prizes-such as prizing ready made homes, cars and others should increase largely
- As per the opinion of some respondents, there is a great deal of cheating in the draw process hence some of them reported the fact that they stopped buying lottery due to this issue.
- Draw date of some lotteries should never be extended which highly leads customers to loose confidence in the truthfulness of lottery drawing process
- Winners who are declared to have got the chance from the draw process are most of the times from Addis though there are large numbers of people who buy lottery outside Addis.

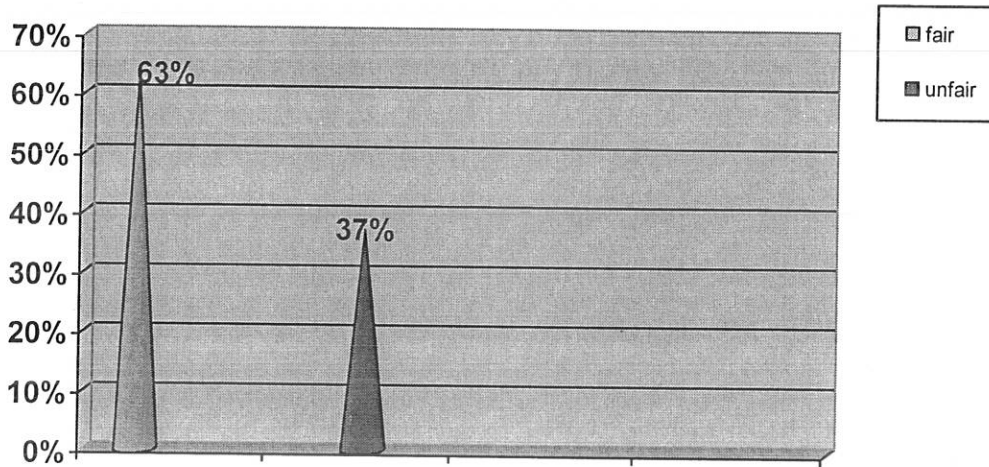
As the aforementioned suggestions indicate, the sample respondents have a number of prejudices about lottery which emanated mainly from lack of adequate education or orientation of the societ from the administration' side with respect to lottery in general and the drawing process in particular. The presence of such wrong perceptions about lottery among the general public can highly discourage them from buying as well as participating in any activity associated with lottery. In order to mitigate such problems, it is highly crucial to give education for the public in relation to those areas where people have negative attitudes using more credible means of communication.

Inviting famous individuals to participate in the drawing ceremony and communicating to the public through such individuals can be used as a means of enabling customers to admit the straightforwardness of lottery drawing. Overcoming such wrong perceptions customers have about lottery is one of the areas which need due attention as accomplishing this paves the way to attract as well as retain customers.

## 4.4 Analysis of Questions Related to Lottery Price

### 4.4.1 Is lottery price fair?

Figure 4.4 Respondents' View towards the Fairness of Lottery Price



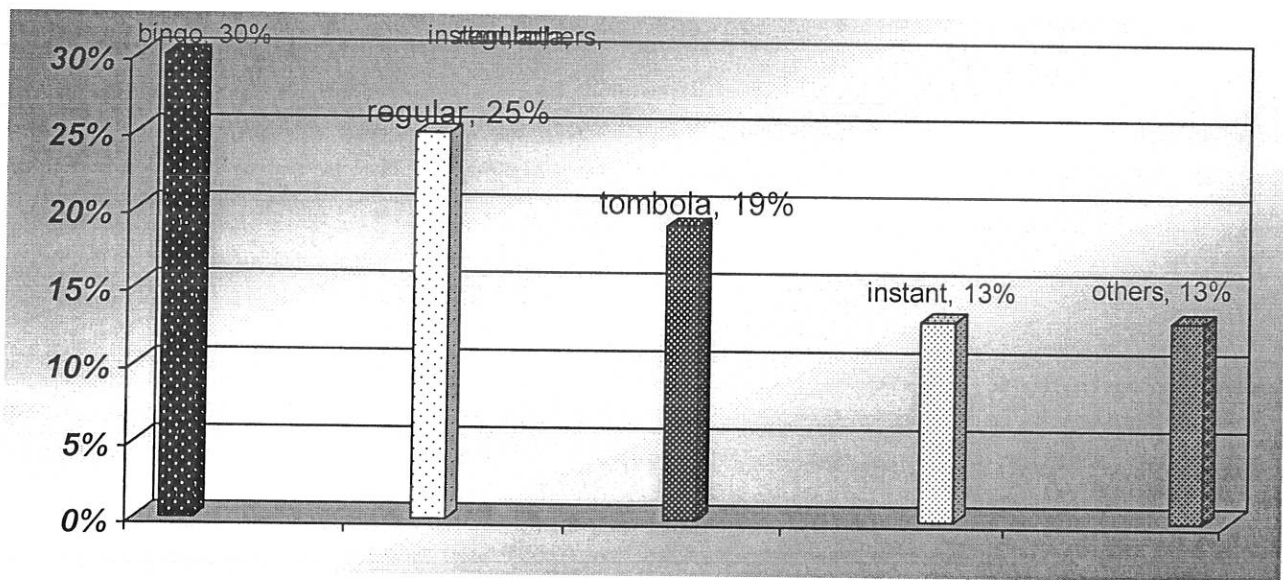
As depicted in the chart above, 63% of sample lottery customers believe that the price the administration charges for different kinds of lotteries it offers to the market is fair-reasonable, whereas the remaining 37% of them hold the belief that the price is not fair.

As price is among the major factors that determine the purchase of various products, the fact that nearly two third of the sample respondents believe about the fairness of lottery price can be attributed to the strength of the administration of considering the purchasing power of its customers while determining the prices. Despite the fact that two thirds of respondents view lottery price to be reasonable, there are also respondents who assume that the price should be reduced so as to induce

customers to purchase lotteries more frequently. So as to attract those customers who hold the belief that lottery price is high, making revision on the price determination policy of the administration may be important. Since reducing the selling price of lotteries can result in the reduction of income from the sale, such decision need to be made with care. The decision can be approached just by making price reduction for one of the lotteries and then observing the increase in sale which stems from such a decision. Comparison of increase in sales due to price reduction and the loss incurred due to the reduction in selling price can highlight whether to implement the same decision to other lottery types or not.

#### 4.4.2 Which Lottery Type Is More Expensive?

Figure 4.5 Lottery Types According to their Relative Expensiveness



Source-Questionnaire, 2008

As per the sample customers' evaluation of the expensiveness of lotteries in relation to their prizes, 30% of the respondents assert that bingo is the most expensive type of lottery compared to its prize. Next to bingo comes regular lottery as an expensive lottery. The respondents also stated the expensiveness of Tombola, instant lottery, and others.

Generally, it can be inferred that almost all lottery types are expensive as to the opinion of some sample respondents. This highlights the importance of making revision of the price determination policy of the administration once again. As the price of lotteries offered to the market is considered to be expensive by the respondents, at least making price revision on pilot product basis is highly essential so as to attract those customers to purchase the items. Of course, there are also customers who strongly believe that the current price is fair though their number is not large enough to guarantee continuing with the current price without making any sort of revision.

#### 4.4.3 Would respondents buy More Lotteries If Price is reduced or Prize Is Increased?

The opinion of customers about reducing the current price or increasing the prize level in order to induce them to buy more lottery looks like what is presented in the table below.

Table 4.5 Respondents' View Regarding Decreasing Price and Increasing Amount of Prize

S/No	Questions	Number of respondents	Percentage
1	Would you buy more lotteries if the current price were reduced?		
	a) Yes	68	68
	b) no	32	32
	Total	100	100
2	Would you buy lotteries more frequently if the amount of prize were increased than the current amount, keeping the current price constant?		
	a) Yes	71	71
	b) No	29	29
	Total	100	100

Source-Questionnaire, 2008

The table above reveals that majority of the respondents are highly interested to buy more lotteries if the administration makes price reduction or if the amount of prize increases than the present one, keeping the current price constant. Of course, there are customers who do not show any interest to

increase the frequency of lottery purchase even in the situations where price will be reduced or amount of prize increased.

This finding pinpoints two ways in which the sales volume of lottery can be increased-through price reduction and increasing amount of prizes. Reducing selling price results in decrease in total revenue from sales unless otherwise the net income which will be generated due to price reduction exceeds the loss that will be incurred due to price reduction. Therefore, before making a decision as to whether making reduction in selling price should be employed or not, cost benefit analysis need to be made. In the same token, increasing the amount of prize so as to increase sales should be handled after checking if the additional revenue emanating from increased sale due to the increase in prize exceeds the additional expense the administration will incur with respect to increasing the prize amount. Hence, it is crucial to make incremental analysis before deciding either to reduce selling price or to increase the amount of prize winners will get.

#### **4.4.4 Overall Views of Customers With Respect to Lottery Price**

The general impression of sample lottery customers about price is described as follows:

- ◆ As far as lottery is sold throughout Ethiopia, the administration ought to reduce its selling price
- ◆ The price is fair except that of lotteries issued occasionally like Tombola, special, and elephant. The price charged for Bingo lottery is high, hence it should be reduced and its prize should be increased. .
- ◆ The current selling price of lottery is fair

Different lottery customers have different views about the selling price of lottery. Some of them asserted that it should be decreased where as others stated it is fair. But no respondent has said the price is cheap and hence should be increased. To sum up, the administration has to make certain



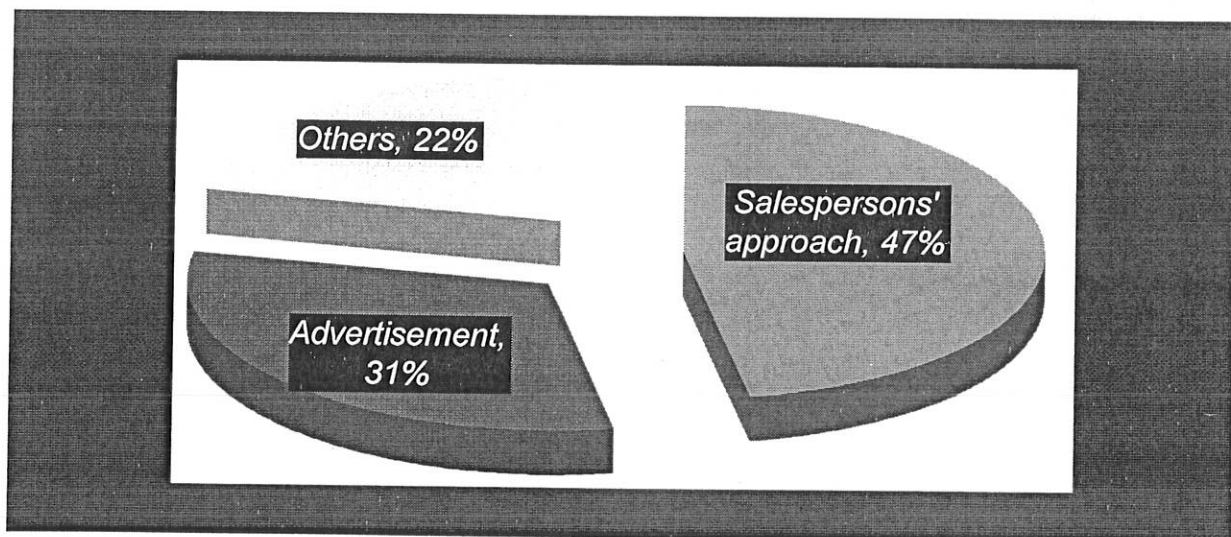
modifications of price strategy in order to secure more sales by making extensive cost benefit analysis at least for a selected lottery type on pilot basis.

## 4.5 Analysis of Questions Related to Promotion

Promotion serves three essential roles-it informs, persuades, and reminds prospective customers about the products a company offers to the market. As promotion is generally considered as marketing communication through which a given company conveys varieties of messages about different aspects of the products, designing effective promotion tools and successfully implementing them is the most crucial activity that highly determines the achievement of the company's objectives. The responses provided to questionnaires designed in light of Promotional activities the administration undertakes are described below.

### 4.5.1 Factors that Initiate Respondents to Buy Lottery

Figure 4.6 Factors that Initiate Respondents to Buy Lottery



Source-questionnaire, 2008

As the pie chart indicates, nearly half (47%) of the sample respondents are initiated to buy lottery because they are highly influenced by the approach of salespersons. Moreover, different advertisement appeals like observing while winners talk about the situation in which they bought

lottery, the amount of prize they have obtained, looking at lottery manifestations and others also motivate customers to buy lottery. Other reasons like hoping to win, encouraging the handicapped vendors and the like account for 22% of the factors that initiate people to buy lottery.

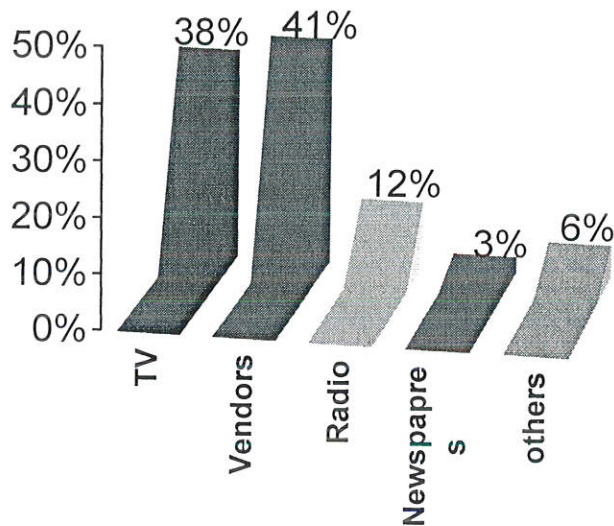
According to this finding, salespersons highly influence customers to buy lottery by stressing on the draw date and amount of prize that can be obtained if the buyer is chanceful. People are influenced when they encounter lottery vendors who sometimes even follow them to certain distance and hence decide to buy lottery which they have not previously planned to buy. Lottery vendors play a significant role in selling the product of the administration through their greater efforts. Therefore, recognizing this contribution the administration has in return to motivate them in order to achieve its sales target. One can clearly understand how much difficult will be selling lotteries without these vendors.

Next to salespersons' influence, advertising also plays vital role in initiating people to carryout lottery purchase. Specially, the speeches lottery winners make in various media with regard to from where they purchased lottery, how much they have got and looking at lottery manifestations greatly trigger individuals to buy lottery. Releasing ads using TV, radio, newspapers and other means also elicit buying need of customers to larger extent. This addresses the importance of using such techniques more aggressively so as to make people highly eager to buy lotteries and as result secure higher sales.

Besides the above two main factors, factors like customers' intention to get the chance and their empathy towards some of the vendors who are handicapped are also worth mentioning reasons that induce people to buy lottery. As lottery buyers get impressed by the individual vendors' physical situation, they decide to buy lottery from them as a way of encouraging them to actively participate in such productive tasks instead of engaging in begging and other socially undesirable actions.

#### 4.5.2 Source of Information

Figure 4.7 Respondents' Source of Information



Source-questionnaire, 2008

There are different sources of information from which customers usually get information about the types of lotteries available in the market, their prize amount, and their drawing date. As depicted in the graph above, 38% of the respondents stated that they get information about those lotteries currently in the market, their drawing date and amount of prize from ads in TV. 41% of the customers claimed to get the information by looking at the varieties of lotteries vendors carry and referring to the information provided at the back of the tickets. Still the remaining sample customers claim to get information from sources like radio, newspapers, and the like.

As the lion share of sample customers asserted that they get information with respect to lottery from TV ads and Vendors, this uncovers the fact that these sources need to be used more intensively to carryout the communication process. Since making effective communication with the target customers highly facilitates the sales task, the administration need to design appropriate advertising messages and it has also to train the vendors so that they can provide the desired information more

effectively. Using means of communication like radio, news papers, road shows, banners, expos, press conference and others should also be employed to larger extent to increase information source for customers and thereby increase the sales of lotteries. Hence, the aforementioned means of communication can be utilized by the administration in its effort to inform, persuade and remind customers about different types of lotteries it offers to the market. But the degree of emphasis placed on each means of communication should be commensurate to the results derived from each of them. For example, by training vendors to communicate effectively with customers the administration can achieve the objective of transferring the right information about lotteries to customers. Even cost wise, training vendors can be cheaper than using TV or other means of communication. As personal selling is more effective in terms of credibility, it is advisable to give training to vendors on issues like how to approach, present, negotiate and close the deal as well as ways of handling objections.

Due to lack of training and sales know how on the part of vendors, various problems were encountered by the customers in the course of buying lotteries. The main problems some sample respondents faced while communicating with the vendors are the following:

- Some Vendors are reluctant to show lottery manifestations when requested
- They are not willing to give money to customers when asked to refund below Birr 50 even though they are supposed to do so. Instead they force customers to buy additional lotteries in order to get the money and as result certain undesirable things like insulting take place.
- Some vendors also want to cheat customers when they are asked to check if the customer has got the chance.
- They do not allow buying a specific ticket customers choose based on their likes of numbers.

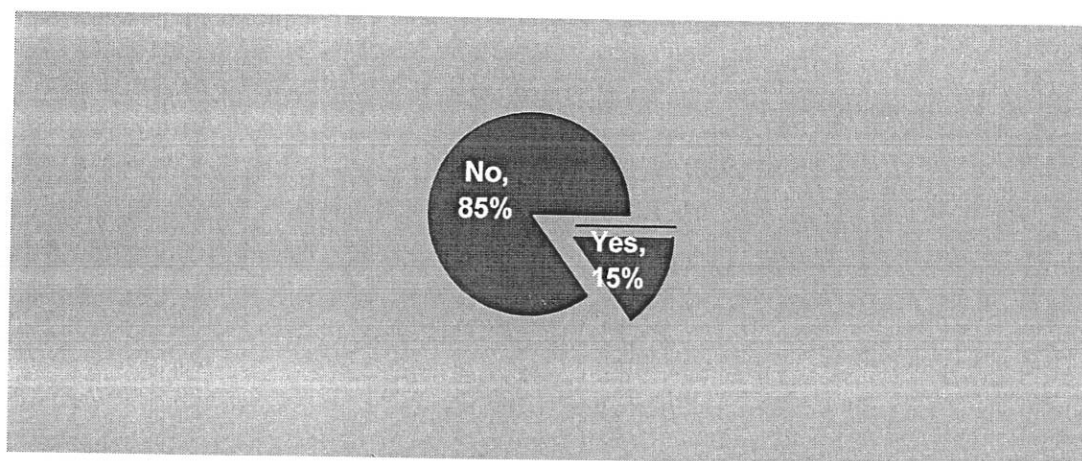
As the aforementioned cases display, lottery customers face variety of problems caused by lack of awareness about how to conduct sales on the part of some vendors. Therefore, the administration has

to take measures like opening lottery shops around areas where large number of customers are supposed to visit so that customers can report their problems to these sites and giving short term orientation and training to vendors before they are allowed to distribute the items. During the orientation and training session, the techniques of customer handling and the importance of providing quality service so as to satisfy customers' needs need to be highly emphasized. Moreover, the finding also highlights the importance of introducing a mechanism of making vendors responsible for their wrong duties. Otherwise, the situations can get worse and can have a negative consequence on the sales activities of the administration.

#### 4.5.3 Do Sample Respondents Recall useful Activities Accomplished By the Administration?

As socially responsible entity, the administration has undertaken a number of activities that are meant to ease some problems the society faces. Not only engaging in such activities but also communicating them effectively to the customers is also important in order to hit the target behind such activities. The number of sample customers who claim to recall such undertakings and those who asserted that they do not remember any such an activity are illustrated in the table below.

*Figure 4.8 Respondents' Awareness about Activities Done By the Administration That Can Benefit the General Public*



Source-Questionnaire, 2008

The above pie chart exhibits the level of awareness among the sample respondents about certain activities the administration has accomplished in its effort to alleviate some problems faced by the general public. Only 15% of the sample customers recall such activities whereas the remaining 85% of them do not recall any accomplishment in relation to the issue under discussion.

Since involving in activities like contributing to the developmental efforts of different regions through either direct monetary contribution or allowing them to issue their own lotteries greatly builds the reputation of the administration, the administration has to engage in such activities aggressively. Though there are a number of such activities undertaken by the administration, they are not well communicated to the public as majority of the sample respondents reported they do not remember any of such an activity. This brings into light the need to declare those accomplishments more aggressively to the public as the main objective behind those contributions is to build good image of the administration among the general public and thereby persuade them to buy lotteries. Even there are some respondents who asserted they have no knowledge regarding for what purpose the money collected from lottery sale is allocated. Clearly communicating the areas where the income from lottery sales is utilized could greatly initiate people to buy lottery as the customers will come to realize the fact that through a purchase of a single lottery ticket they not only try their chance to win but also participate in developmental activities, assist the vendors to win their lives, and also help the one who will win the chance to improve the living condition and thereby contribute to other individuals who are dependent on that winner in one way or the other.

Those sample respondents who claimed that they recall such activities mentioned accomplishments like millennium lottery whose net income is meant for youth center construction, lottery issued in relation to Dire Dawa's flood catastrophe, that issued to help Awasa Sport club, lottery issued to assist individuals with heart problems and the like. As emphasized above, communicating such

undertakings to the public can result in better awareness and hence can lead people to buy lottery more frequently. To this end, the administration has to engage more actively in similar activities in the future and it has also to announce them to the society to achieve its objective of building good image among others.

#### 4.5.4 The Contribution of Vendors in Convincing Customers to Buy Lottery

Vendors play vital roles in assisting the administration realize its sales objective for different types of lotteries.

*Table4. 6 Purchase of Lottery Due to Vendors' Approach*

S/No	Question	Number of respondents	Percentage
1	Have you ever bought lottery which you did not normally intend to buy due to vendors' approach?		
	a) Yes	67	67
	b) No	33	33
	Total	100	100

*Source-Questionnaire, 2008*

From the total sample respondents, 67 % stated that they buy lottery which they did not normally intend to buy being influenced by vendors' approach. The rest sample respondents confirmed that they do not buy lottery without their intention regardless of how much the vendors try to influence them to buy lottery. The respondents who exhibited the fact that they undertake lottery purchase because of vendors' approach mentioned some of the ways by which they get influenced by sellers. To sell lotteries the vendors beg customers to buy and hence they buy it to help them, mention repeatedly the amount of prize and draw date and the like. Customers also stated that they buy lottery in order to encourage those vendors who are handicapped. Such innocent approaches make

propel highly compassionate to vendors and as result they decide to buy lottery without their prior intention.

This finding highlights the roles vendors play in enabling the administration to realize its sales objective and the importance of encouraging the vendors to accomplish the sales task more effectively. But the administration has to motivate the vendors to sell lotteries by using formal salesman approach instead of using the traditional techniques like begging to purchase. Such approaches can even lower the motive of buying lottery on the part of the customers as they may develop the perception that they should buy lottery not primarily to try their chance but to assist those vendors. Here the need to promote lottery aggressively using various techniques also becomes significant as the low level of interest among the public to buy lottery reveals they have some negative attitude towards it as well as they do not normally plan to buy lottery on regular basis.

Besides the roles discussed above, vendors highly minimize the risk the administration would incur if the items issued are not sold. As the administration does not receive unsold tickets after their drawl date, the vendors exert unreserved effort to sell the items especially as the draw date approaches. That is why we encounter vendors who repeatedly mention the draw date when they approach customers. In this respect, the risk these vendors assume is worth emphasizing as their financial capacity is limited. Because they are very large in number, it is easy to visualize how much unsold tickets will be left on their hands. Through this the administration enjoys the advantage of risk diminishing, though this cannot be considered as an appropriate action on the part of the vendors and hence makes them reluctant to buy large quantity of lottery towards the draw date.

There are also negative consequences associated with such approaches. Some of the respondents reported to be highly tired of being influenced by vendors and as result determined not to buy lottery

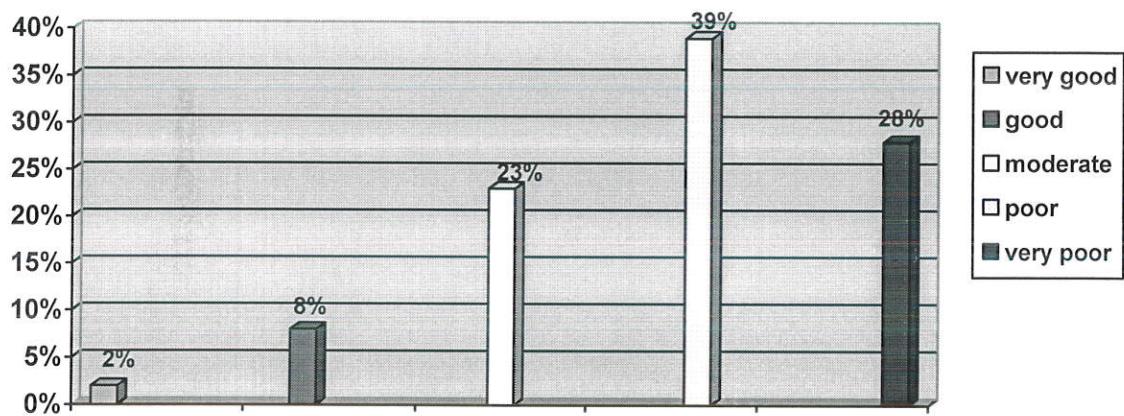


at all. Since such situations can hamper lottery sale, the administration has to educate the vendors not to upset customers in their effort to sell lotteries.

#### 4.5.5 Sales know how of vendors

Having well trained and educated sales force who can communicate with target customers are proved to be reliable assets which functions well and provides the desired service with better quality without getting failed now and then which compels the company to incur huge cost for frequent maintenance. As to the opinion of sample respondents, the vendors' sales know how is rated as follows.

Figure 4.9 Vendors' Sales know how



Source-Questionnaire, 2008

One can comprehend from the graph that the lion share of lottery vendors do not have adequate sales know how as per the response of sample customers pinpoint and as result they highly rely on traditional sales approaches. Only about 10% of the respondents acknowledged that the vendors' know how with respect to how to approach and convince customers to buy lotteries is above moderate-very good or good.

This finding further intensifies the need for properly orienting, training and educating vendors on regular basis so as to equip them with better know haw about selling in general and approaching and

convincing customers to buy the items without irritating them in particular. Since the administration totally depends on these vendors to distribute its products in different areas, the low level of sales know how on the part of the vendors can significantly jeopardize the success of the administration. Therefore, the administration has to find out alternative ways through which the vendors' sales skills can be improved and then implement them to overcome the problems stated above. It is crucial to recognize that the poor sales know how of vendors not only slows down sales but also spoils the image of the administration as there will be miscommunication between vendors and target customers. Once again, the administration should pay special attention to this issue and thereby minimize the problems as early as possible so as to safeguard its sales as well as good will.

#### 4.5.6 Respondents' Perception about Lottery Advertisement

The way how customers perceive the advertisement released by the administration as well as its repetition can highly influence their purchase behavior. If customers are highly fascinated by the messages, then they may develop positive attitude towards the item being advertised and thereby decide to buy it, otherwise the opposite situation will take place.

*Table 4.7 Respondents' Perception about Lottery Advertisement*

S/No	Questions	Number of respondents	Percentage
1	The manner in which lottery advertisement is presented is		
	a) Very good	10	10
	b) Good	23	23
	c) Moderate	37	37
	d) Bad	25	25
	e) Very bad	5	5
	Total	100	100
2	The repetition of lottery advertisement is		
	a) Very good	9	9
	b) Good	19	19
	c) tolerable	26	26
	d) boring	32	32
	e) highly boring	14	14
	Total	100	100

*Source; Questionnaire, 2008*

As the table above shows the sample customers have diverse views about the way lottery advertisement is presented. Based on this it is possible to notice that the way the administration presents its ads to customers through various media is perceived to be somewhat moderate. One forth of the respondents views it as bad. On the other hand, about one third of sample customers believe that the advertisement is presented in attractive manner.

Presenting advertisements in highly impressive manner helps a company to a greater extent to initiate people to take action- buying an item. Having this fact in mind the National Lottery Administration has to strive in order to improve its way of advertising further. But this does not mean that the current way of advertising is totally ineffective as there are customers who witness its effectiveness. Hence to catch the attention of customers and thereby induce customers to buy lottery, presenting the advertisement in such away that it highly inspires them is essential and it need to be handled accordingly.

The respondents who rated the way in which advertisement is presented as attractive emphasized that releasing the message through those customers who have got the chance is very interesting because they share their real feelings and conditions in which they were at the time when they purchase the ticket. They also tell others what they are going to do with the money they obtained from lottery prize which again elicits the need to buy lottery immediately on the part of the customers. This shows the importance of aggressively using these individuals to present lottery advertisement instead of transferring the message through other individuals who might not get as much credibility as that of winners.

Sometimes advertisements are presented now and then which makes the message to be highly tiresome and as result people stop paying their attention to the message. Since 32% of the respondents rated the repetition as boring, this uncovers the need to revise the amount of repetition.



Releasing advertisement for the sake of advertisement can be taken as waste of time and money. Hence, to make effective advertisement it is necessary to determine the time interval in which ads are released carefully in away that it can get the attention of audiences. Otherwise, the messages released through advertisement can fail to bring the desired result and thereby may lead to ineffective utilization of money paid for the advertising firm.

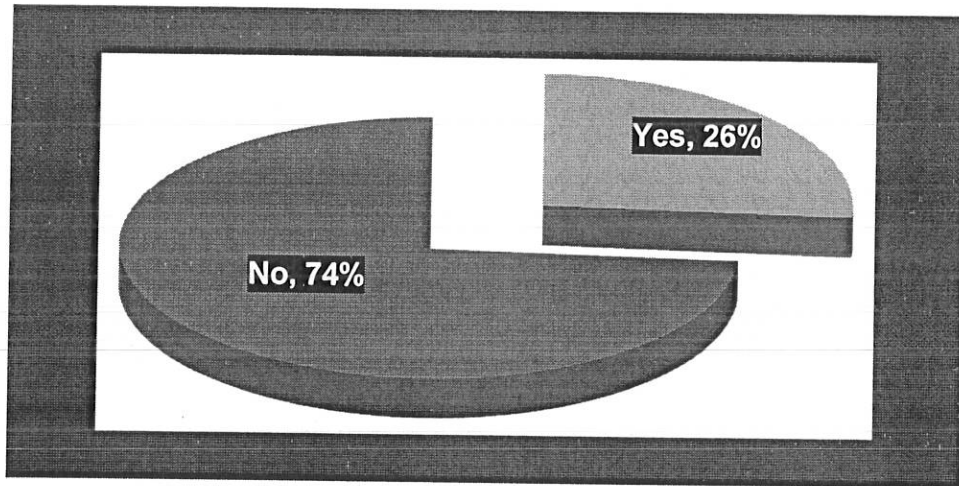
A bit more than one forth of the customers (26%) rated the repetition as tolerable and this also shows sample customers have still some discomfort with the repetition of the message. Generally, it can be concluded that the administration ought to make some sort of modification regarding the repetition of advertisements so that the transmitted message could get the attention of audiences and retained in their memory for long time period rather than being forgotten soon due to lack of attention and fail to bring the desired result.

#### **4.6 Analysis of Questions Related to Distribution**

Distribution is mainly concerned with making the products available at places where customers need them to purchase. It is like a pipeline through which water flows from a source to terminals. The findings in relation to the distribution aspect reveal the following.

**4.6.1 Availability of Lottery:** since lottery is found to be impulse good making it available everywhere customers are expected to be found is crucial to increase its sales and hence profit of the administration.

Figure 4.10 Do Respondents Face Difficulty of Getting Lottery At a Time?



Source; Questionnaire-2008

A bit less than three fourth (74%) of the sample respondents asserted they have never faced problems to buy lottery due to its unavailability at places where they were at a time. The rest 26% of the respondents uncovered the fact that they experienced not being able to find lottery even though they need to buy it.

It is possible to understand from the results depicted in the pie chart above that there is somewhat sufficient distribution of lottery in various parts of Addis though it needs to be further strengthened to make it available everywhere. As lottery can be categorized as impulse good which is bought upon encountering it unintentionally without detailed prior plan, distributing it intensively is crucial. To this end, actions like opening permanent lottery shops besides main roads and in areas where customers are supposed to be found, and distributing them through groceries, kiosks, super markets, post offices, and other sites can greatly alleviate the unavailability of lottery experienced by some sample respondents. Therefore, it is advisable to take measures that increase the distribution of the

item at various places so as to boost its sales and satisfy the needs of customers who are willing to buy it at a time.

#### 4.6.2 Do Respondents Want To Buy Lotteries From Other Places?

*Table 4. 8 Respondents' View to Buy Lottery from Super Markets and Their Rating of the Current Distribution*

S/No	Question	Number of respondents	Percentage
1	Would you like to buy lottery from any supermarkets, groceries, kiosks or other places like other items?		
	a) Yes	58	58
	b) No	42	42
	Total	100	100
2	As per your opinion, the current lottery distribution activity is		
	a) Highly sufficient	5	5
	b) Sufficient	14	14
	c) Moderate	21	21
	d) Insufficient	33	33
	e) Highly insufficient	27	27
Total	100	100	

*Source-Questionnaire, 2008*

As depicted in the table above more than half (58%) of the respondents confirmed their willingness to buy lottery from places like supermarkets, groceries, kiosks and other places as they buy other items. On the other hand, the remaining respondents expressed the fact that they are not as such interested to buy lottery from the aforementioned places.

From this it is quite possible to realize that if the administration starts distributing lotteries through such places, unavailability of lottery in the market, some respondents claimed to exist, can be tackled to greater extent. Distributing the item through these places not only increases the intensity of distribution but also it can result in higher sales volume than what the administration has been

The fact that some respondents rated the current distribution system to be sufficient and others rated it to be insufficient implies in some areas of Addis there is enough lottery distribution whereas in some other areas there is problem of easily finding lottery vendors either to buy or to check the manifestations of already drawn lotteries. This may also imply the difference in people's perception, as what is sufficient for one can be insufficient for the other. But irrespective of the perception difference, one can easily deduce that lottery distribution need to be expanded using the ways mentioned above.

The suggestions of customers gathered with regard to the general impression they have about lottery distribution shows the following main points among others:

- Vendors sell lotteries only in places where many people are likely to be such as cafes, main road sides and the like. They do not normally go to places inside the main roads where large number of the dwellers of Addis are likely to be accessed. The vendors are concentrated only in the central part of Addis instead of going to areas which are remote from the central part but have large number of people who can buy large quantity of the items.
- Promotion tools like road shows, banners, exhibitions, and others should be used more aggressively instead of concentrating on those common means like advertising.
- Lottery distribution centers should be increased so as to make it easily accessible to customers and thereby push them to buy it.

The above suggestions forwarded by the respondents uncovered some problems as well as ways of improving lottery distribution. The fact that vendors sell lotteries only in places like café, main road sides and others instead of going to places inside main roads where large amount of sales could be undertaken is highly valuable information to the administration in its effort to boost sales as well as to attract customers who might not have the experience of making frequent lottery purchase because

they can not easily find it around their residential places. Besides this, respondents also pinpointed the alternative ways of promoting the item without being highly dependent only on such common means like advertising. To this end, they mentioned tools including road shows, banners, participating in exhibitions and others as mechanisms which could be used to promote lottery. Respondents also emphasized the importance of increasing distribution centers to make the item easily accessible to individuals interested to buy lotteries.

## **4.7 Analysis of Interview Results**

To realize the objectives of the study, interview was made with the higher officials working in the marketing and sales divisions of National Lottery Administration and the results obtained thereof are described below.

### **4.7.1 Questions Related to Market Research and New Product Idea Development**

For the question presented to identify whether the administration undertakes market research/demand analysis before the introduction of new lotteries, it is indicated that there is no as such well established market research effort undertaken in relation to the issue under consideration. Rather, the administration introduces new products based on the market demand for those introduced previously. For example, based on the high market demand of Enqutatash lottery, other similar lottery types were issued with respect to special occasions like Gena and Tensaie. Moreover, lotteries such as instant are introduced to the market based on the experience of other countries.

The possible problems which are assumed to arise due to not undertaking thorough market research before the introduction of new lottery types to the market were also addressed during the interview. Some of such problems include not being able to sell intended quantity of some lotteries. Specifically, the low sales volume of bingo lottery is attributed to this issue. Currently the

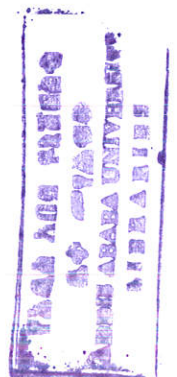


administration is facing certain problems associated with bingo lottery like not being able to sell it within short period of time; it gets spoiled while on the hands of the vendors and as result lack of confidence on the part of customers to buy such spoiled lotteries.

As the interview results show, the idea to develop new products most of the time emanates from the experience the administration gains. The success of one lottery leads to the introduction of other similar but new type of lottery. If demand for one lottery type becomes high, then based on this knowledge certain new products will be developed. Besides using the success of one lottery as a base for the introduction of other similar items, the administration also secures such ideas from other countries as well.

As to the printing of lotteries, it is understood from the interview that the administration mainly prints the different types of lotteries it offers to the market with the help of Brehan na Selam Printing Enterprise which is the only printing enterprise that can handle the printing of such items as lottery, passports and other highly confidential things. But it is recognized that the administration faces problems with this regard like not being able to get enough quantity of the item printed within appropriate period of time based on the prevailing market demand. Among the lotteries offered to the market Instant and Bingo lottery are printed in foreign countries. To get these lottery types printed it takes approximately a lead time of six months. Sometimes the administration faces out of stock problem of these lotteries. Then, the items are transported through sea freight which further increases the problem. Due to this case, the administration failed to match the increased demand for instant lottery currently. As the administration is government organization, taking corrective actions following changes in the general environment is not as such easy.

#### **4.7.2 Market Segmentation, Targeting and Positioning**



Through the interview conducted in relation to such concepts as market segmentation, targeting and positioning, it is recognized that the administration does not apply any market segmentation, targeting and positioning concepts. Rather the concept of mass marketing, which is concerned with treating the whole market as if it were composed of customers with similar needs and wants, is implemented. Market segmentation, in which the total market is divided into various groups of customers with similar needs and wants, is a highly effective tool to address the needs of different customer groups. The market consists of customers with different needs and wants which can be attributed to the difference in their income, age, occupation, likes and dislikes, life styles and many other differences. Given these enormous differences, treating the market as the collection of customers with similar needs and wants is not at all a wise approach, especially in face of fast changing technology, customer preferences and tastes. For instance individuals who earn high income can afford to buy lotteries which cost high and thereby try their chance for millions of Birr instead of buying lotteries with prize amount of twenty five thousand Birr and the like.

Though the administration has monopolized the operation of lottery market, keeping in touch with the changing needs and wants of customers through the development and marketing of various products tailored towards specific customer groups can contribute significantly to the achievement of the administration's objectives described in the company profile section. Hence, the application of market segmentation concept is one of the areas which need to be employed by the administration so as to earn profit from customers whose needs are met due to the introduction of the items designed by taking into account those needs. As it is emphasized in the literature review section, satisfied customers not only become loyal customers who make repeat purchase but also they make a good word of mouth advertising to their colleagues, family members, friends and other individuals. This favorable word of mouth advertising is an extremely powerful promotional tool which has the potential of bringing results which are by far greater than those attained through other techniques.

Since the concept of market segmentation is not applied by the administration, one can easily figure out the fact that concepts like targeting and positioning are not also applied by the administration. Therefore, the benefit that could be secured from the application of such marketing concepts is worth emphasizing and the administration has to work towards starting the application of such highly valuable marketing concepts.

#### **4.7.3 Issues Related to Lottery Promotion**

The outcome of the interview conducted with respect to lottery promotion enabled the researcher to notice the points described below.

The administration employs all promotional tools, but with various degrees of emphasis, including advertisement, sales promotion personal selling and publicity. The major means through which the administration advertises lottery are TV, radio, newspapers, magazines, posters, billboards, road shows, and banners. Among these means TV and radio are the most frequently used ones. To present lottery news through TV, it costs Birr 53.06 per second and to release the message through radio it costs about 25 Birr per second. These costs are those paid for prime time, i.e., the time immediately after the news is released. Lottery news is released in different types of radio programs using the language of different ethnic groups in the country including Oromigna and Tigrigna.

The major sales promotion tool being employed by the administration currently is giveaways, that is, the administration provides customers items like T-shirts, capes, bags, pens, wrappers, containers for varieties of items, calendars and other similar objects on which information about lottery is written. Other sales promotion techniques such as temporary price reduction are not used by the administration. With regard to the public relation activities, the administration uses such items as distributing lottery manifestations which give to the general public information about who won the

jackpot- the first prize of a given lottery already drawn, the winning number, and the prize amounts of other draws. It is believed that distributing manifestations not only simplifies matters for customers to get information about already drawn lotteries but also it builds confidence among people as to the truthfulness of lottery operations. Moreover, the administration also invites famous individuals to evaluate the draw process and then to witness the same to the general public.

There is also a radio program which mainly raises issues as well as news about lottery every Friday. In this program interviews made with winners are heralded to the general public in order to enable the public to have clear views about lottery in general and about the reliability of the drawing process. Winners witness the valuable contribution lottery has made to them towards improving their lives using their own words. This program is believed to be highly effective means of publicity as the speeches made by winners themselves are assumed to get higher credibility. In this program information regarding the way how the income from lottery sales is spend is also announced which is believed to encourage the customers to buy lottery as well as develop positive attitude towards it. There is also lottery news released in relation to the tax week organized by the Ministry of Revenue which also contributed greatly in publicizing lottery.

The administration has also accomplished a number of publicity activities like cooperating with different regions while they issue lotteries whose net income is meant for the accomplishment of developmental activities in the regions. Moreover, lotteries issued so as to facilitate the construction of youth centers, to support victims of Dire Dawa flood catastrophe, to contribute for partial construction of St. Palos's Hospital, to finance 10<sup>th</sup> African cup and many others included in the profile section of the paper belong to the publicity element of promotion.

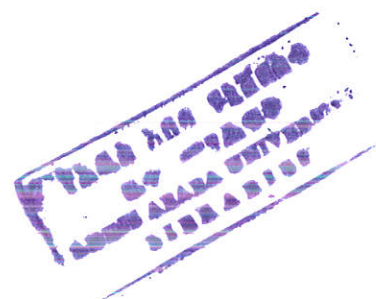
Personal selling is the most extensively used promotional element by the administration. As vendors make direct face to face contact with lottery buyers, they try to accomplish both selling as well as

promotional tasks. In their effort to sell, vendors target the message specifically to a buyer they are dealing with at a time, which enables them to be highly persuasive. On the other hand, reaching as many customers as possible like through advertising is not possible using personal selling. Therefore, it can be inferred that the administration does not reach very large number of customers because of highly relying on the vendors to sell lotteries. Hence, to increase the market coverage as well as access many customers in addition to selling the items through vendors other means like opening lottery shops and others mentioned in the questionnaire analysis section need to be implemented.

Even though there is no as such well established mechanism of measuring the effectiveness of various promotional tools, as it is realized from the interview held with advertising and public relation officer, the administration tries to measure the effects based on experience and watching the increase in sales volume following the execution of certain promotional activity.

With respect to the ways employed to determine amount of budget allocated to promotional purpose, the officer stated that budget is determined based on past experience, i.e. particularly promotion budget for TV and radio is decided depending on the amount allocated for this purpose in previous years. Besides, the current market situation is also considered during the determination of promotional budget.

Regarding the efforts made to increase the awareness of customers about the drawing process, which is considered by many respondents to be not reliable, the officer also authenticated that live drawing is being considered by the administration but there are problems which hindered undertaking live drawing. Some of the hindrances to live drawing include high investment requirement, light interruption, and insufficient availability of other materials like terminals and servers. To overcome



these hindrances the administration is intending to do such activities with foreign companies through joint venture agreements.

#### **4.7.4 Issues Related to Lottery Distribution**

The administration distributes lottery through its own 35 branches located in various parts of the country and also through agents which reach approximately to 55-60 situated in different parts of the country. Vendors buy lottery from these branches and agents and then they again distribute the items to the final customers. The vendors sell lottery by earning a 15% commission from each ticket. The agents are allowed to return the unsold tickets back to the administration whereas the vendors are not allowed to do so as providing them with such privileges can have a discouraging effect. If vendors are allowed to return the unsold tickets, they may not be as such motivated to sell as many tickets as possible; instead they can simply request the administration to refund the unsold tickets. This in return can have a negative effect on the profitability of the administration.

The major problems the administration encounters with respect to distribution include shortage of distributors especially at the time of major festivals like Meskel in which majority of the vendors go to celebrate the festivals with their families in the countryside and during normal education times as large number of the vendors are students. Shortage of vendors also occurs following certain seasons as the vendors also go back to their residential places to engage in farming which is done most of the time during rain seasons in many parts of the country.

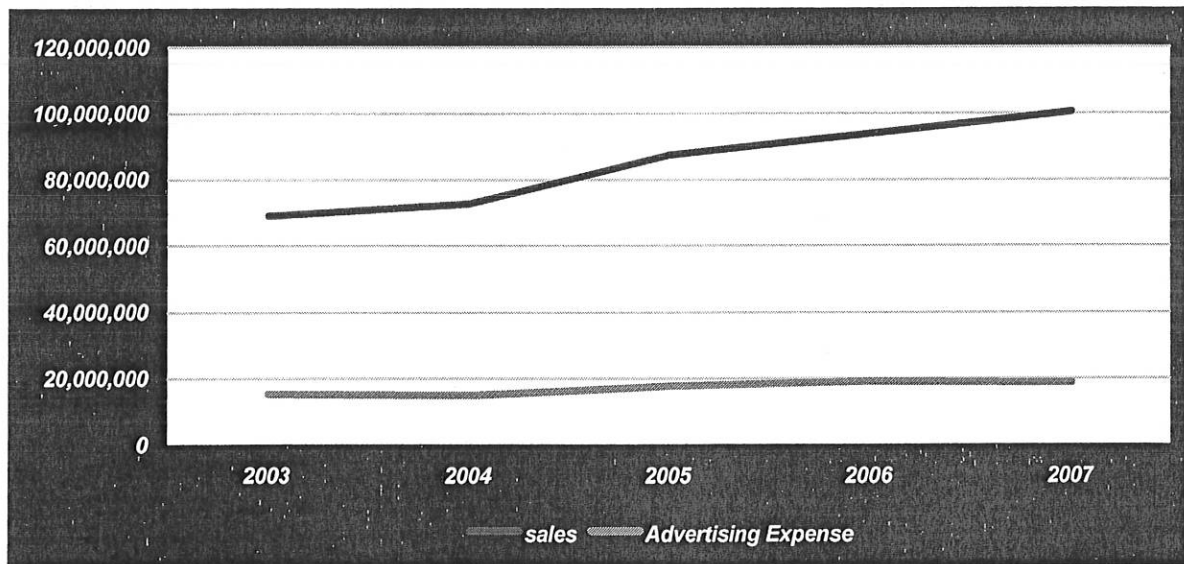
It is indicated that the administration is intending to start distributing lottery through such means as supermarkets, kiosks, groceries and the like so as to alleviate the shortage of distributors and thereby increase the availability of lotteries in various parts of Addis.

#### 4.8 Secondary Data Analysis Showing the Relationship between Advertising and Sales

Table 4.9 Sales, Net Profit and Advertising Expense of the Administration (2003-2007)

Year	Sales	Net profit	Advertising Expense
2003	69,051,855	15,320,123	959,000
2004	72,839,362	14,959,144	1,114,000
2005	87,597,498	17,914,915	1,167,000
2006	94,061,671	19,301,951	1,300,000
2007	100,539,192	18,801,820	1,440,000

Figure 4.11 The Relationship between Sales and Advertising Expense

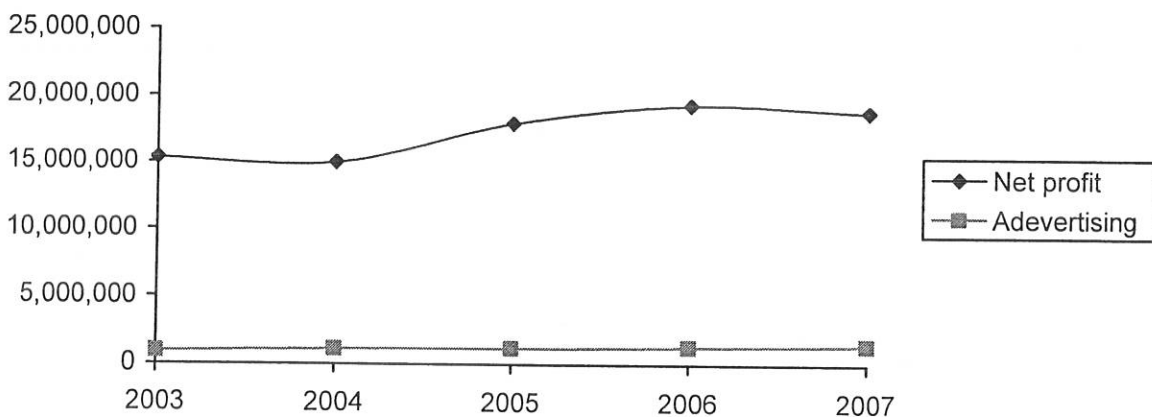


As it can be observed from the chart above, there is clear relationship between sales volume and amount of money spend for advertising purpose. Starting from 2003G.C, the advertising expense has been increasing as it can be noticed from the amount indicated in the table above the chart. In the same fashion, sales also have been increasing during the years under consideration, i.e. sales and advertising expenditure followed similar trends. In other words, sales is taken as a variable which depends on advertisement expenditure. But as indicted in the section that deals with factors that

initiate customers to buy lottery, sample respondents stated they buy lottery not only due to messages released through ads but also due salesperson approach, upon confronting with vendors unintentionally, to encourage handicapped vendors and the like. Hence, it cannot be concluded that sales follow the pattern of advertising though advertising influences sales to certain extent.

By designing and releasing effective advertising messages there is a room to increase sales. But relying only in advertising is not advisable as lottery is mainly sold through vendors. Therefore, in addition to working actively towards improving advertising campaign, the administration has also to provide at least orientation regarding how to sell the items to the vendors.

*Figure 4.12 The Relationship between Advertising Expense and Net profit*



From the chart depicted above one can visualize the relationship between advertising expense and net profit. The same explanation made above with regard to the relationship between sales and advertising expenditure holds true here also. Since it is found that the increase in advertising expense leads, though not the only factor, to increased sales it can be anticipated that there is a relationship between advertising expenditure and net profit. This reality is exhibited above and based on this knowledge the administration can manage its advertising expenditure according to the envisaged profit. Once again it is necessary to bear in mind that profitability cannot be increased



significantly merely depending on advertising, rather other factors like training vendors, opening lottery shops, and others mentioned above should be incorporated towards the effort to increase the sales and thereby profit of the administration. Though advertising expense had kept increasing from the year 2003-2007, the net profit did not take exactly the same trend. Rather net profit had exhibited some fluctuation during the periods. This clearly implies the existence of other factors that determine profit apart from advertising.

To sum up, as the chart portrays though there is a relationship between advertising expense and net profit, advertising should not be considered as the only factor that affects sales, rather besides advertising other factors mentioned above should be utilized intensively to achieve higher sales and hence profits.





## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Summary

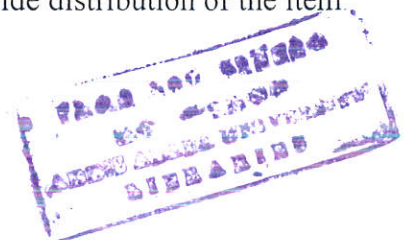
Important points derived from the analysis made in the forth chapter are described in this section. The lion shares of sample respondents have the experience of buying lottery though they do not undertake it regularly. Hence, lottery can be considered as a product most individuals are familiar with. It is bought by most customers occasionally without following specified time pattern; rather they buy it on spontaneous basis, i.e. they do not make any prior plan to its purchase which pinpoints the fact that lottery is viewed as an impulse good that is bought upon unintentionally coming across with it. Among the different types of lotteries the National Lottery Administration offers to the market, regular and instant lotteries are the two most frequently bought by the customers. In other words, these lotteries are the ones which have higher market demand mainly due to their relative lower price and allowing customers to have better chances of winning. Majority of the customers pointed out that they do not buy lottery frequently because they believe that the likelihood of wining is very less. Shortage of money is also another reason that hinders customers from buying lotteries. A significant number of respondents have indicated their keen inertest towards the introduction of new lottery types or modification of the existing ones so that they incorporate varieties of prizes. Some individuals view lottery as gambling with the government and are highly perplexed to see the government actively engaging in it in one hand and strictly prohibiting gambling among the public on the other hand. Some respondents hold the view that there is some sort of spam in the process of drawing the winning number, not withstanding the efforts the administration exerts to increase the awareness level of the public in light of this issue

through such activities as inviting famous individuals to monitor the draw process and then witness what they have observed to the public.

Nearly two third of the respondents consider the price the administration charges for varieties of the products to be reasonable which implies the strength of the administration in taking into account the purchasing power of customers during price setting. Bingo is found to be the most expensive lottery by those customers who claimed current lottery price to be expensive. Very large proportion of respondents demonstrated their willingness to buy lotteries more frequently either if the current price were reduced or if the prize amount is increased, keeping the current price constant. Some customers hold the belief that as far as a single lottery type is issued in huge number and sold through out the country; the administration ought to reduce the current price.

Nearly half of the respondents buy lottery being influenced by sales persons' approach while others reported to buy it being inspired by advertisement released through various means and other reasons like encouraging specially the handicapped vendors. The major means from which customers get information about the kinds of lotteries currently in the market, their prize and drawing date are TV, vendors and radio. Only small proportion of customers recall activities accomplished by the administration in its effort to mitigate some problems faced by the society and encouraging developmental activities and there by building its reputation. As per the opinion of some respondents, the salesperson skill of vendors is poor as they rely highly on traditional approaches like almost begging instead of applying the formal sales procedures. The manner in which lottery advertisement is presented and its repetition needs some modifications as large number of customers uncovered their uncomfortable experience in light of these issues.

A bit more than three fourth of the sample respondents asserted the fact that they have never faced unavailability of lottery when they intend to buy it which highlights the wide distribution of the item.



though there are customers who claimed they have encountered such inconvenience. More than half of the respondents exhibited their enthusiasm to buy lotteries from such places as supermarkets, kiosks and groceries besides buying it from vendors. Vendors sell lotteries only in places where many people are likely to be including cafes and main road sides instead of going to places inside main roads and to areas far from the central part of the city where large number of customers normally dwell and can be accessed.

The administration does not conduct well organized market research before the introduction of new lottery types to the market, rather new products are introduced based merely on the success of one lottery introduced previously. The concept of market segmentation, targeting and positioning is not employed currently, on contrary the whole market is approached using same approach without making efforts to provide customers with products tailored directly to their various needs which arise from the difference on the part of the customers in terms of their income, occupation, age, life style and the like.

All the promotional tools are employed by the administration in its endeavor to communicate with lottery customers with varying degree of emphasis placed on each of the elements. Personal selling is the most extensively used promotional tool as lottery is currently distributed only through vendors. Advertising budget is determined based on past experience with some adjustments made depending on the prevailing situation. There is no as such effective means utilized to measure the relative effectiveness of various promotional tools apart from attempting to measure it based on simple observation. Lottery is distributed through the administration's own branches and agents. The agents buy lotteries at 20% commission reduction and sell them to vendors who earn a 15% commission from each ticket sold.

Finally, the relationship between advertising expense, sales and net profit is noticed based on the analysis of secondary data collected for the years 2003-2007. There is dependency between advertisement expense and sales as these two variables seem to assume the same pattern, i.e. the increase in advertising expenditure during the years under consideration is accompanied by an increase in sales volume. It is realized that there is loose relationship between advertising expense and net profit as the increase in the former is not followed by increase in the latter. Profit during the years had shown a fluctuating trend as it can be observed from the data presented in secondary data analysis section.

## 5.2 Conclusions

Based on the analysis of data gathered through the techniques described in the methodology section of the paper, the following major conclusions among others are drawn:

- Most customers buy lottery occasionally without following any specific time pattern which implies the fact that lottery is not a basic item which must be bought on regular basis.
- Lottery can be considered as an impulse good which customers buy spontaneously upon coming across with it without making any prior purchase plan and exerting much effort in its search.
- Regular and instant lotteries have higher relative market demand among the different types of lotteries the administration offers to the market.
- The customers' view towards lottery as having less probability of getting the chance and shortage of money are the two main factors that impede people from buying lotteries frequently.
- There is keen interest on the part of customers to buy lotteries with more varieties of prizes like houses and sponsoring education fee locally and abroad among others. Introducing such products can greatly boost the sales of the administration as it enables to attract large number of customers to buy lottery.



- Reducing the current prices or increasing the amount of prizes, keeping the current price constant are two options that can be utilized to induce people to try the purchase of lottery.
- Customers get inspired to buy lottery mainly due to salespersons' approach, advertisement messages released through various means and due to reasons like encouraging handicapped vendors to engage in such activities.
- It is realized that customers face problems while buying lotteries from vendors. The major problems encountered by customers during lottery purchase are: some vendors are reluctant to show lottery manifestations when requested by customers, though they are expected to refund customers upon winning less than Birr 50, majority are not ready to provide the amount, instead they force customers to buy additional lotteries and hence to refund the remaining amount and even they try to cheat customers especially when requested to check if the ticket has any prize.
- Even though the administration has accomplished a number of activities targeted towards mitigating social problems stemming out of various factors and thereby building its goodwill among the general public, majority of the customers do not recall these activities which mandates communicating these issues aggressively in order to secure the desired results.
- Vendors exert unreserved effort in convincing customers to buy lotteries which are not normally intended by the customers. Moreover, they also share the risk the administration would incur if sales turnout to be very low than what is anticipated during the issuance of the tickets as the tickets on the hands of vendors at the draw date are not returned back; rather they are considered as already sold tickets.
- Releasing advertisement appeals in TV through those persons who have got the chance and inviting the same individuals to share their luckiness with the general public in radio and news papers is found to be the most important factor that greatly fascinate individuals to buy lottery.

- As vendors do not go to places inside the main roads and somewhat far from the central part of Addis, respondents reported to face difficulty of obtaining the items easily from their vicinity.
- Giveaways are extensively utilized by the administration as means of sales promotion. In light of this, individuals are provided with items like T-shirts, bags, capes, calendars and pens on which information about lottery is written.

### 5.3 Recommendations

Based on the major findings of the analysis section, the following recommendations are forwarded.

- ✦ Since lottery is regarded as an impulse good which is bought spontaneously, employing intensive distribution system in which the item is distributed through every available means like supermarkets, kiosks, groceries and the like need to be highly implemented to increase the likelihood of customers coming across with it and thereby increase the sales volume which in return allows to earn higher profit.
- ✦ The keen interest towards the introduction of new lottery types or modifications of the existing ones so that they incorporate varieties of prizes like ready made houses and sponsoring of educational fees locally as well as abroad on the part of customers ought to be exploited by the administration through the introduction of products with the desired features.
- ✦ The fact that some respondents hold the view that there is some sort of spam or cheating in the process of drawing the winning number notwithstanding the efforts the administration exerts to increase the awareness level of the public in light of this issue brings to light the importance of working hard so as to remove such wrong beliefs which could greatly affect the success of the administration from the minds of those individuals. Making the drawing process live can enormously contribute in removing such wrong beliefs.
- ✦ It is advisable to make revisions on both prices and prizes of some lotteries specifically that of bingo so as to increase their demand among the public like that of regular and instant lotteries.

To this end, either reducing the current price or increasing the amount of prize given the current price can be used as alternative means.

- ✚ As large proportion of customers buy lottery being influenced by sales persons' approach, provision of appropriate training and orientation concerning how to approach buyers, present the item, handle objections and the like to these vendors can highly facilitate the objective attainment of the administration. This also leads to have well trained sales force capable of communicating effectively and selling the item using formal approach without annoying customers in any aspect.
- ✚ In order to ease the difficulty some customers face in finding lotteries in places like inside the main roads and a bit far from the central part of Addis, the company should take measures like opening lottery shops around such places which in turn has the capacity of increasing sales as well as profits.
- ✚ Conducting well organized and monitored market research before the introduction of new lotteries can highly alleviate the low demand some lotteries experience after being introduced to the market. On top of this, lotteries tailored to the needs of different customers groups should be issued instead of trying to satisfy the needs of the customers through the provision of same product.
- ✚ The administration should aggressively utilize those persons who have got the chance in releasing advertisement appeals in TV and invite the same individuals to share their luckiness with the general public through radios and news papers. As these individuals have remarkable credibility among the public, they can initiate large number of people who listen to their speech to buy lottery hoping that they will enjoy the same benefit one day.
- ✚ Contributing to the alleviation of various problems faced by the general public like flood catastrophe and participating in different developmental activities through allowing various





regions to issue lotteries whose net income will be targeted towards the developmental activities being underway in those regions should be pursued more intensively and communicated to the public as such activities play critical roles in building reputation apart from mitigating the problems.

- ✚ Other promotional means including road shows, banners and exhibitions ought to be exploited by the administration in addition to the common techniques used frequently.
- ✚ It is crucial to design effective advertising appeals that can go far in inducing people to take action as some respondents found the repetition as well as content of lottery advertisements to be somewhat boring. If customers assume the appeals to be tiresome, they may stop paying their attention towards them which can highly reduce the benefits the administration should secure from budgets allocated with respect to advertisements.

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**HANNES**

## አዲስ አበባ ዩኒቨርሲቲ፡ የቢዝነስ እና ኢኮኖሚክስ ፋኩልቲ

በሎተሪ ደንቦች የሚሞላ መጠይቅ

ይህ መጠይቅ የተዘጋጀው በአዲስ አበባ ዩኒቨርሲቲ፣ የድህረ ምረቃ ተማሪ ሲሆን ዓላማውም የግብይት ክንውን (marketing practice) ለሎተሪ ሽያጭ የሚያበረክተውን አስተዋፅኦ በተመለከተ መረጃ ለማሰባሰብ ነው። የተሰበሰበውም መረጃ የኤም ቢኤ (MBA) የመመረቂያ ኘሮጀክት ለማዘጋጀት ዓላማ ይውላል። ስለዚህ የእርስዎ በእያንዳንዱ ክፍል ሥር ለቀረቡት ጥያቄዎች ትክክለኛ እና በእውነት ላይ የተመረከዘ መልስ መስጠት ለጥናቱ ስኬት የሚያበረክተውን ክፍተኛ እገዛ በመገንዘብ እንዲተባበሩኝ በታላቅ አክብሮት እጠይቃለሁ።

- የሚሰጡት መልስ ምሲጢራዊነቱ የተጠበቀ መሆኑን ከወዲሁ አረጋግጣለሁ።
- ውድ ጊዜዎን በመስዋት መጠይቆቹን ለመሙላት ፈቃደኛ ስለሆኑ ከልብ አመሰግናለሁ።

ለሚከተሉት ጥያቄዎች ከምርጫው ፊት ለፊት ባለው ሳኑን የ "✓" ምልክት በማድረግ ይመልሱ። በፃፍ መልክ ለቀረቡት ጥያቄዎች እባክዎትን ተገቢውን መልስ በክፍት ቦታዎች ላይ በማስረጃ ይምልሱ።

ክፍል አንድ፡- የደንቦች አጠቃላይ መረጃ

1. ያታ፡ ወንድ  ሴት
2. ሰድሜ፡ ከ15 ዓመት በታች   
                   ከ15-25 ዓመት   
                   ከ25-45 ዓመት   
                   ከ45 ዓመት በላይ
3. የትምህርት ደረጃ፡ ከ1ኛ-6ኛ ክፍል ያጠናቀቀ   
                                   ከ7ኛ-12ኛ ክፍል ያጠናቀቀ   
                                   ሰርተፍኬት   
                                   ዲግሪ   
                                   ዲግሪ   
                                   ማስተርስ እና ከዚያ በላይ



4. የሥራ ዓይነት : ምንም ስራ የሌለው
- በግል ስራ የሚተዳደር
- በመንግስት መ/ቤት ተቀጣሪ
- መንግስታዊ ባልሆነ መ/ቤት ተቀጣሪ
- ሌላ -----

**ክፍል ሁለት : ሎተሪን የሚመለከት መጠይቅ**

1. ሎተሪ ገዝተው ያውቃሉን? ሀ. አዎን  ለ. አላውቅም
2. ለጥያቄ ቁ.1 መልስዎ አዎን ከሆነ የሚገዙት መቼ መቼ ነው?  
 ሀ. በየቀኑ  ሐ. በየወሩ  ሠ ሌላ ካለ -----  
 ሰ. በየሳምንቱ  መ. አልፎ አልፎ
3. ሎተሪ የሚገዙት ሀ. በዕቅድ  ለ. እንደሁኔታው
4. የትኛውን የሎተሪ ዓይነት አዘውትረው ይገዛሉ?  
 ሀ. መደበኛ  ሐ. ቢንጎ   
 ሰ. ፈጣን  መ. ሎቶ  ሠ ሌላ ካለ-----
5. በገበያ ላይ በብዛት የለም ብለው የሚያስቡት የሎተሪ ዓይነት አለ?  
 ሀ. አዎን  ለ የለም
6. ከላይ ለተረበው ጥያቄ መልስዎ አዎን ከሆነ የትኛው የሎተሪ አይነት እንደሆነ ቢጠቅሱት -----
7. ሎተሪ እንዳይገዙ ያገደዎት ነገር ምንድነው?  
 ሀ. የገንዘብ አጥረት  ለ. አይደርሰኝም ብዬ ስለማሰብ  ሐ. ሌላ ካለ -----
8. ብዙ አይነት ሽልማቶችን ያካተቱ ሌሎች የሎተሪ ዓይነቶች ወደ ገበያ እንዲገቡ ይፈልጋሉ?  
 ሀ. አዎን  ለ. አልፈልግም
9. የሎተሪ አስተዳደሩ ቁጥራቸው በርካታ ለሆነ የሎተሪ አሟሪዎች የፈጠረውን የሥራ ዕድል እንዴት ያላቸደ?  
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10. ሎተሪን በተመለከተ ያለዎትን ጠቅላላ ያለ አስተያየት ቢሰጡ -----  
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ክፍል ሶስት : የሱቅ መስጫ ዋጋን የሚመለከት መጠይቅ

1. የሎተሪ አስተዳዳሪ የተለያዩ የሎተሪ ዓይነቶችን የሚሸጥበት ዋጋ ተመጣጣኝ ነው ብለው ያምናሉ?

ሀ. አዎን  ለ. አይደለም

2. ከላይ ለቀረበው ጥያቄ መልስዎ አዎን ከሆነ ከሚከተሉት የሎተሪ ዓይነቶች የትኛው ዋጋው ውድ ነው ይላሉ?

ሀ. መደበኛ  ለ. ፈጣን  ሐ. ቢንግ  መ. ሎቶ  ሠ. ሌላ -----

3. አሁን ያለው የሎተሪ ዋጋ ቢቀንስ ብዙ ሎተሪዎችን ይገዛሉ?

ሀ. አዎን  ለ. አልገዛም

4. የሎተሪ የሽልማት መጠን አሁን ካለው ቢጨምር ሎተሪዎችን አዘውትረው ይገዛሉን?

ሀ. አዎን  ለ. አልገዛም

5. የሎተሪ ዋጋን በተመለከተ ያለዎትን ጠቅላላ አስተያየት ቢሰጡ -----

ክፍል አራት: የሎተሪ ማስታወቂያን የሚመለከት መጠይቅ

1. ሎተሪ እንዲገዙ ያነሳሳዎት ነገር ምንድነው?

ሀ. የሎተሪ አሟሪው አቀራረብ  ሐ. ሌላ -----

ለ. በማስታወቂያ የተነገረው መልእክት

2. እገበያ ላይ ስላሉት የሎተሪ ዓይነቶች፣ ዋጋቸው እና የመውጫ ቀን የሰሙት በምን አማካይነት ነው?

ሀ. በቴሌቪዥን  ሐ. በተለያዩ ጋዜጦች  መ. ቢል ቦርድ

ለ. በሬዲዮ  ሠ. ሌላ -----

3. ከሎተሪ አሟሪዎች ሎተሪ ሲገዙ ችግር አጋጥመዎት ያውቃል?

ሀ. አዎን  ለ. አሳጋጠመኝም

4. ከላይ ለቀረበው ጥያቄ መልስዎ አዎን ከሆነ ያጋጠመዎትን ችግር እና ምክንያቱን በአጭሩ ቢዘረዝሩ -----

5. በሎተሪ አስተዳዳሪ የተሰሩ ጠቅላላ ስራዎችን የሚጠቅሙ ሥራዎችን ያስታውሳሉ?

ሀ. አዎን  ለ. አላስታውስም



6. በተራ ቁ.5 ለቀረበው ጥያቄ መልስዎ አዎን ከሆነ ሥራዎቹን ቢጠቅሱ -----

7. ሲገዙት ያላሰቡትን ሎተሪ በሎተሪ አዟሪው አቀራረብ ተሸንፈው ገዝተው ያውቃሉን ?

ሀ. አዎን  ለ. አላውቅም

8. ከላይ ለቀረበው ጥያቄ መልስዎ አዎን ከሆነ አዟሪው በምን በምን ሁኔታ ነው እንዲገዙ ያደረገዎት ? -----

9. በእርስዎ አስተያየት የሎተሪ ማስታወቂያ የሚነገርበት ሁኔታ

ሀ. እጅግ በጣም ጥሩ ነው  ሐ. ጥሩ ነው  ሠ. መጥፎ ነው

ለ. በጣም ጥሩ ነው  መ. ምንም አይልም

10. የሎተሪ ማስታወቂያ ድግግሞሽን እንዴት ያዩታል?

ሀ. በጣም ጥሩ ነው  ሐ. ምንም አይልም  ሠ. በጣም አሰልቼ ነው

ለ. ጥሩ ነው  መ. አሰልቼ ነው

11. የሎተሪ አዟሪዎች የሽያጭ ክህሎት

ሀ. እጅግ በጣም ጥሩ ነው  ሐ. ጥሩ ነው  ሠ. በጣም ደካማ ነው

ለ. በጣም ጥሩ  መ. ደካማ ነው

ክፍል አምስት:- የሎተሪ ስራዎችን የሚመለከት መጠይቅ

1. ሎተሪ መግዛት ፈልገው ባሉበት አካባቢ ያጡበት ሁኔታ አለ?

ሀ. አዎን  ለ. አጥቼ አላውቅም

2. ከላይ ለቀረበው ጥያቄ መልስዎ አዎን ከሆነ ስርጭቱን ለማስተካከል መደረግ አለበት የሚሉት ነገር ካለ -----

3. ሎተሪ ከሰጥር ማርኬቶችና ከግርሰሪዎች ልክ እንደ ሌሎች ዕቃዎች መግዛት ይፈልጋሉን? ሀ. አዎን  ለ. አልገዛም

4. በእርስዎ አስተያየት አሁን ያለው የሎተሪ ስርጭት

ሀ. በጣም በቂ ነው  ሐ. በቂ ነው  ሠ. በጣም በቂ አይደለም

ለ. በመጠኑ በቂ ነው  መ. በቂ አይደለም

5. የሎተሪ ስርጭትን ለማሻሻል መከናወን አለባቸው የሚሏቸውን ነገሮች ቢዘረዝሩ -----



**Addis Ababa University**  
**Faculty of Business and Economics**  
**MBA Program**

**Interview Questionnaires Designed to Marketing Officials in National Lottery Administration**

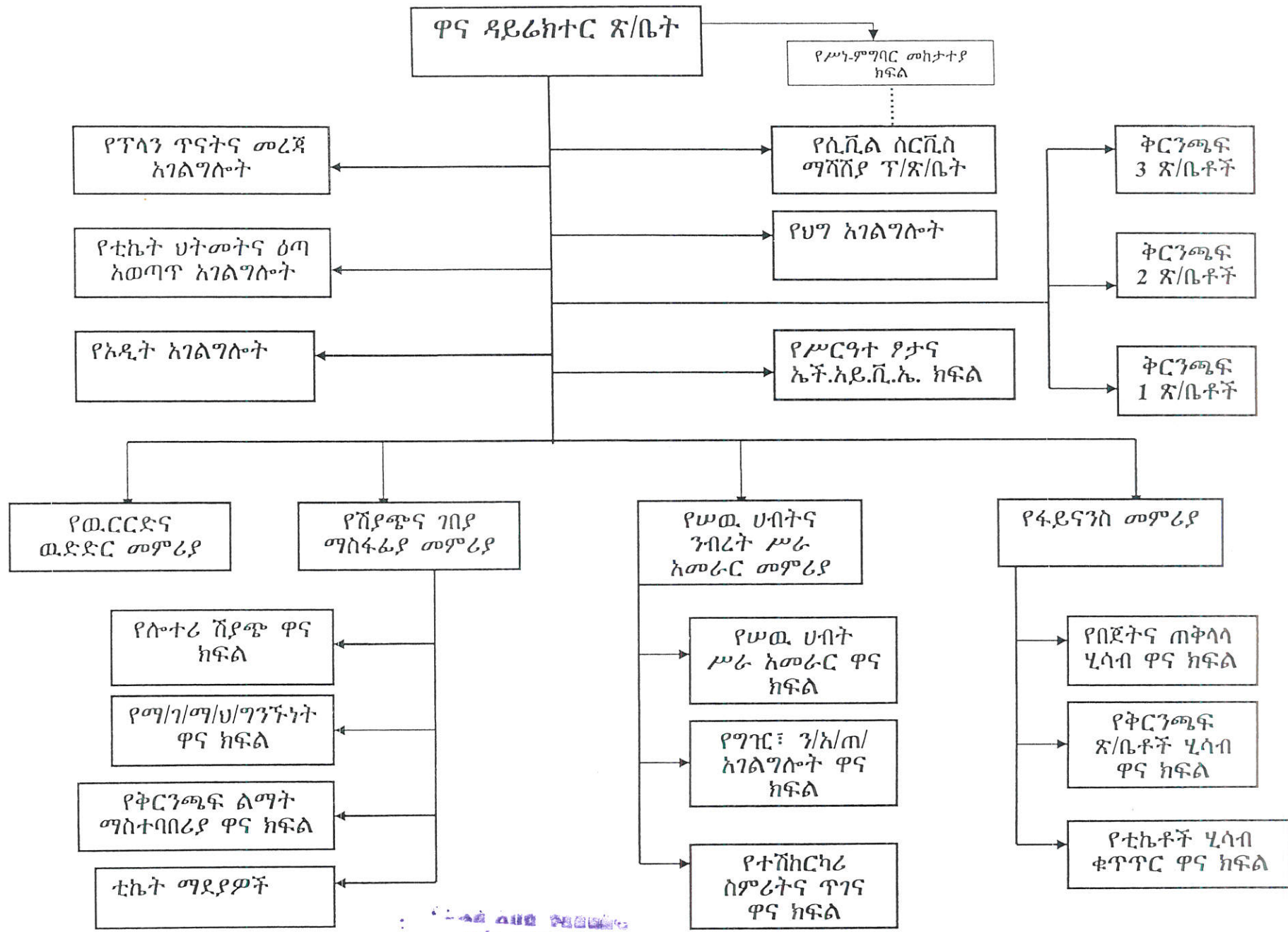
This questionnaire is designed by a post graduate student in order to collect data in relation to the practices of marketing and its effect on sales with respect to lottery. The data collection is meant for the preparation of MBA project in partial fulfillment of the requirements for the award of MBA Degree. Hence, for the realization of this project your unreserved cooperation in providing appropriate response to questions presented below is highly needed.

I would like to thank you in advance for providing answers for the questions by sacrificing your invaluable time.

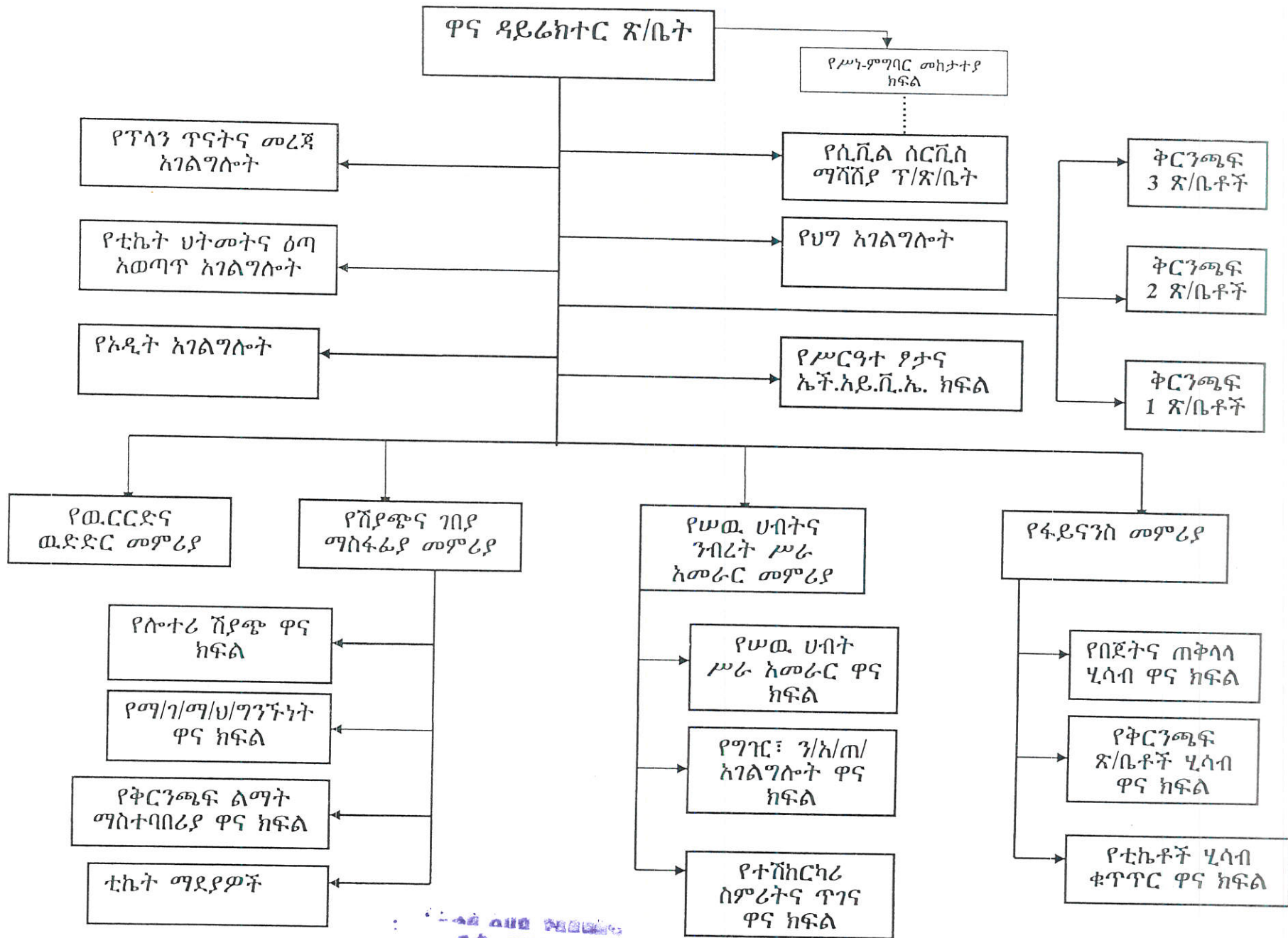
1. Does your organization undertake any market research/demand analysis before introducing a new type of lottery to the market?
2. If, no, what possible problems do you think are created due to not conducting market research/demand analysis before the introduction of new products?
3. How do you get the idea to introduce new lotteries or modify existing lotteries?
4. Where do you get printed the lotteries, is there any problem regarding printing the lotteries?
5. Is the concept of market segmentation used by the administration?
6. If, yes, on what basis do you segment the mass market in to distinct groups of customers?
7. Do you apply the concept of market targeting and positioning in your effort to sell the lotteries?
8. What factors are considered while determining prices of various types of lotteries offered to the market?
9. What major public relation activities are accomplished by the administration so far?
10. What promotional tools are being used by the administration so as to communicate with its target customers?
11. Which promotional tool is more effective, why?
12. How do you measure the effectiveness of your promotion campaign?
13. What distribution channel is employed by the administration in order to avail its lotteries in different parts of the country?
14. What major problems are encountered in relation to the ways the lotteries are distributed?

15. What additional means of distribution the company intends to employ in its effort to avail lotteries in different areas?
16. How does your company decide on the amount of budget allocated to conduct its promotional campaign?
17. Which type of lottery has more market demand, what are the possible reasons?
18. Do you have any mechanism that is used to measure the effectiveness of different types of promotional tools?
19. what activities are undertaken by the administration to enable target audiences have clear view about the ways of selecting winners, as some people have wrong perception towards it?
20. Is there any occasion where the administration failed to secure the amount of sales it planned to secure, what are the possible reasons?
21. Did you devise any technique so as to overcome such problems of low sales volume?
22. Is there any mechanism of providing the general public information about how the administration spends what it collects from the sales of lotteries so as to motivate customers to purchase lotteries?
23. Do you want to add any thing more?





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# DECLARATION

I, the undersigned, declare that this project work is my own work and has never been presented in any other universities and research institutions. All sources of materials used for this paper are duly acknowledged.

## Declared by

Name Mariam Degaga  
Signature [Signature]  
Date 25/07/08

## Confirmed by Advisor

Name Saleha Anteneh (on)  
Signature [Signature]  
Date 28/07/08



Date and Place of Submission:

June, 2008

Addis Ababa, Ethiopia