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EFFECT OF MARKETING MIX ON CUSTOMER'S BRAND PREFERENCE: (A CASE OF ST. GEORGE BREWERY)

*Thesis Submitted to Addis Ababa University, School of Commerce
in Partial Fulfillment of the Requirements for the Degree of Master
in Marketing Management*

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The Effects of Marketing Mix on Customer's Brand Preference:

The Case of St, George Beer

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DECLARATION

I hereby declare that this research entitled "The effect of marketing mix on customer's brand preference" is my original work, prepared under the guidance of Mulugeta G/Medhin (PhD). All sources of materials used for this research have been duly acknowledged, the researcher further confirm that the research has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Name: - Birhanu Beyene Sig.: _____ Date: _____

CERTIFICATE

This is to certify that Birhanu Beyene has carried out his research work entitled “The effect of marketing mix on customer's brand preference: in case of St. George Beer” in partial fulfillment of the requirement for the Award of Master Degree in Marketing Management at Addis Ababa University School of Commerce.

Mulugeta G/Medhin (PhD)

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Abstract

This study was conducted with an objective of identifying marketing mix on brand preference in the case of St. George brewery. *It conceptualized and developed four dimensions of marketing mix: product quality, price, promotion, distribution and branding and tests the relationships between marketing mix, branding and brand preference. This study used both descriptive and explanatory research designs. Convenience sampling methods were used. Data were collected from primary sources through questionnaire and semi-structured interviews and analyzed through both descriptive and explanatory methods. The descriptive analysis was conducted by using mean and standard deviation. On the other hand, explanatory analysis was conducted by using Pearson correlation method and linear regression method. The result indicated that marketing mix has significant positive effect on brand preference for the product. Product quality, promotion and distribution have significant positive effect on brand preference at significance level of 0.01. Product quality has the highest effect and followed by promotion. But effects of pricing and branding have no statistically significant effect on brand preference. Based on the findings the researcher recommends that management of the company has to improve market mix of the company specifically product quality, promotion and distribution.*

Keyword: Market mix, brand preference, product quality, price, promotion, distribution and branding

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

According to Rosebloom (2013), marketing mix is a business tool used by the management of organizations which enable them to remain in the global competitive environment. Marketing mix refers to the seven major areas of decision making in the marketing process that is blended and mixed to obtain the results desired by the organization to satisfy the needs and wants of customers. It is the set of controllable, tactical marketing tools of product, price, place, promotion, process, people and physical evidence which are the variables that marketing managers can control in order to best satisfy customers' needs. Kotler and Armstrong (1997) argue that the traditional marketing mix has been defined as a set of controllable instruments to control the uncontrollable and dynamic marketing environment and consists of four major elements ("Ps"): Product, Price, Place and Promotion. The modern marketing mix that is particularly relevant in service industry, but is also relevant to any form of business where meeting the needs of customers is given priority.

According to Kotler's definition (1994) states that a product is anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. Therefore, while developing a service product it is important that the package of benefits in the service offer must have a customer's perspective. The product quality has to consistent with other elements of the marketing mix. A premium based pricing strategy has to reflect the quality a product offers. Product features are also essential in product decisions in that they increase the benefits offered to the target market.

Of the "P's" of marketing, pricing holds a unique attribution to a seller's profitability. Not only have companies been striving to seek effective pricing strategies, but also researchers have been investigating buyers' reactions to sellers' pricing strategies

including their perceptions of price fairness (Herrmann, Xia, Monroe, & Huber, 2007). Perceived price fairness is consumer's subjective assessment of whether the difference between a seller's price and the price of a comparative other party is reasonable, acceptable, or justifiable (Bolton et al., 2003; Xia et al., 2004).

Place is concerned with how an organization will distribute the product or service they are offering to the end user. The organization must distribute the product to the user at the right place at the right time. Efficient and effective distribution is important if the organization is to meet its overall marketing objectives. Any disagreement between marketing channel members on goals and roles may create channel conflict, which eventually could hamper overall reputation of the specific brand (Kotler, 2006).

Promotion deals with telling the target market or others in the channel of distribution about the right product (Perreault & McCarthy, 2002). It is not enough for a business to have good products sold at attractive prices. To generate sales and profits, the benefits of products have to be communicated to customers. In marketing, this is known as promotion mix. Promotion keeps the product in the minds of the customer and helps stimulate demand for the product. Promotion involves ongoing advertising and publicity, sales promotion, direct mail, public relations, and personal selling. A promotion that provides incentives to try a new flavor or new use will be more effective if the brand is familiar and there is no need to combat a consumer skeptical of brand reputation (Pringle & Thompson 1999). The above standard 4P model is used for this paper to determine the effects of marketing mix on customer's brand preference.

Brand preference of an established brand is normally determined by the perception of the brand consumers. Brand preference is an important tool for associating a brand and influencing customers in making purchases of product brand of particular types from the firms. Brand preference in itself is a marketing strategy and can be created and maintained for the benefit of an organization (Rahmani, et al., 2012). The consumers need to have a trust in their preferred brands for continued offering of the desired benefits. According to Browne (1998), if companies fail to ensure a trustworthy, stable brand reputation, the brand's growth and market share will be affected.

Branding is becoming the essential part and parcel of modern business companies. Increased revenue, increased number of customers and loyalty are indicators of growth for most organizations in the competitive market (Mccarthy & Perreault, 2011). Thus a brand reputation is the image of superior quality and added value, which justify a premium price. A reputable brand is a strong asset, which benefits from a high degree of loyalty and stability for future sales (Kotler, 2012). Ultimate goals of highly reputed brands should be to strengthen their image. Low selling brands with low reputation should focus on tailoring their marketing mix and fixing the overall image problem. Mccarthy and Perreault, (2011) a preferred brand builds an organization to establish itself in the market and earn an edge in the competition. In a global market where there are a variety of brands from many producers and firms with similar functionalities, establishing a distinguished product has enabled the firms differentiate themselves in terms of brands of value and quality to consumers. Building strong brand enables firms to lower their marketing cost and to charge fair price (Kirmani and Wright, 2011).

This study has examined the effect of marketing mix elements on customers brand preference in St. George Beer. St. George Beer was first established in 1915 E.C. by a German Company and owned by Mussie Dawit who was Belgian who later sold it to a German company and after six years later an Ethiopian company took over it. St. George Beer continued to grow in the early 1970's the brewery was in good shape in terms of its machineries, physical buildings, vehicles, marketing network, etc. In 1974 the brewery was nationalized. Even though this created some obstacles the brewery pulled through with some improvements particularly with regard to manpower development and betterment in workers engagement. On the other hand the brewery was lacking the finance it needed to introduce new technologies that came in the 1970's (BGI, 2018).

Currently there are a number of beer brands that operating in the country. Wining the brand preference competition by making a brand preferred over other brands in such market is presumed to be difficult and costs a lot of hard work. According to Keller (2003) stronger brands would help in creating effective marketing programs that could go beyond consumer expectations. The researcher speculates that the marketing mix

elements implemented by the St. George Brewery can have a significant effect on the customers brand preference. Based on the literature reviewed the researcher investigated the effect of marketing mix elements of St. George Brewery such as marketing decisions like promotion, pricing, product qualities and place where the products the brewery were investigated in relation to their effect on customers brand preference.

1.2 Statement of the Problem

To increase their sales performance business organizations use different strategies by retaining existing customers and recruiting new customers. To make the products of companies more preferable in the competitive environment, marketing strategies become focus of company managers and researchers. In recent years there has been increased focus on the relationship between organizations' marketing mix and their brand preferences.

Prior theorists have generally suggested positive relationship between pricing, distributions, promotion, product quality and branding and customers brand preference. For instance; according to Rosebloom (2013), in complex and dynamic place, it becomes hard to build, formulate and adopt appropriate combination of promotional activities. Consumers almost always method the marketplace with a well-established set of tastes and preferences. To win the brand preference competition by making a brand preferred over other brands in an established category or subcategory is tough and expensive. A stronger brand would always have a better understanding of needs, wants, and preferences of consumers than the brands that are not competitive. Thus stronger brands would help in creating effective marketing programs that could go beyond consumer expectations. A consumer during his lifetime undergoes a series of ever changing circumstances and situations. As a result brand preference of the customer shifts with the changing needs. The brand attributes or features must fit to consumers' need to maintain an ongoing permanent relationship with the brand.

Different empirical studies such as Kim & Hyum (2010) Azadi (2010) Houston (2008) Cengiz & Yayla, (2007) have identified positive effect of marketing mix on preference for the brand. On the other hand, some contemporary studies also found that there is no

relationship between marketing mix variables and customers brand preference. These studies include; Bagwell (2007) studied the effects of promotion on brand preference and concluded that promotion has no significant effect on customers' preference of a particular product. Such empirical evidence provides little support for the view that marketing mix has a long-lasting impact on brand preferences. This suggests that results of effect of marketing mix on brand preference are inconclusive. Thus due to this theoretical and empirical research gaps the current study has contributed to the reconciliation of this opposing view of theory and research findings on the effect of marketing mix on brand preference.

As the preliminary study conducted by the researcher from the practical perspective of St. George Brewery, marketing mix has been considered as a vital part of their marketing strategy. Currently there are many brewery brands that are dominating the beer market in Ethiopia. Rosebloom (2013) stated that marketing mix is very important in the competitive industry. Thus, it is important to study the effect of pricing, distribution, promotion, and product quality of St. George Brewery on customers' brand preference.

In addition to the above discussed gaps, it is clear that the variable under investigation (marketing mix) is an important factor on customers brand preference. Besides, there are no sufficient published researches on the area to the knowledge of the student researcher. Thus the major purpose of this study is therefore to fill the theoretical, empirical and practical gaps. Understanding of consumer beer brand preference and what constitute beer brand preference will help breweries in maintaining their current customers and attract new once. For the past many years, St. George Brewery has not made a research to show the customer brand preference based on their marketing mix strategies. So this study helps to fill the gap related to the customer brand preference with regard to the product quality, the price charged, the promotion and the distribution utilized by St. George Brewery.

Hence this study was conducted with an objective of identifying effect of market mix on brand preference in the case of customers of St. George brewery.

1.3 Research Questions

After the end this study, the researcher has tried to answer the following research questions using the research methodology selected. These questions are;

1. To what extent does pricing affect customers' preferences of St. George Brewery?
2. How does distribution affect customers' preference of St. George Brewery?
3. How does promotion affect customers' preference of St. George Brewery?
4. How does product quality affect customers' preference of St. George Brewery?
5. How does branding affect customers' preference of St. George Brewery?

1.4 Objective of the Study

1.4.1 General Objective

The general objective of the study was to assess the effect of marketing mix on customer brand preferences of St. George Brewery.

1.4.2 Specific Objectives

The student researcher has tried to achieve the following specific objectives:

1. To determine the effect of pricing strategy on customer brand preference of St. George Brewery.
2. To identify the effect of distribution on customers brand preference of St. George Brewery.
3. To examine the influence of promotion on customers brand preference of St. George Brewery.
4. To analyze the effect of product quality on customers brand preference of St. George Brewery.
5. To examine the effect of branding on customers brand preference of St. George Brewery.

1.5 Research Hypothesis

Based on the previous studies the researcher developed the following hypotheses.

H1: Product quality has significant positive effect on affect customers' brand preferences.

H2: Pricing has significant negative effect on affect customers' brand preferences.

H3: Distribution has significant positive effect on affect customers' brand preferences.

H4: Promotion has significant positive effect on affect customers' brand preferences.

H5: Branding has significant positive effect on affect customers' brand preferences.

1.6 Significance of the Study

Under taking this kind of study is very vital for different beneficiaries. The beneficiary of this study can be useful to the study company itself, to apply the outcome of the study to its effectiveness. This study will contribute to the body of knowledge with current information on the effect of marketing mix on customers brand preference, for both marketing students and instructors.

It can also serves as a reference for the one who are undertaking the same topic or related fields. This study is also significant to others who want to further research studies in the future.

1.7 Scope of the Study

The study is delimited to identify the effect of marketing mix elements on consumers brand preference of St. George Beer Factory. The company has many customers across the country reaching most of them is difficult, due to this reason the study is delimited on the customers located in Addis Ababa.

Conceptually, the study is delimited to study the four marketing mix elements namely price, promotion, place and product to investigate their effect on customer brand preference in St. George Beer Factory and the study did not include other factors which may have an effect on customer brand preference.

This study scope is limited to consumers who uses beer in Hotel, Bar & restaurant, and Groceries due to it is hard to define consumers who uses beer in their home,

1.8 Limitation of the study

The lack of written documentation, relating to Ethiopian breweries market and list of consumers served was as a shortcoming in this research study. Limiting the searches to the internet because breweries consider the information of their customers and market strategies as secret data and cannot be revealed. The research did not include consumers who bring and drink beer in their homes. Consumers who use beer in their home might see different benefits from the brand and prefer their brand over alternatives, based on their judgment on these benefits.

1.9 Organization of the Study

The thesis is organized into five chapters which are sub-divided into small sections. The first chapter discusses the introduction, background of the study, statement of the problem, research question, objective, significance of the study, scope, and limitation of the study. The second chapter presents the theoretical backgrounds, empirical analysis and conceptual framework of the study. The third chapter presents the study design and methods used in the study. This chapter encompasses discussion on type and source of data, sampling design, data collection instruments and procedure and data analysis methods. And the fourth chapter analyzes the data collected through questionnaires and presents the findings. The final chapter (fifth chapter) consists of the summary of findings, conclusion and recommendation.

CHAPRER TWO

RELATED LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Overview of Marketing Mix

According to Singh (2012), marketing is a complex range of marketing mix solution variables used in the company seeking to sell their goods and services. It means the product, distribution, promotion and pricing strategies to produce and carry out exchanges and achieve the target markets.

According to McCarthy (1964) offered the “marketing mix”, often referred to as the “4Ps”, as a means of translating marketing planning into practice. Marketing mix is not a scientific theory, but merely a conceptual framework that identifies the principal decision making managers make in configuring their offerings to suit consumers’ needs. The tools can be used to develop both long-term strategies and short-term tactical programs. Riaz (2011) also define marketing mix as set of controllable marketing tools that a company uses to create a desired response in the targeted market. Set of these tools is generally referred to as 4P’s of Marketing, being Product, Price, Promotion and Place.

Singh (2012) also defined marketing mix as the combination of different marketing decision variables being used by the firm to market its goods and services. After identifying the market and gathering the basic information about it, the next step is the direction of market programming, is to decide upon the instruments and the strategy to meet the needs of the customers and the challenge of the competitors. It offers an optimum combination of all marketing ingredients so that companies can realize goals for example profit, sales volume, market share, return on investment etc. The marketing mix is grouped under four elements i.e., Product, Price, Place, Promotion.

Combining a number or all of these elements will be more effective than depending on one (Kotler, 2001). The marketing mix is considered the center of a marketing strategy. Elements of the mix must be compatible and be applicable to the target market.

These main marketing mix elements that work in isolation are supplemented by scientific literature and some authors with these additional elements: people, process, and physical evidence. In scientific literature this addition to the complex is called 7P marketing complex. The planning of marketing activities can be used in all the marketing mix elements.

2.1.1.1 Product

Product is defined as a physical product or service to the consumer for which he is willing to pay. It includes half of the material goods, such as furniture, clothing and grocery items and intangible products, such as services, which users buy (Singh, 2012).

Product is either a tangible good or an intangible service. It is what businesses offer to their prospective customers. Products consist of the core product and the added supplements that reinforce its value (Zikmund & d'Amico 2001, 9). A product can be a reward for those willing to pay for it.

Dang (2015) emphasizes that the product is the first and one of the key marketing elements. Author cit. Kotler and Armstrong emphasizes that the product: "is what can be offered to the market, to get attention, to be the acquisition of used or used, and can satisfy the wants or needs." In fact, it was observed that in most cases the literature is dominated by a narrow "product" concept of perception, so in order to better understand the nature of the product.

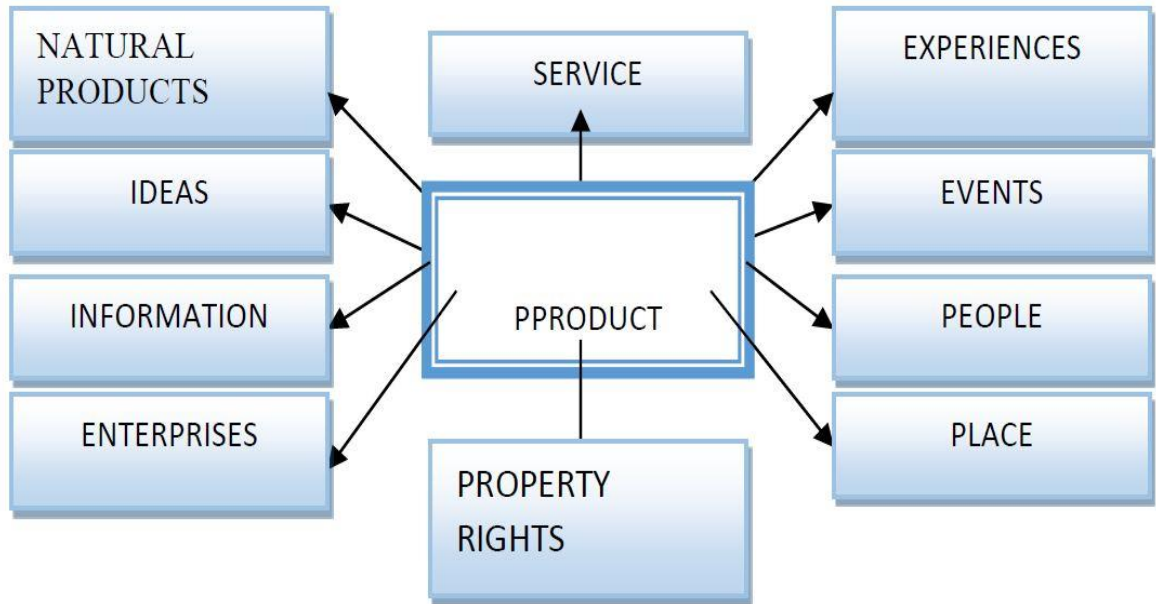


Figure 2.1 Product wider perception (Singh, 2012)

Therefore, based on the above figure, the product concept is very broad and includes not only natural products and services, but also the experience, people, places, property rights, businesses or organizations, information and ideas.

According to Uzniene (2011) product life cycle is divided into these product life cycle or phases;

- **Product development** which begins when a business finds a new product idea and begins to implement it, the sales revenue of which in the course of its development is zero, and investment costs are high;
- **Placing on the market**, the sales revenue begins to rise slowly, but it lacks profitability, because the product marketing costs are still high;
- **Growth**, during this period the market is encouraged by the product and the profits start to rise;
- **Maturity**, in this period, sales revenue growth decreases, because the majority of potential buyers choose alternative products or due to the increasing marketing expenses in order to protect the product from its competitors;
- **Decline**, the stage when sales revenues and profits begin to decrease.

On the other hand, in order to further expand the product awareness, Thrush (2011) proposes to assess these three points of view: customer Satisfaction method, the materiality of importance in terms of the process and outcome perspective.

Thus, the real benefits - the main reason why a consumer buys a product, which shows the basic benefits of the product to the consumer. The main product - this is the minimum characteristics of the product, which requires that the user can receive substantial benefits. The expected product includes the following features of the product, which the user expects to get out of it, and this covers the user's expectations. A supplemented by product - this is a product that surpasses the expectations of the average user, and can be supplemented with new properties or the improved existing ones. It depends on many factors: the chosen marketing strategy targeted segment features competing product characteristics, product technical feasibility, the available amount of resources, etc. The potential of the product can transcend not only the smallest but also the largest expectations of a contemporary user and have properties, which may surprise the user (Thrush, 2011).

Uznie (2011) classified product as; consumer product which includes (toothpaste, bread, newspapers, clothes, household appliances, etc. The product they purchase for their personal use and these products are still divided into minimum, valuable, exclusive and unmarketable (not intended to search): necessary product which is a product that the consumer buys frequently and almost immediately without comparing it to other products of the same type; valuable product which is more consumer-oriented product, which the consumer usually compares to others, considers its suitability, the quality, price and style; exclusive product which is consumer product that has unique characteristics or is distinguished by its brand, which is bought by a large group of customers; and lastly transgressed (not intended to search) the product (blood donation, life insurance) - Consumer is a product which a user does not know, and if he knows he has no intention to buy it.

Meanwhile, the product range covers all goods family, class types, brands and units, which the seller offers to the buyer. The range is the company's goods group/whole offered to the consumer, which are similar not only in their features, but are also grouped

according to certain characteristics, and focused on the users' needs. Where the range width of products offered number of groups, and shows the depth of one product group in the number of goods. The range can be characterized on the basis of not only the depth (deep range), width, but also alignment and saturation.

Based on Singh (2016) the product is associated with the service. The same services as compared to the product have different characteristics, namely:

- I) **Intangibility** - intangible traits, which have many items, but the service can be considered as a product only when this feature is dominated by the tactile qualities. As such, the result - in addition to visual expression can customer awareness;
- II) **Non-accumulation** - in which many services are projected at the same time as granted and must not be prepared in advance and stored. This raises labor allocation problems, such as seasonality;
- III) **Non-severability** - since services production and consumption are closely related, so they cannot be separated and have no severed features. As such, it cannot tell the customer where there is none;
- IV) **Heterogeneity** - this is when the service is nothing other than the service provider and the recipient interaction, which may be granted not to every user similarly, for example, a television program about the increased taxes can be understood by each individual and focused on the perception about heavier tax burdens on others that helps assess the country's budget collection.

Product quality is an important determinant for the customers for choosing a brand that helps in the development of brand reputation. Quality belongs to the product perspective of a brand's identity whereas perceived quality is how a brand's quality is seen by the consumers. A higher price is a sign of high quality to the consumers. Perceived quality is a source of consumer satisfaction it makes them to repurchase the product, which leads to loyalty (Uggla, 2001). Product quality allows a firm put itself distinctively in the market and charge higher price to consumer. High price for branded products are justified by consumer quality assumptions that come with the brand name . In addition it gives a competitive advantage with leads to gain in profit margin and market share. Branded

products are further expected to show evidence of higher quality compared to non-branded products, and premium brands should display even greater levels of quality (Woodside, 2009). It is because branded products represent a set of promises to consumer (Keller, 1993)

Product quality affects purchase because perceived quality creates personal shopping value and encourages a regular purchase of the brand (Snoj, 2004). Higher product qualities not only enhance utilitarian value but also reward the consumer emotionally by providing more gratifying experience (Babin, 2004).

To sum up, the product concept is very broad and includes not only natural products and services, but also the experience, people, places, property rights, businesses or organizations, information and ideas. Perception through the user needs of the method includes 5 product levels: the real benefits, the main product, expected product, added to the product, the potential of the product. Furthermore, the products are classified according to the objects of consumption products, which is still divided into minimum, valuable, exclusive and unmarketable (not intended to search).

2.1.1.2 Pricing

Price is one of the most important marketing mix items and many scientists consider the price as one of the most important elements of the market, which increases not only profits, but also market share. However, the price is not only one of the key factors in a competitive situation, which directly affects the company's sales and profitability indicators, but also one of the most flexible marketing mix elements, which can quickly adapt to environmental changes. Therefore, it is the price that perceived as the only element of the marketing mix, generating revenue and the most important customer satisfaction and loyalty factor (Owomoyela et al, 2013).

price is a quality index and products must be analyzed in terms of the advantages they offer (Khazaei Pool & Baloe Jam Khaneh, 2011). In consumable markets, price is an external indication of product quality and high-price brands are considered as high-quality brands (Kim & Hyun, 2011). On the other hand, since the quality of a product is a norm and can be easily proved, higher price may have negative effect on brand loyalty;

because it may lack the indication of higher quality and it just highlights the more money that must be paid (Cretu & Brodie, 2007).

In determining the price of a product, a company or marketing manager needs to consider not only the costs it takes to produce the item, but also the customer's perception on the value of the product (Hanna and Dodge, 1995).

In economics, Adam Smith gives the notion of price as “value in exchange”. Moreover, price is determined by the intersection of supply and demand in the market, or the so called market mechanism (Stiglitz & Walsh, 2006). While from a marketing perspective, price is defined as “The amount of money charged for a product or service, or the sum of the values that consumers exchange for the benefits of having or using the product or service” (Kotler and Armstrong, 2004).

With respect to prices, as one of the marketing mix elements observed in the scientific literature, there are different rates of conceptions and interpretations of the definition, for example: Kotler and Armstrong, the price is defined as the amount of money to pay for a product or service, or the value of the exchange help customers receive a product or service for a certain amount. "Thus, the direct cost of the period is the amount of money the buyer has to pay for the product or service that is likely to buy it.

The price is the amount that the consumer must pay, that would involve exchanges, so the price of the product depends on the different elements of change. The price is the only marketing element, on which income and all other elements are related to the cost. Thus, price is one of the factors affecting the consumer, because it helps him to understand the value of the product. Also, the price can be specified as an actual or valuable, giving value, and the price of companies to identify their products or services in the role as the regulation of its marketability (Owomoyela et al, 2013).

Consumers perceive that a higher price can be attributed to the higher cost of quality control. Some consumers are highly price sensitive (elastic demand), whereby a high prices may shift consumers to competitive brands (Mowen & Minor, 1998). Therefore price can have a positive or negative influence on customers. Price influences the brand choice in two ways: (1) Seek the lowest price to avoid financial risk or (2) Seeks the higher price to gain product quality (Macdonald & Sharp, 2000). For some consumers,

the price is vital particularly when they are purchasing everyday products. Some consumer may choose a brand just because it has the lowest price, while other consumers may choose a brand just because it has the highest perceived price inferring that it is of high quality. consumers are willing to pay higher prices for brands that they perceive to have high value (Erdem & Swait, 1998) as the brand reflects the product/service quality. As a result, it could be concluded that the price of the brand represents a source of information about the product/service; hence, it affects and simplifies the consumer's brand selection process (Teas & Grapentine, 1996)

According to Jean F, (2004) if the price is too high, and the market is competitive, sales may be correspondingly reduced. Indeed many economists would see price as the main determinants of sales volume. "On the other hand, many of the most sophisticated marketers have found ways to reduce the impact of price (Kurtz and Boone, 2007:87).

Singh (2016) highlights that a very important factor in determining prices is influenced by the cost of the product, marketing strategy and costs associated with the distribution, advertising costs or price changes in the nature of the market. Pricing is dependent on volume of marketed production, so there is always an inverse relationship: the higher the price, the sales decline. Therefore, setting your product price can be complicated and it is therefore possible to use the following measures:

- ❖ **Cost-plus** - are accompanied by a standard percentage of profits to the future costs to manufacture the product, e.g., the evaluation of the fixed and variable costs;
- ❖ **Value basis** - some are based on the buyer's perception of value (rather than its cost). Here, the buyer's perception depends on all aspects of the product, including the price of factors such as the quality of the image and prestige;
- ❖ **The competition** - which relies on other companies competing products prices. Here, the company's prices compare the prices of their competitors and thus can directly monitor their competitors and price response to changes occurring in the market. Because otherwise, customers can select other vendors on the basis of proposals submitted;

- ❖ **Input Size** - When entering a market is established a joint product price. Then, most companies have to cut down or too not to increase prices in order to keep control of the market;
- ❖ **Discount** - which is based on advertising, helps reduce prices and thus can attract new customers and expand the market share;
- ❖ **Unprofitable guide** - which is based on the assumption that the sale takes place at a price lower than the cost of production in order to attract customers to the store to buy other products;
- ❖ **Psychological** - which has an impact on consumer behavior, such as a price that looks better: 4.99 \$ per pound instead of \$ 5.00 per pound.

In conclusion, it can be said that the price is one of the factors affecting the consumer, because it helps him to understand the value of the product. Therefore, the cost should include the following in terms of money that will give value for the consumer willing to pay. Price is the only element of the marketing for the income and all other elements are related to the cost. Its level depends on the volume of marketed production, so there is always an inverse relationship: the higher the price, the sales decline.

2.1.1.3 Distribution

Another very important element of marketing is a place that is also called the distribution, which is defined as the process and methods by which products or services reach customers (Martin, 2014). It is one of the four marketing mix elements. It can be described as a set of interdependent organizations involved in the process of making a product or service available for consumption (Anderson and Vince, 2004:7). As Engle, (2009, pp.: 189) states that the marketer must choose distributors that reach its customers most effectively and other intermediaries that add value to the distributive process. Consistency of supply and availability at convenient locations are vital for brand reputation. Any disagreement between marketing channel members on goals and roles may create channel conflict which eventually could hamper overall reputation of the specific brand (Kotler, 2006).

According to Kibera & Waruingi (1988). determining the intensity of the distribution i.e. how wholesalers may and how any retailers will be recruited, is key with the options of

intensive, selective and exclusive distributions being available. Managing the whole system (i.e. the supply chain) according to the attractor pattern can enable efficiencies to be achieved. If each element of the chain tries to optimize its own performance, there is a likelihood that minor ordering differences or disturbances can be amplified up the chain, resulting in large, unpredictable disturbances at, for example, the manufacturer level (Forrester, in Stacey, 1996).

Uznie (2011) states that “distribution of the companies' products in the dissemination of measures to ensure the identification and implementation. Distribution - that helps customers and users to find and keep purchase those products from those manufacturers providers with them at the time of need.”

Ibid (2011) argues that marketing distribution function is twofold:

- ❖ Distribution perceived as a marketing channel, whose purpose - to make the service become not only more accessible but also easier accessible to a friendly user;

Physical distribution, which is attributed to local conditions, technical feasibility, transportation and other conditions, depending on the nature of the service. Physical distribution involves planning, implementing, and controlling the physical flows of materials and final goods from points of origin to points of use to meet customer needs at a profit (Engle, 2009: pp. 196).

The starting point for designing the physical distribution system is to study what customers want and what competitors are offering.

There are a number of decisions that should be undertaken by the marketing executives of an organizations concerning physical distribution that affect customer satisfaction. They are described by Palmer (2000) as follows:

Order processing

Physical distribution begins with a customer order. The order department prepares multi copy invoice and dispatches them to various departments. Items out of stock are back ordered. Shipped items are accompanied by shipping and billing documents with copies going to various departments.

Ware Housing

It involves the physical facilities used primarily for storage of goods held in anticipation of sales and transfers within a distribution channel. Every company has to store its goods while they wait to be sold. A storage function is necessary because production and consumption cycles rarely match. The company must decide on a desirable number of stocking locations.

Inventory

Inventory level represents another physical-distribution decision affecting customer satisfaction.

Marketers would like their companies to carry enough stock to fill all customer orders immediately. The intent of inventory management is to provide a continuous flow of goods and to match the quantity of goods in inventory as closely as possible with sales demand.

Transportation

Marketers need to take an interest in their company's transportation decisions. The choice of transportation carrier will affect the pricing of the products, on-time delivery performance and the conditions of the goods when they arrive all of which affect customer satisfaction (Palmer, 2000:405-410).

The analysis of the scientific literature revealed that there are different ways by which companies can choose to provide products and services to customers. Among them are usually assigned two typical distribution channels, the direct and indirect marketing channels (Dang, 2015).

Thus, this channel directly from the producer provides a product or service to the consumer. Direct distribution of goods can take place in two forms, namely: through its own sales branches and employees and through independent brokers who operate in accordance with the production company's directions (through dealers, brokers (brokers), commissioner).

Meanwhile, the indirect distribution channel includes brokers, in this regard; any producer company sells its goods wholesalers, the retailer and as products reach consumers. This can increase the cost of products, because each agent will receive a percentage of their profits.

In summary, the distribution – it is marketing mix elements, which include decisions and actions related to the movement of goods from producer to consumer. The distribution channel is defined as an integral part of the service, which involves the service provider, intermediaries (agents) and the same service user (in most cases).

2.1.1.4 Promotion

The last 4P marketing complex element of the promotion, which helps to increase consumer awareness in terms of their products, leads to higher sales and helps to build brand loyalty. Thus, the promotion of the marketing mix is a tool that helps disseminate information, encourage the purchase and affects the purchase decision process.

Promotion is the means marketers use to talk and communicate with current and potential customers. Promotion may inform a customer about the company, a certain product or about some other marketing mix element such as low pricing during summer sales. Different forms of promotion include personal selling, advertising, publicity or public relations and sales promotion. Each of those forms has distinctive benefits but they are all means of communication used to inform, persuade and remind. The means of communication a company chooses to emphasize depend on the objectives the company has set for itself (Zikmund & d'Amico 2001, 12-13).

Sponsorship is the most important consumer sales promotion tool that includes discounts and promotions, as well as coupons, samples, refunds, bonuses, awards, contests and product demonstrations, and to say what motivates consumers to buy. However, in order to understand what is the promotion is, it is necessary to consider the complex elements provided in the scientific literature, such as advertising, sales promotion, personal selling, public relations and direct marketing.

Advertisement is derived from the French Reclams (Lat. RECLAMA - "screaming") and has two lexical meanings. The first one is the dissemination of information about goods (books, sanatoriums, excursions and so on.). And the second one, is it is an advertisement, poster, display, message through radio, television and so on.

Advertising is by far the most widely used marketing tool, the core of which consists of a pragmatic valuable social information associated with the advertising image and is focused on the direct compelling or fascinating hidden, but a pragmatic directional communication with the audience. Advertising is any form of information and the promotion of a set of ideas that helps to inform customers about new products and helps to reduce barriers between customers and organizations (Rahnama and Beiki, 2013).

Sales promotion: it is attributed to the actions and decisions which provide specific short-term measures, but to encourage the purchase, use, as well as by facilitating the purchase of goods and can be directed to the end user or intermediary. This promotional tool used by a consumer or buyer provocation - to buy more and faster. Inducements include coupons, prizes, free samples, discounts, promotional items, etc.

Thus, sales practices may be directed to:

- User (samples, coupons, bonuses, prizes, guarantees);
- Traders (including price reductions, promotional allowances and free products);
- Corporate sales personnel (sales exhibitions, sales representatives contests and special promotion)

Matola (2009) argues that, despite the measures to promote diversity, they can be grouped as; organization of competitions between the dealers and the buyers, the awarding of prizes; product demonstration shelves; sending the samples free of charge; coupons guaranteeing price discount for buying a product, use; gifts buy other goods in the same company; discounts to wholesalers; and selling price reduction.

Sales incentives in store include: visual (score board in the store or screens are used not only as an advertising display products, but lotteries, contests the place and also - product layouts, boxes lotteries and the like.); product presentations and demonstrations - is a new delivery of goods in the store, where customers not only discover but also to test the goods; games and sweepstakes, coupons - which aims to attract buyers through positive emotions), and discounts and rebates (the most common promotional tool, in which users are particularly interested. Meanwhile, sales promotion measures outside the shop at the store includes distributed coupons (mailboxes, newspapers or magazines, on the streets) and loyalty schemes (buyer events, customer cards, buyer clubs, excursions, etc.).

Private sale- Private sale - it is a personal communication to convince a potential buyer to purchase the proposed product or service. This is the most expensive form of sponsorship, because it includes a contact with one person rather than with a broad audience, but this measure generally has a decisive influence on the buyer's decision. Private sale - it is the interaction between the buyer and seller.

The following basic types of private sales are discerned: retail sales (supermarkets, drugstores and other shops); missionary sale (doctors, dispensing medications); retail sales (end-users); business-to-business sales (production, operations); professional selling (opinion leaders, sponsors).

Public relations- Public relations involve communication between the organization and the management of society and affects behavior. Public relations (PR), it is - to support the complex element that helps to maintain good relations with the public, and the contact points of the classrooms with a positive corporate image of the company, owned by unfavorable rumors, gossip and incidents.

Matola (2009) emphasizes that communication with the public is important for both internal and external communications. Internal communications, spreading further affect the company employees' opinion about their firm and production, because each worker transmits the information for many people with whom he interacts. And, external public relations, helping to shape public opinion by external means, namely: promotion (primarily various events, actions, charitable activities), relationships with influential people, relations with the press, press conferences, contacts with various organizations, fund establishment (e.g. , fund children's abilities to develop).

Thus, public relations activities can help achieve the objectives related to the company's reputation and confidence in the market, but the company needs to anticipate and to choose the appropriate means of communication, namely:

- Promotion - is a free information about business products, services or dissemination in the media - reached a short-term effect. Promotion measures groups include: newsletters, feature articles, press conferences, authoritative views of those delivery;

- Exhibitions and fairs. Fair - In certain locations periodically organized an event in which the participants, the various business areas of the company, offering potential users of their products or services. The exhibition is can be defined as an event which aims to show the public and specialists familiar with their business achievements and new ideas;
- Advertisement "word of mouth" - this is where information about the company passed through the business staff, customers and so on., Without the use of the media or other outsiders communication channels;
- Event Marketing - this is a purposeful and impressive product, service and / or company presentation in a particular event, corporate promotion;
- Indirect demonstration - is "unintentional" company goods, services Showing films, theatre and television broadcasting.

Based on Martin (2014) Direct marketing involves direct communication between the client and manufacturer. Direct marketing features include: direct communication, interactivity, traditional direct marketing, taking place in the media. Thus, in one case the user's reaction to the buying process takes place immediately (suggested liked, buy), and in another case - the registration, the product is tested, questions are asked, the communication process is completed to the acquisition of goods or services. The authors distinguish the main forms of direct marketing:

Thus, the discussion of the promotion mix elements, another important aspect is to understand the strategy for the promotion, which is made by selecting a number of ways of supporting and combinations thereof. There are distinguished four support strategies, which are designed for the product, which is precisely the market introduction stage:

- ❖ Quick-skimming strategy - which provides a high price and high support costs, and the company aims to get the maximum profit from the sale of a unit;
- ❖ Slow skimming strategy - which provides a high price and low support costs. It is a strategy that is effective when consumers are informed about the product and they are not afraid of the high price;
- ❖ Rapid penetration strategy - which provides low commodity prices and high support costs, but however, it is effective when consumers are badly informed

about the product, price sensitivity and the competition or market is quite capacious;

- ❖ Slow penetration strategy - which provides a low cost and low support costs. It is used when the market is capacious and it dominates the competition, to it informs users about the product, who do not agree to pay a lot for it.

Despite all of these strategies for a new product to enter the market, regardless of whether the product is new at the global level or whether it is new only in a particular market segment, the main thing is that the user does not have or have very little information about the product, and probably has not heard about it.

In summary it can be said that sponsorship helps to increase consumer awareness and helps build brand loyalty. Thus, the promotion of the marketing mix is a tool that helps disseminate information, encourage the purchase and has an impact on the decision to buy. Supporter complex includes five elements, namely: advertising, sales promotion, personal selling, public relations and direct marketing.

2.1.2 Branding

Branding enables products to differentiate themselves from other competitive products, even though there is no tangible difference between the products. That is why customers can't often distinguish between products from each other on blind testing as mentioned earlier (Vakratsas and Ambler, 1999). Brands are important assets to firms as they serve as markers for what the company has to offer to its customers; it also signifies the experience that a customer will have when purchasing the product. Brand therefore, should be given a considerable amount of attention. If it is not carried out properly, it will have an immense effect on the reputation of the company and so much more.

Brands provide products with value beyond just their functional benefits. Brands provide a company with possibilities to differentiate from its competition and enhance positioning possibilities. With the right positioning, companies can establish certain brand associations and knowledge structures in the minds of consumers the success in securing a large market therefore all lies on the consumer's perception of brands and how companies can build brand equity based on the customers' perception (Aaker and Keller, 1990)

Every brand differs in names or symbols like logo, trade mark, design and packing. The products are recognized through these elements and thus make it possible to differentiate one product from the other. A brand is a signal to protect the customer from similar brand names and protect the producer from the competitors (Aker, 1991). “A brand is a name, term, sign, symbol or design or combination of them, intended to identify the goods and service of one seller or group of sellers and to differentiate them from those of competition” (Kevin, 2003).

Brand is a combination of name, symbol and design. Brands represent the customer’s perceptions and opinion about performance of the product (Lepla, 2003). The powerful brand is which resides in the mind of the consumer. Brands differ in the amount of power and worth they have in the market place. Some brands are usually unknown to the customers in the marketplace while on the other hand some brands show very high degree of awareness (Blackett, 2004). It has been noted (Aker, 1991) that brands with high awareness have a high level of acceptability and customers do not refuse to buy such brands as they enjoy the brand performance. Some brands commend high level of brand loyalty.

According to (Aaker, 1996) brand present many things about a product and give number of information about it to the customers and also tell the customer or potential buyer what the product means to them. Furthermore Christopher(1996) has argued that brand represents the customers’ convenient summary like their feelings, knowledge and experiences with the brand. More over customer do not spend much time to do find out about the product. When customer considers about the purchase they evaluate the product immediately by reconstructed product from memory and cued by the brand name (Kolter, 2009).

2.1.3 Brand Equity

Brand equity is a concept that emerged in the 1980s. It is believed to be one of the most popular and potentially important marketing concepts. It serves as a tool to interpret the potential effects of various brand strategies. It stresses the importance of the role of the brand in marketing strategies.

Brand equity has been defined by various institutes and individuals in various ways. According to Aaker, (2003) brand equity is a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers.

The underlying assumption behind the brand equity concept is that 'the power of a brand lies in what resides in the minds of customers'. Money spent on marketing activities should therefore be considered as investment; because it influences the perception of consumers. The perception of consumers is derived from past experiences they have had from the particular products and the knowledge they have acquired from those experiences. Therefore; the true value and future prospects of a brand rest with customers and their knowledge about the brand.

The sources of brand equity are discussed in the paragraphs below.

2.1.4 Brand Awareness

Brand awareness consists of brand recall performance and brand recognition. Brand recognition relates to consumers ability to confirm prior exposure to the brand when given the brand as a cue. Brand recall relates to consumers' ability to retrieve the brand from memory when given the product category, the needs fulfilled by the category or usage situation as a cue brand awareness is of critical importance since customers will not consider your brand if they are not aware of it (Aaker and Keller, 1990).

2.1.5 Brand Salience

Achieving the right brand identity involves creating brand salience with customers. Brand salience relates to aspects of the awareness of the brand. For example; how often and easily the brand is evoked under various situations or circumstance; to what extent the brand is top of mind and easily recalled or reorganized; what kinds of cues or reminders are necessary? How pervasive is the brand awareness? Achieving the right brand identity involves creating brand salience with customers.

A highly salient brand is one that has both depth of brand awareness- the likelihood that a brand element will come to mind and the ease with which it does, and the breadth of brand awareness the range of purchase and usage in which the brand comes to mind.

Brand salience is an important first step in building brand equity, but is usually not sufficient (Aaker and Keller, 1990).

2.1.5.1 Brand meaning

According to Cravens et al (1998) brand meaning is of two types: branding performance and brand imagery.

A. Brand Performance

A product that satisfies the customer's needs and wants is necessary for successful market. The product's performance helps in building brand equity.

Brand performance relates to the ways in which the product or service attempts to meet customers' more functional needs. The specific performance attributes and benefits making up functionality will vary widely. However, there are five important types of attributes that underlie brand performance. This include primary ingredients and supplementary features, product reliability, durability and service ability, service effectiveness, efficiency and empathy, style and design and price.

B. Brand Imagery

Brand imagery deals with the extrinsic properties of the product or service, including the ways in which the brand attempts to meet customers' psychological or social needs. It refers to intangible aspects of the brand. The categories include; user profiles, purchase and user situations, personality and values and history, heritage and experiences

2.1.5.2 Brand Sensitivity

One aspect that has not been given attention to is brand sensitivity, which is an important factor to account for. If consumers are relatively insensitive to marketing efforts or brands for that matter, less brand equity will be generated and less true brand loyalty will be created. This would diminish the aforementioned advantages of brands and is therefore useful to research. Of course, consumers might still repeatedly buy a certain brand, but without a high level of brand sensitivity this would only be purchase inertia (Cravens et al, 1998).

In the case of purchase inertia, the consumer is not able to distinguish between brands and does not perceive any important differences between brands. Repeat purchases would

be caused by habitual buying or environmental constraints like product assortment. Only under the condition of strong brand sensitivity a consumer is said to be brand loyal.

This is supported by Deshpande et al (1993), who recognized brand sensitivity as a direct antecedent of brand loyalty and defines it as a psychological variable describing the consumers' tendency to use brand information as a determining criterion in the choice process. Amine states that highly involved consumers with strong brand sensitivity are likely to be brand loyal. This shows the importance of brand sensitivity in the context of brand loyalty.

Brand sensitivity is a crucial concept in the context of brand loyalty, which in turn is of great importance to companies due to the competitive advantages provided by a loyal customer base.

Brand sensitivity therefore is the central concept of this thesis. We will try to explain this psychological variable by researching the underlying explanatory variables; this should make clear why some persons are more sensitive to brands than others.

2.1.6 Factors Affecting Consumer Behavior

Consumers are individuals who buy products or services for personal consumption the behavior of consumers' needs to be understood in order to fully grasp the reason behind the purchases of consumers: how and why they purchase the way they do (Cravens et al, 1998).

Consumer behavior refers to the selection, acquisition and consumption of goods and services to meet their needs. There are different processes involved in consumer behavior. Initially, the consumer tries to find what products you would like to consume, then select only those products that promise greater utility. After selecting the products, the consumer makes an estimate of available funds that can happen. Finally, the consumer looks at the current price of commodities and makes the decision about which product will consume. Meanwhile, there are several factors that influence consumer purchases.

Culture:- The influence of culture on the purchasing behavior varies from country to country, therefore sellers have to be very careful in the analysis of the culture of different groups, regions or even countries.

Reference groups:- Reference groups have the potential for the formation of an attitude or behavior of the individual. Reference groups includes opinion leader (a person who influences others by his special skill, knowledge or other characteristics)

Family:- Buyer behavior are strongly influenced by a family member. So vendors are trying to find the roles and influences of the husband, wife and children.

Age and lifecycle:- Age and lifecycle have a potential impact on the purchasing behavior of consumers. It is obvious that the consumers change the purchase of goods and services over time.

Occupation:- The occupation of a person has a significant impact on their buying behavior.

Economic situation of the consumer has a great influence on their buying behavior.

Motivation the level of motivation also affects the purchasing behavior of consumers. Each person has different needs, such as physiological needs, biological needs, social needs..etc.

2.1.7 Consumers' Behavior

According to Krishananaik (1999), consumer behavior attempts to understand the buyer decision making process, both individually and in groups. Also (Wayne, 2007) describe consumer behavior; it studies characteristics of individual consumers such as demographics and behavioral variables in an attempt to understand peoples' wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups and society in general. Consumer behavior is deeply influenced by the demographics and household structures, needs, emotions, values and personality, group influences, information processing and decision making along with purchase behavior (Henry, 2001). Furthermore, it also sheds light on how the consumers appraise the products after the purchase and the effect of evaluations on their future purchases. Consumer's purchases are strongly influenced by cultural, social, personal and psychological characteristics (Henry, 2001). Henry (2001) argue that understanding the behavior of consumers before they made purchase decision will help for product manufacturers and service providers to develop strategies in line with customers' actions. Particularly knowing what makes customers to prefer between brands will make the manufacturer to adapt strategies based on the influential factors and inability to analyze

the antecedents hinder companies from being competitive. Hence, understanding the behavior of consumers specially the antecedents of brand preference has to be a critical issue and concern for strategic developers.

Based on Porter (1996) consumers buy individually but sometimes the decision making process can be made by a group. In such a situation, a number of individuals may interact to influence the purchase decision each individual that is part of the decision making group may assume different roles. These roles are:

- a. **Initiator**- the person who begins the process of considering a purchase. Information may be gathered by this person.
- b. **Influencer**- the person who attempts to persuade others in the group concerning the outcome of the decision. Influencers typically gather information and attempt to impose their choice criteria on the decision.
- c. **Decider**- the individual with the power and/or financial authority to make the ultimate choice regarding which product to buy.
- d. **Buyer**- the person who conducts the transaction. The buyer calls the supplier, visits the store, makes the payment and effects delivery.
- e. **User** – the actual consumer/user of the product.

2.1.8 The Concept of Brand Preference

Consumers almost always method the marketplace with a well-established set of tastes and preferences (Hover & Brown. 1990). To win the brand preference competition by making a brand preferred over other brands in an established category or subcategory is tough and expensive. A stronger brand would always have a better understanding of needs, wants, and preferences of consumers than the brands that are not competitive. Thus stronger brands would help in creating effective marketing programs that could go beyond consumer expectations. (Keller, 2003).

A consumer during his lifetime undergoes a series of ever changing circumstances and situations. As a result his brand preference shifts with his changing needs. The brand attributes or features must fit to consumers' need to maintain an ongoing permanent relationship with the brand. The consumers need to have a trust in their preferred brands for continued offering of the desired benefits. According to Browne (1998), if companies

fail to ensure a trustworthy, stable brand reputation, the brand's growth and market share will be affected.

Thus a brand reputation is the image of superior quality and added value, which justify a premium price. A reputable brand is a strong asset, which benefits from a high degree of loyalty and stability for future sales (Kapferer. 1997). Ultimate goals of highly reputed brands should be to strengthen their image. Low selling brands with low reputation should focus on tailoring their marketing mix and fixing the overall image problem (Baldinger & Rubinson. 1996).

Brand preference has been conceptualized in many ways in the marketing literature. In some studies, brand preference has been equated with brand loyalty (Rundle-Thiele & Mackay 2001). In other studies, it has been evaluated as a precursor to brand loyalty (Odin et al. 2001).

Brand preference is typically viewed as an attitude in which the consumer has a predisposition toward one or more brands. Ben-Akiva (1999) define preferences as comparative judgments between entities. This definition is used as a basis for distinguishing brand preference as a comparative judgment between a set of brands which leads to a more favorable attitude toward one or more of the brands.

Consumers appear to have high willingness to pay for particular brands, even when the alternatives are objectively similar. The majority of consumers typically buy a single brand of beer, cola, or margarine (Dekimpe et al., 1997), even though relative prices vary significantly over time, and consumers often cannot distinguish their preferred brand in blind taste tests (Thumin.1962).

Theorists have long speculated that willingness to pay for brands today could depend on consumers' experiences in the past. Willingness to pay could be a function of past consumption, which could enter expected utility directly (Becker & Murphy, 1988), through switching costs (Klemperer. 1987). or through beliefs about quality (Schmalensee ,1982). It could depend on past exposure to advertising or on past observations of the behavior of others.

At the extreme, brand preferences could be entirely determined by experiences in childhood (Berkman. Lindquist. & Sirgy 1997). Under these assumptions, consumers'

accumulated stock of preference capital could be a valuable asset for incumbent firms and a source of long-term economic rents. In Bain's (1956) view, the advantage to established sellers accruing from buyer preferences for their products as opposed to potential entrant products is on average larger and more frequent in occurrence at large values than any other barrier to entry.

2.2 Empirical Review

Kim and Hyum (2010) explored combined impacts of marketing mix and brand image on brand name and brand preference in industrial marketing management in brewery companies by collecting data from product users through questionnaire. They found that the combined impact shows positive relationship with brand equity and company image and modifies the combined impacts on the three elements of brand equity. Product quality and distribution have significant positive effect on preference of brand of the products.

Houston (2008) conclude that, marketing mix elements have a much bigger effect on customers' brand preference than the inclusive value which reflects model level prices, product attributes, and the length of the brand's product line.

Cengiz, E., & Yayla, H. E. (2007) reached the results that there is a strong and statistically significant relationship between overall marketing mix and overall customer brand preference and a positive relationship between overall service quality and overall customer preference.

Perceived quality is not the actual quality of the product but the consumer's subjective evaluation of the product (Zeithaml, 1988). It is a competitive necessity and many companies today have turned customer-driven quality into a potent strategic weapon. They create customer satisfaction and value by consistently and profitably meeting customer's needs and preferences for quality. Kotler (2000) draws attention to the intimate connection among product and service quality, customer satisfaction, and company profitability.

Nguyen, et al. (2011) studied brand preference in cosmetics market in Thailand and Vietnam. The results showed that there is positive relationship between perceived quality and brand preference, between propaganda and brand awareness and between distribution systems and brand awareness in the both countries. There is relationship between brand awareness and brand loyalty only in Vietnam and there is relationship between propaganda and perceived quality only in Thailand.

Allameh and Noktedan (2010) conducted study on effect of product quality on brand preference in beverage industries in Nigeria by using questionnaire as a data collecting technique from loyal customers of the products. They concluded that there was a positive and significant relationship between product quality and customer's brand preference.

Kajouri (2010) evaluated factors impacting on brand equity and brand preference. The results show that perceived quality impact directly brand preference of the firms product.

Tong and Hawley (2009) studied brand construct in clothing market in China and they found that store image, propaganda and higher sale including discount strategies and lower price can have positive impact on brand equity in China.

Beristain and Zorrilla (2011) in their research found that price and store-image are the most important factors in customer brand preference.

Large literatures have measured the effects of advertising, but these studies often find no effects, and the effects they do measure are estimated to dissipate over a horizon ranging from a few weeks to at most five or six months (Bagwell. 2007). Existing empirical evidence provides little support for the view that past experiences have a long-lasting impact on brand preferences. However, a recent study (2011) by Bronnenberg and Dube concludes that Consumers' observed willingness to pay for brands may reflect the influence of past experiences.

According to Amadi Christian & Ezekiel Maurice Sunday, Promotion tends to be highly informative and present the customer with a number of important product attributes or features that will lead to favorable attitudes and can be used as the basis for rational brand preference. People get information from advertisement through attractiveness it holds, the attention it creates and the awareness it keeps (Arens, 2002). Effective communication through advertisement leads the consumer toward purchasing the brand (Belch and Belch 2005). According to this study there is a positive relationship between promotion and brand preference of beer consumers.

Empirical studies by Allenby and Lenk (1995) conclude that consumer preferences for brands are not nearly as entrenched as might be expected. Their research shows that promotional activities such as feature ads, displays, and price cuts can have a significant effect on whether or not buyers follow through with their preferences. Additional reasons (other than promotions) why consumers may purchase other brands despite a stated brand preference include a desire to try and learn more about different brands in the category; changing needs or situations; variety seeking; and changes in the available alternatives due to new products or improvements to existing products.

Regarding the relationship between promotion and brand preference, Share and Salimeh (2010) from their research concluded that TV advertising is influencing the purchaser attitude in preferring brand and forcing them to purchase specific product with repeat telecast of the commercial and to increase the frequent purchase.

Clow and Back (2002) concluded in their study about factors affecting brand preference of beer products that a person's preference and purchase the brand of beer so advertised. Based on the regularity of contact and importance given to subsequent interactions, the reference group exercises influence on the manner in which a consumer select and consume a brand of beer. Depending on the strength of identification with reference group, an individual may conform to the standard, norms and values of the group. Consequently, purchase behavior for a brand will alter so as to come in line with the group preference for a brand of beer.

Witt and Bruce (1985) concluded in their study of influence of small, informal social group on brand choices showed that the power of group cohesiveness in predicting brand choice was greater in products with high social involvement such as beer than in low involvement product like brands of deodorants.

Perkins (2000) also revealed in his study that peer influence was much stronger predictor of beer consumption than other background factors including parents' attitudes, gender and religion. Brand preference has been found to be influenced significantly by situational variation of the consumer. According to Vazquez et al (2002), consumers evaluate brands in different manner based on the situation. Research has indicated that consumer preferences change according to their environment. A consumer might choose a brand on being in different situations and will therefore, be motivated to drink a certain brand.

Harris et al, (2009) also argued that children are the most affected respondent of TV advertisement who change their purchasing habit with information given to them through advertising. The finding also added that younger customers are more likely to respond for promotion activities than older customers regarding brand preference.

Huang and Gul (2012) evaluated the relationship of brand awareness with brand equity and marketing mix elements. The results showed that there are no relationships between brand value and sale rate and between market share and brand loyalty. It was not established that propaganda impacted on brand awareness. The analysis in that study showed that there were positive relationships between distribution and brand awareness and between price and propaganda.

In another research conducted by Kim and Hyun (2011), they concluded that distribution channel performance, promotion activities and improving after sales service, brand awareness, perceived quality, and store image are the most important factors in customers brand preference.

Beristain and Zorrilla (2011) studied a chain store image and prices in that store to explore how to elevate the brand equity of the chain store. The results showed that retailers perceive the store image as an important factor. In this study, there was a positive and significant relationship between brand image and quality, brand preference and brand awareness as well as there was a positive relationship between price and brand loyalty and a negative relationship between price and quality.

2.3 Conceptual Framework

This study investigated the effect of the basic marketing mix elements (independent variables) on customers brand preference (dependent variable). Therefore the following conceptual framework shows the relation between the 4p (product quality, price, promotion and place) elements, branding and customer brand preference.

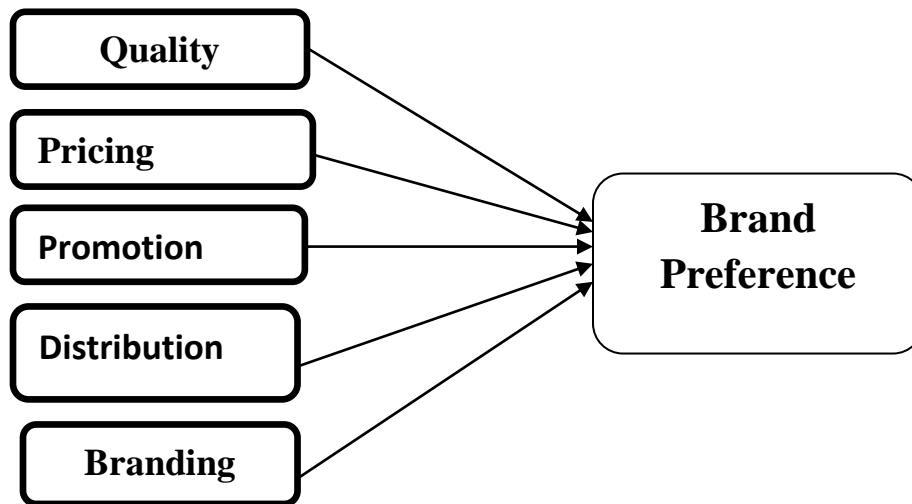


Figure 2 2 conceptual framework adopted from Singh (2012) and Aaker (2003)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

As mentioned earlier, the general objective of the study is to assess the effect of market mix elements on customers brand preference of St. George Beer. In order to achieve this objective the student researcher used descriptive and explanatory research method. Descriptive study stems from prior knowledge and is concerned with describing a specific phenomenon (Saunders, 2012). The study adopted a descriptive research to answer the research question and assess, identify, and describe the marketing mix elements that affect the brand decisions of the customers of St. George Brewery.

According to Riaz (2011) explanatory research is conducted in order to identify the extent and nature of cause-and-effect relationships. Explanatory research can be conducted in order to assess impacts of specific changes on independent variables that changes the dependent variable. Explanatory studies focus on an analysis of a situation or a specific problem to explain the patterns of relationships between variables.

Therefore, the study used explanatory research design to investigate the effect of the independent variables such as; price, product quality, promotion and distribution on the overall brand preference of the consumers were tested using explanatory type of research design.

3.2 Research Methods

This study utilized both quantitative and qualitative research methods. Quantitative research method places greater emphasis on the numerical data and statistical test to achieve conclusion that can be generalized and qualitative research method provides qualitative summary for the practices more accurately (Saunders, 2012). Therefore, both qualitative and quantitative research method were used to arrive at the conclusions and for testing the research objectives. Quantitative research method was used because the

questionnaire contains structured and closed ended items using Likert scale that can be analyzed based on quantitative research methods. Qualitative method was used because the interview is conducted to collect qualitative data.

3.3 Population, Sampling Technique and Size

3.3.1 Population

The target populations for the study were consumers of the St. George Beer which are found in Addis Ababa City. The consumers were selected to fill the questionnaires while using beer in Hotel, Bar and restaurant, and Groceries. The target population of the study can be considered as infinite population. This includes both the male and female (in terms of gender) and across all ages above 18 years.

3.3.2 Sampling Size

To determine the sampling size for the study the researcher used Cochran's formula (1963).

$$\text{Sample Size} = \frac{Z^2 \times p \times (1 - p)}{d^2}$$

Where;

Z^2 = 95% of confidence level and equals 1.96

P = expected prevalence which equals 50%

d^2 = is the level of precision or sampling error and equals 5% (0.05)

$$\text{Sample Size} = \frac{1.96^2 \times 0.5 \times (1 - 0.5)}{0.05^2} = 384.16 \approx 384$$

Therefore, the sample size of this study is 384 individuals.

3.3.3 Sampling Technique

The student researcher used non-probability sampling method, specifically convenient sampling technique by using those customers available in a certain specific time and place.

Convenience sampling is used because it is a type of sampling where the first available primary data source will be used for the research without additional requirements. In other words, this sampling method involves getting participants wherever you can find them and typically wherever is convenient. In the case of this study, this method can be applied in order to gain initial primary data regarding customers brand preference of St Gorge Brewery in relation to its marketing mix elements.

3.4 Types of Data collected

The student researcher has used both primary and secondary data. The study depends on the primary data collected through self-administered questionnaires and semi-structured interviews. Questionnaires are applied usually for descriptive, which identify and describe the variability in different phenomena or explanatory research, which examine and explain relationships between variables (Saunders, Lewis&Thornhill, 2009). Questionnaire with the five point Likert's scale format and closed-ended items format are prepared to gather data from the respondents (Rashid, et al, 2002). According to Spector (2004), the Likert Scale is a popular device for measuring people's perceptions, attitudes, beliefs, emotions and personality traits. The interview was conducted to support data collected through questionnaire and cross-check the validity of the contents used.

Additionally, apart from the primary data, the secondary data were gathered from reference books, internet, and previous researches.

3.5 Methods of Data Collection

Since the samples of the study are St. George customers in Addis Ababa with different educational background, it is found necessary to translate the questionnaire into Amharic language before distributing the questionnaire. The study questionnaires were adapted from Odunlami, I.B.(2013) and Indumathi,N1.(2016). Questionnaires were distributed to

customers containing closed-ended questions. The interview was conducted with marketing manager of the brewery. Secondary data was collected from the company's advertisement website, company annual, reports, journals, books, literature reviews from much more experienced countries on the particular field and the others.

3.6 Data Analysis Method

The student researcher used quantitative data analysis techniques. The responses that were collected from questionnaires were analyzed by quantitative method, tabulation of the results shows the number of responses to each question and percentage of respondents who gives each possible response to the questions.

Before the analysis of the primary data that was collect through close ended questionnaires, analysis of the variables' reliability and validity of the constructs was done and verified. The data collected were analyzed using Statistical Package for Social Sciences (SPSS) software. The questionnaire was coded and processed using SPSS 20. Descriptive data analysis tools were used to measure frequencies, percentages, means, and standard deviation graphic and tabular representation.

Pearson's correlation coefficient and multi-linear regression analysis were used to test interdependence between the independent and dependent variables. The independent variables are four marketing mix elements and branding, and the dependent variable customers' brand preference.

3.7 Validity and Reliability

3.7.1 Validity

The validity of the study was ensured using data collecting tools that are based on sound theoretical foundations. Therefore; the study has ensured the instruments or procedures used in the research measured what they were supposed to measure i.e. independent variables (marketing mix elements such as pricing, promotion, distribution and product

quality), branding and dependent variable (brand preference) by crosschecking different theorists and sources.

Additionally, the scales items on the questionnaire were adopted from a standardized questionnaires from, Odunlami (2013) and Indumathi (2016).

3.7.2 Reliability

Nunnaly (1978) stated that reliability is the consistency of a test, survey, observation, or another measuring device. The level of reliability of the instrument indicates the consistency of the variables. Cronbach’s alpha is an index of reliability associated with the variation accounted for the true score of the underlying construct and it can only be measured for variables which have more than one measurement question. 0.5 is a sufficient value, while 0.7 is a more reasonable value.

Table 3.1 Reliability Analysis of Variables

No	Variables	Number of Items	Cronbach’s Alpha
1	Quality	4	0.746
2	Price	4	0.716
3	Promotion	4	0.792
4	Distribution	4	0.823
5	Branding	4	0.717
6	Brand preference	4	0.710
Entire scale		24	0.904

Source: Own computations, 2018

Scales with coefficient alpha between 0.8 and 0.95 are considered to have very good quality, scales with coefficient alpha between 0.7 and 0.8 are considered to have good reliability, and coefficient alpha between 0.6 and 0.7 indicates fair reliability. As it is indicated in the table 3.1, all Cronbach’s alpha indexes are above 0.7. The entire scale in general has achieved a very good indicator of reliability.

3.8 Ethical Considerations

All the research participants who were included in this study were appropriately informed about the purpose of the research and their willingness and assent was secured before the commencement of distributing questionnaire. Concerning the right to privacy of the respondents, the study maintains the secrecy of the identity of each participant.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This study was conducted with an objective of identifying effect of marketing mix on brand preference in the St. George brewery by using customers in Addis Ababa. This section of the study presents results of data collected through both questionnaire and interview. This results are presented in tables and graphs. Descriptive and explanatory analyses were conducted and the model used for the data analysis was tested based on classical model assumptions. The researcher distributed 384 questionnaires to the customers of St. George brewery but 372 questionnaires were returned fully filled with the response rate of 96.88%.

4.1 Demographic Characteristics of Respondents

Demographic information of these respondents is presented in the table 4.1 below. It presents about sex, age, marital status of and educational level of the respondents.

Table 4.1 Demographic information

	Category	Frequency	Percent
Sex	Male	319	85.8
	Female	53	14.2
Age	18 - 30 years	155	41.7
	31- 50 years	217	58.3
Marital Status	Single	233	62.6
	Married	106	28.5
	Divorced	33	8.9
Education level	1-8 grades complete	40	10.8
	9-10 grades complete	29	7.8
	Certificate	99	26.6
	Diploma	197	53.0
	Degree and above	7	1.9

Source: Own survey, 2018

Based on Table 4.1, the majority 319(85.8%) of the respondents were males. While the remaining 53(14.2%) were females. This suggests that the brand is more preferred by the males than the females. Regarding the age of respondents, the majority 217(58.3%) fall in the age range 31 - 50 years and followed by 18- 30 years which makes up 155 (41.7%) of the respondents. This suggests that the persons more preferable by the persons at higher age than the younger age. Concerning the marital status of respondents, the majority 233 (62.6%) of them were leading single life style while 106(28.5%) of them were married. The remaining 33(8.9%) of the respondents were divorced. Demographic analysis for the respondents indicates that the majority of them 197(53.0%) were diploma graduates while 99(26.6%) of them have certificate in various fields of study. The remaining 29(7.8%), 40(10.8%) and 7(1.9%) were in the range 9-10 grades complete, 1-8 grades complete and degree and above respectively.

4.2 Descriptive Analysis

4.2.1 Product Quality

Regarding the quality marketing mix element of St George beer, the following items were asked and the responses are presented on the following table 4.2.

Table 4.2 Descriptive Statistics product quality

Descriptive Statistics			
	N	Mean	Std. Deviation
St George beer can meets my requirement	372	3.8441	.94734
St George beer has an acceptable product quality	372	3.8306	.81153
St George beer has consistent quality	372	3.9731	.89282
St George beer has good artistry	372	3.7554	.89734
Valid N (listwise)	372		

Source: *Own survey, 2018*

As it is presented the table 4.2, most of the responses fall in the agreed range. Therefore, these results showed that, St George beer can meets the customer requirement, acceptable product quality, consistent quality and good artistry. Standard deviation values indicate that there is low variation of perception for the quality.

4.2.2 Product Price

According to responses analyzed in the table 4.3, most of the responses fall in the agreed range. Therefore, the result showed that in terms of pricing of St George brewery, it offers value for money, reasonably priced, very economical and offers a good product for the price.

Table 4.3 Descriptive Statistics price

Descriptive Statistics			
	N	Mean	Std. Deviation
St George beer offers value for money	372	3.7957	.76033
St George beer is reasonably priced	372	3.7527	.76523
St George beer is very economical	372	3.9032	.80517
St George beer offers a good product for the price	372	3.2984	.92855
Valid N (listwise)	372		

Source: *Own survey, 2018*

4.2.3 Promotion

Table 4.4 Descriptive Statistics for Promotion

Descriptive Statistics			
	N	Mean	Std. Deviation
St George beer's adverts give adequate information	372	3.6640	.98916
St George beer offers attractive promotional prizes	372	3.8306	.86615
St George beer's advertising is realistic	372	3.5054	.82578
St George beer promotion is attractive and unexaggerated	372	3.9167	.86004
Valid N (listwise)	372		

Source: *Own survey, 2018*

Regarding the promotion element of St George beer, most of the responses fall in the agreed range which implies that St George beer's adverts give adequate information, it offers attractive promotional prizes, its advertising is realistic and the promotion is attractive and unexaggerated.

4.2.4 Distribution

Concerning the distribution element of St George beer, the responses fall in the agreed range which implies St George beer is easily accessible in customers' residential area, it is available in customers' favorite hotels and restaurants, it has excellent distribution channels, and it has the potential to supply the product when needed.

Table 4.5 Descriptive Statistics for Distribution

Descriptive Statistics			
	N	Mean	Std. Deviation
St George beer is easily accessible in my residential area	372	3.8145	.86595
St George beer is available in my favorite hotels and restaurants	372	3.7392	.98192
St George beer has excellent distribution channels	372	3.7849	.81891
St George beer has the potential to supply the product when needed	372	3.6237	.94500
Valid N (listwise)	372		

Source: Own survey, 2018

4.2.5 Branding

Table 4.6 Descriptive Statistics for branding

Descriptive Statistics			
	N	Mean	Std. Deviation
St George beer's brand is likable	372	3.8065	.56888
St George beer's brand is in harmony with my beliefs	372	3.6935	.75426
St George beer's brand gives different pleasure from other beer brands	372	3.4516	.72337
St. George beer's brand has good name that influences to purchase	372	3.8306	.79474
Valid N (listwise)	372		

Source: Own survey, 2018

As it is presented on table 4.6, with reference to the branding of St George beer, the responses fall in the agreed range which implies St George beer's brand is likable, in harmony with customers' beliefs, give different pleasure from other beer brands and it has good name that influences to purchase.

4.2.6 Brand Preference

Table 4.7 Descriptive Statistics Brand Preference

Descriptive Statistics			
	N	Mean	Std. Deviation
St George beer's is my regular choice	372	3.8710	.79386
St George beer is my preferred beer over others'	372	3.8360	.78907
St George beer is congruent with my needs	372	3.9247	.78030
St George beer is my favorite	372	3.8333	.76948
Valid N (listwise)	372		

Source: *Own survey, 2018*

Regarding the brand preference of the branding of St George beer, the responses fall in the agreed range which implies St George beer is their regular choice, it is their preferred beer over others', it is congruent with their need and it is their favorite.

4.3 Correlation Analysis

The Pearson Product-Moment Correlation Coefficient is a statistic that indicates the degree to which two variables are related to one another. The sign of a correlation coefficient (+ or -) indicates the direction of the relationship between -1.00 and +1.00. Variables may be positively or negatively correlated. A positive correlation indicates a direct positive relationship between two variables. A negative correlation, on the other hand, indicates an inverse, negative relationship between two variables (Ruud et. al. 2012). The correlation analysis is conducted by using Pearson method because this study used linear model to identify the relationship between independent and dependent variables.

Table 4.8 Correlation Analysis

		Correlations					
		Brandpref	Quality	Price	Promotion	Distribution	Branding
Brandpref	Pearson Correlation	1	.705**	.380**	.564**	.601**	.441**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	372	372	372	372	372	372
Quality	Pearson Correlation	.705**	1	.264**	.247**	.385**	.376**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	372	372	372	372	372	372
Price	Pearson Correlation	.380**	.264**	1	.481**	.383**	.621**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	372	372	372	372	372	372
Promotion	Pearson Correlation	.564**	.247**	.481**	1	.433**	.440**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	372	372	372	372	372	372
Distribution	Pearson Correlation	.601**	.385**	.383**	.433**	1	.487**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	372	372	372	372	372	372
Branding	Pearson Correlation	.441**	.376**	.621**	.440**	.487**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	372	372	372	372	372	372

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

Source: Own survey, 2018

Result of correlation analysis indicated in the table 4.8 shows that all independent variables are positively related and statistically significant at significance level of 0.01 suggesting the strong relationship between market mix dimensions and brand preference. Quality of the brand is most correlated dimension with the coefficient of 0.705 suggesting that higher product preference is due to higher product quality perception. Distribution is the second most correlated mix with the brand preference with correlation coefficient of 0.601 suggesting that the higher availability of the product results on higher preference of the product. Promotion of the product also has strong relationship with the preference of the product with coefficient of 0.601 implying that promotion for the product has resulted on better preference for the brand. The correlation coefficient of price is 0.380 and significant at significance level of 0.01. The correlation between branding and brand

preference is significant at significance level of 0.01 and their correlation coefficient is 0.441.

4.4 Regression Analysis

4.4.1 Model Assumption tests

4.4.1.1 Multicollinearity Test

Multicollinearity problem arises when there is a linear relationship among explanatory variables that the result could not obtain estimates of all parameters. This causes large variance and standard error with a very low t-ratio and wide confidence interval. Different methods are often suggested to detect the existence of multicollinearity problem. Variance inflation factors (VIF) technique used for continuous explanatory variables. For continuous variables, if the value of VIF is 10 and below, the variables are said to be collinear (Gujarati, 2004).

Table 4.9 Multicollinearity Test

Coefficients ^a			
Model	Collinearity Statistics		
	Tolerance	VIF	
1	Quality	.804	1.243
	Price	.560	1.787
	Promotion	.687	1.457
	Distribution	.664	1.506
	Branding	.516	1.939

a. Dependent Variable: Brandpref

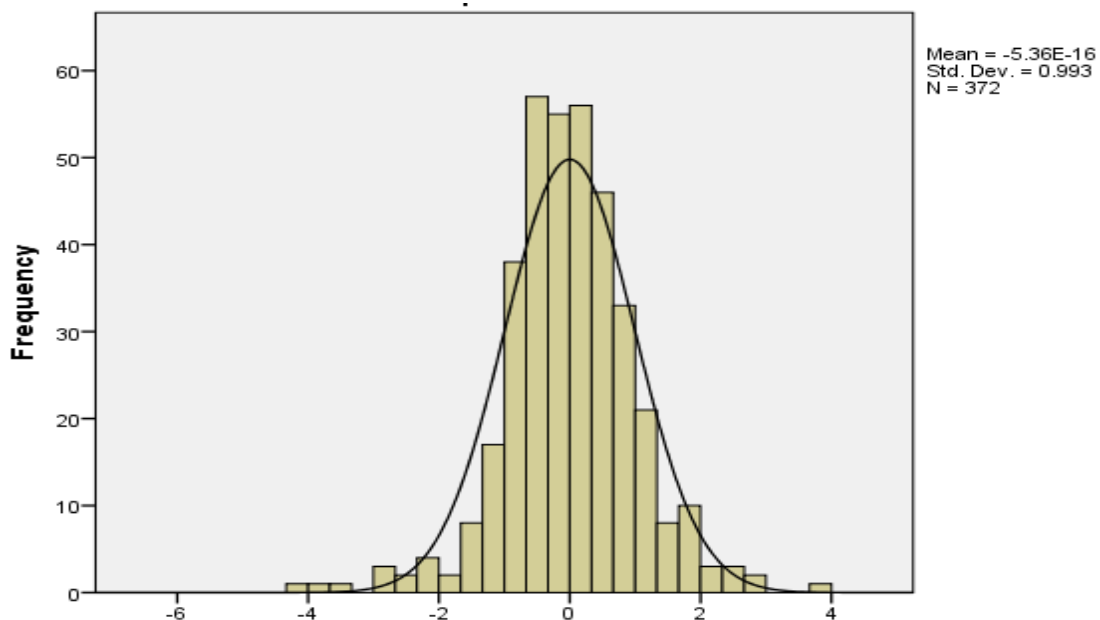
Source: Own computation, 2018

To detect the problem of multicollinearity the VIF technique is used prior to executing the regression analysis. As presented in the table 4.9, the values of VIF are well below 10 and suggesting that there is no problem of multicollinearity among the study independent variables.

4.4.1.2. Normality Test

One of the classical linear regression models assumptions is the error term should be normally distributed or expected value of the error term should be normally distributed or expected value of the errors terms should be zero ($E(UT)=0$).The researcher used histogram to identify normal distribution of residuals and the result indicates that standard residuals are a little bit far away from the curve, many of the residuals are fairly close more to the curve and the histogram is bell shaped. This implies that the majority of scores lie around the centre of the distribution (so the largest bars on the histogram are all around the central value. Therefore, this indicates that the residuals are normally distributed.

Figure 4.1 Normality Test



Source: Own computation, 2018

In addition to the above test for normality, normal distribution is detected based on skewness and kurtosis statistics to get strong assurance of the residual or errors are normally distributed. Skewness is a measure on the asymmetry of a distribution. Whereas, kurtosis measures the extent to which observations cluster around a central point. The acceptable range for normality for both statistics is between (-1.0 and +1.0). All variables are within the acceptable range for normality (-1.0 to + 1.0). The kurtosis

statistics for all independent variables are within the suggested range of normality (-1.0 to + 1.0).

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Promotion	372	-.767	.126	.933	.252
Price	372	-.913	.126	.976	.252
Branding	372	-.731	.126	.927	.252
Distribution	372	-.687	.126	.437	.252
Quality	372	-.524	.126	.400	.252
Brandpref	372	-.949	.126	.996	.252

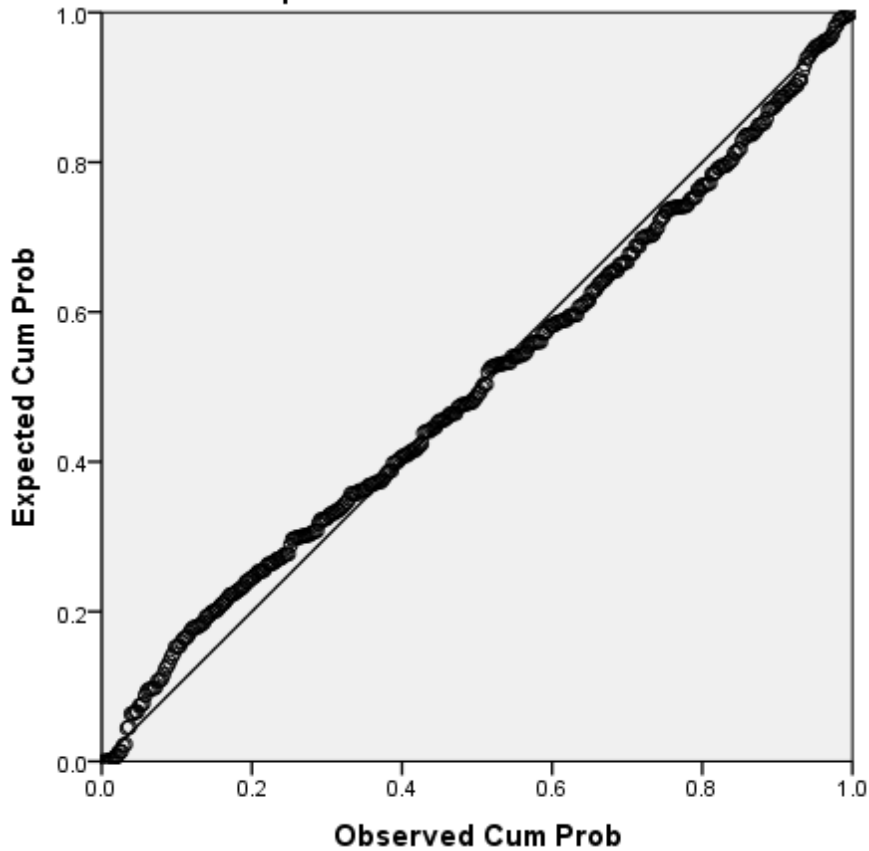
Source: Own computation, 2018

Thus, according to the above diagnosis information presented in all the four tests there are no significant data problems that violate the assumptions of multiple regressions.

4.4.1.3 Linearity Test (Normal P-P Plot)

This section presents result of test of linear relationship between the study variables. the linearity test is presented by using P-P plot.

Figure 4. 2 Linearity Test (Normal P-P Plot)



Source: Own computation, 2018

As it is shown in the figure 4.2, the P-P plot of residuals reveals no large deviation in the spread of the residuals that almost all residuals lay on the linear straight line. Therefore, this indicates that the relationship between the independent variables and the dependent variable is linear.

4.4.2 Regression Result

Table 4. 10 Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.842 ^a	.709	.705	.31107

a. Predictors: (Constant), Branding, Quality, Promotion, Distribution, Price

Source: Own computations, 2018

The study model summary is presented in table 4.10 above. This summary is used to identify role of market mix dimensions used in this study in explaining brand preference. As it is shown in the table, R squared is 0.709 and adjusted R squared is 0.705 suggesting that that 70.5% of the variation in dependent variable is explained by independent variables used in the model. This implies that 70.5% variation in brand preference is affected by market mix.

Table 4.11 ANOVA

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	86.368	5	17.274	178.511	.000 ^b
Residual	35.416	366	.097		
Total	121.784	371			

a. Dependent Variable: Brandpref

b. Predictors: (Constant), Branding, Quality, Promotion, Distribution, Price

Source: Own computations, 2018

ANOVA is presented in table 4.11 is used to address the general objective of the study. In addition, this analysis is used to identify appropriateness of the model in estimating effect of marketing mix on brand preference. The researcher used multivariate linear regression method to run regression analysis. F-statistic is significant at 0.01 indicating that the model appropriateness for the study. This implies that marketing mix significantly affects brand preference.

Table 4.12 Coefficients

Coefficients ^a						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.451	.134		3.358	.001
	Quality	.456	.027	.533	16.969	.000
	Price	-.001	.036	-.001	-.029	.977
	Promotion	.274	.028	.332	9.770	.000
	Distribution	.211	.027	.270	7.795	.000
	Branding	-.040	.043	-.037	-.934	.351

a. Dependent Variable: Brandpref

Source: Own computations, 2018

The researcher used linear equation model and the result is presented in the equation below;

$$\text{brand preference} = 0.451 + 0.456\text{quality} - 0.01\text{price} + 0.274\text{promotion} + 0.211\text{distribution} - 0.04\text{branding}$$

The effect of individual dimension of marketing mix is presented in table 4.12 above. The researcher used unstandardized coefficients and their sign to analyze their effect on brand preference. The specific objectives are addressed and hypotheses were tested based on this result.

Coefficient of the quality is positive and statistically significant at significance level of 0.01 suggesting that improving quality of the product results on higher preference of the consumers for the product and vice versa when other factors are constant. This implies that the perceived quality of the product enabled the consumers to prefer St. George brewery.

Coefficient of promotion is positive and significant at significance level of 0.01 indicating stronger promotion results on higher brand preference and vice versa holding

other things constant. This is an implication of promotion strategy the St. George uses enabled the higher brand preference of the products.

Coefficient of the variable, distribution, is positive and statistically significant at significance level of 0.01 suggesting that increasing the accessibility of the products increases brand preference and vice versa. This result implies that easily accessibility of the St. George beer resulted on higher preference of the brand.

The effects of price of the product and branding are statistically insignificant on brand preference.

According to the t-statistics indicated in the table 4.12, quality has highest effect on brand preference with the value of 16.969. Next to product quality, promotion is the highest marketing mix that is affecting brand preference with t-value of 9.770. From the statistically significant variables, distribution has lowest effect on the brand preference with t-value of 7.795.

4.4.3 Hypotheses Summary

The researcher summarized the study hypotheses in table 4.13 based on results presented in the table 4.12 above. The researcher summarized hypotheses for alternative hypotheses by using p-value.

Table 4.13 Hypotheses Summary

No	Hypotheses	Sig	Decision
Hypothesis 1	Product quality has positive effect on brand preference by customers of the St. George Brewery	0.000	Accepted
Hypothesis 2	Price has negative effect on brand preference of customers of the St. George Brewery	0.977	Rejected
Hypothesis 3	Promotion has positive effect on brand preference by customers of the St. George Brewery	0.000	Accepted
Hypothesis 4	Distribution has positive effect on brand preference by customers of the St. George Brewery	0.000	Accepted
Hypothesis 5	Branding has positive effect on brand preference by customers of the St. George Brewery	0.351	Rejected

Source: Own computations, 2018

4.5 Interview Result

This study has used both quantitative and qualitative data to reach at aforementioned objective. The quantitative data was collected through questionnaire from users of the product. To validate the responses through questionnaire and to extract additional information, the researcher conducted semi-structured interview with marketing manager of the brewery. The interviews focused on research objectives because it was intended to support questionnaire.

The position holder has an experience of more than 10 years managing the marketing of the brewery and educational background of the position holder is degree of masters in marketing and participating in different trainings and studies.

Interview item 1: what does the market mix of the company includes and its general objective and relationship with brand preference of the customers?

The market mix of the company includes theoretical points of the market mix i.e. product quality, price, promotion, and distribution. It was intended to increase sales volume of the

product by increasing the preference of the customers for the product. The company gives high credit to this strategy because it takes the highest share of the company success. What results on preference for the product in the competitive market is the quality of the product, price the company sets, promotion strategy the company uses and distribution of the product. The company has the leading market share in the country.

Interview item 2: what are the quality considerations of the company that make the product more preferable than the products of competitors in the market?

The company is improving quality of the product from time to time by using quality inputs and production technologies. The company considers quality of the product of the competitors because when new company enters new market comes with higher quality and lower prices with double advantage. Since it is new product every consumer tries the product. To get back the customer the product must have higher perceived value than the product of new entrant. Since the company was working in the country, it is easily identifying test of the customers and developed loyal customers of the product. The product test is the same throughout the year. The company considers the quality of the product for foreign users because the product is most popular beer of the country and most preferred beer by foreigners. Therefore, this product considers absolute quality for the product, relative quality with industry, customer requirements, and international standards.

Interview item 3: What is the rationality of the price set for the product and its effect on preference of your product?

The price set for the product is rational. But the price for every beer in the country is the same. Since the retailers cannot charge different price for different beer, the price is the market price. The company is price leader in the market. But this price considers competition in the market. Because of the identical price in the industry, the company focuses on other dimensions of the market mix such quality, distribution and promotion to make the product most preferable.

Interview Item 4: what are the promotion practices of the company?

The company uses promotion mixes such as advertising and public relations. The advertising method the company uses is not to introduce the product because everyone who can drink beer knows the product. But it is to change decision of the consumers for the preference within the industry. This advertising is based on the real quality of the product. The company promotes the product by undertaking social responsibility that results on feeling of ownership by the customers. It sponsors different social issues. The public relationship of the company is very high that the responsible persons of the society prefer the product.

Interview Item 5: How do you distribute your products to make it accessible?

The company has distributors of the product. This has created efficient delivery of the products because it is a business of the not only the company but also the distributor. The distributor is highly benefited when there is higher distribution. Since the retail price is fixed, the distributor is benefited from sales. This makes the product highly accessible through higher sales. The product is accessible in every business that sells beer (from small restaurants to big hotels).

Interview Item 6: What are branding practices of the company?

The company is working to make the product most favorite. Currently highest users of the company are the older generations. The company is working to make it equally liked at all age group and at different believes.

4.6 Discussion

The company uses marketing mix such as product quality, promotion, pricing, and distribution to increase sales. To increase the sales the company intends to expand the customers for the products. To increase customer requirement and retain the existing customers, the company uses market mix as a most important strategy. On overall, this strategy has made the company effective in attaining preference for the product. Highly significant ANOVA analysis from questionnaire result and supporting interview with marketing manager of the brewery imply that marketing mix in general and product quality, promotion and distribution in particular affect preference for brand significantly

and positively. This study has identified similar result with findings of Cengiz, & Yayla (2007) and Houston (2008) that there is a strong and statistically significant relationship between overall marketing mix and overall customer brand preference.

The company intends to provide quality product for the market to be competitive. It competes with quality of the product not by price because the price is fixed for the market. Retailers charge the same price for all breweries. Since the price is the same for the brewery industry, the company creates brand preference through quality basing on the taste of customers. Responses of the customers indicate that the products meet their requirement suggesting that the customers perceive that the product is quality and resulting on preferring the product to other competitors. Finding of this study coincides with finding of Nguyen, et al. (2011) and Allameh & Noktedan (2010) that perceived quality affects preference for the brand since the customers prefer product that perceives as a quality.

Responses from the company indicate that it uses different promotion strategy to provide awareness to their products. The company aggressively advertises the product, higher public relationship and sponsorships. It has an agreement with different retailers to sale only this product. Result from questionnaire indicates that the company is providing adequate and realistic information about the product indicating that it has higher value than competitors. Promotion strategy of the company made it effective in attaining brand preference. Finding of this study is according to finding of Share & Salimeh (2010) and Clow & Back (2002) that promotion significantly affects brand preference by influencing the purchaser attitude in preferring brand and forcing them to purchase specific product with repeat telecast of the commercial and to increase the frequent purchase.

The company is working with different business partners to make the product more accessible than any other competitor. It targets both customers and retailers focusing on both demand and supply. The higher is accessibility for the product, the more will be the preference. The company is making the product more accessible than any other competitor. The respondents agree that the product is available at every potential market from small restaurants to big hotels. Finding of this study is similar to finding of Kim and

Hyun (2011) that distribution has significant positive effect on brand performance suggesting that most accessible products are more preferable.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Major Findings

This study was conducted with an objective of identifying effect of market mix on brand preference by customers in the case of customers of St. George brewery in Addis Ababa. To address this objective the researcher has used the product quality, price, promotion, distribution and branding market mix strategies.

The responses from customers for the product quality indicate that the products meet the requirement of the consumers, the product quality is acceptable and it is acceptable, and the product has good artistry. regarding the price of the product; the product values value for the money, it is reasonably priced, economical and good product for the price. the advertising of the company give adequate information, the advertising is realistic and the promotion is attractive and unexaggerated. St. George beer is easily accessible in the residential area, found in the hotels and restaurants, and the company has potential to supply when need. the brand is likable, harmony is beliefs of the customers and has good name. the consumers regularly purchase and favorite.

Correlation analysis conducted based on the responses indicate that all marketing mixes used by the company are significantly correlated with the brand preference although the correlation coefficients vary. quality has highest correlation coefficient with the coefficient of 0.705 followed by distribution with coefficient of 0.601. the correlation coefficient of distribution and promotion have 0.564 and 0.441 respectively.

This study has found out significant effect of marketing mix on brand preference of the customers. Regarding the individual dimensions of the marketing mix, the study has found out positive and significant effect of product quality, promotion and distribution at significance level of 0.01. But effect of price and branding is insignificant on the brand preference. Product quality has the highest effect on brand preference followed by promotion with beta coefficients of 0.456 and 0.274 respectively.

5.2 Conclusions

Based on the findings the researcher provides following conclusion.

- Product quality perceived by the customers has resulted on preferring the brand positively through meeting the customer's requirement, acceptable quality, consistent quality and good artistry.
- Although the customers perceived that the price the company offers value for money, the product is reasonably priced, economical and offers a good product for the price, their preference for the brand is not influenced by price of the product.
- Promotion of the product by the company has resulted on higher brand preference by providing adequate information, attractive promotional prize, realistic advertising, attractive and unexaggerated promotion.
- Accessibility of the product in residential area, availability in hotels and restaurants, efficient distribution channels, capability to supply the product when needed have resulted positive effect on preferring the brand.
- The branding of St George beer has not been affecting the preference for the product.

5.3 Recommendations

Based on the conclusions following recommendations are provided.

- Since the product quality has positive effect on preference for the product the researcher recommends the management of the company to provide product that meets expectations of different customers and that have consistent quality by analyzing the industry because the competition is through quality not a price in the industry. The brewery should strengthen its beer quality by providing variety of products that meet the needs of different market segments.
- Since the distribution has significant and positive effect on brand preference, the brewery is recommended to improve accessibility of its products across different

geographic areas of the city consistently and regularly through increasing the efficiency of the sales, developing good partnership with distributors and retailers.

- Because the brand promotion has significant positive effect on preference for the brand, St George brewery should integrate promotional mix such as advertising, personal selling and sales promotion to make the brand most preferable in the market.

5.4 Recommendation for Further studies

Although product is sold through the country, this study has geographically focused only in Addis Ababa that limits generalization for the company. Therefore, further studies are recommended to consider other part of the country because of possible effects of quality, distribution, promotion and price. Since this study is conducted by using only primary data through questionnaire and interview, further studies are suggested to use secondary data to make the findings more reliable by supporting with facts. To reach at more generalized result further studies are recommended to include other companies since this study has used customers of only one company.

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Appendix A- data gathering instrument

Addis Ababa University

College of Business and Economics

School of Commerce

Department of Marketing Management

Questionnaire

This questionnaire is designed for the purpose of collecting data for conducting study on assessing the effect of market mix elements on customer brand preferences of St. George Beer Factory. The research paper is intended for the partial fulfillment of Master Degree in Marketing Management at Addis Ababa University School of Commerce. You are politely requested to provide the required and correct data as per the questionnaire because it has a great role for the attainment of the objective of the study. The information that you provide is only for academic purpose and therefore all information provided shall be treated with maximum caution and confidentiality.

Thank you for your cooperation in advance!

N.B:

- Writing your name is **not** necessary
- Please carefully read each of the following questions and put the tick mark (√) in the appropriate box representing your choice

Part –I: Demographic profile

- 1. **Sex** male female
- 2. **Age** 18 – 30 years 30-50 years above 50 years
- 3. **Marital status**
 - 1. Single
 - 2. Married
 - 3. Divorced
 - 4. Widowed
- 4. **Educational level**
 - 1. 1-8 grades complete
 - 2. 9-10 grades complete
 - 3. Certificate
 - 4. Diploma
 - 5. Degree and above

Part – 2 marketing mix elements (4p), branding and brand preference scales

Please tick the number that describe your opinion:

Note: 1= strongly disagree 2= disagree 3= Neutral 4 = agree 5 =strongly agree

No	Statements	<i>Possible responses</i>					Source
		<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	
1	Product quality						Odunlami,I.B.(2013)
	St George beer has an acceptable product quality						
	St George beer can meets my requirement						
	St George beer has consistent quality						
	St George beer has good artistry						
2	Pricing						
	St George beer offers value for money						
	St George beer is reasonably priced						

	St George beer considers the purchasing power of it's customers						
	St George beer offers quality product which is related with the price						
3	Promotion						
	St George beer's adverts give adequate information						
	St George beer offers attractive promotional prizes						
	St George beer's advertising is realistic						
	St George beer promotion is attractive and unexaggerated						
4	Distribution						
	St George beer is easily accessible in my residential area						
	St George beer is available in my favorite hotels and restaurants						
	St George beer has excellent distribution channels						
	St George beer has the power to supply the product when needed						
5	Branding						
	St George beer's brand is likable						
	St George beer's brand is in harmony with my beliefs						
	St George beer's brand gives different pleasure from other beer brands						
	St. George beer's brand has good name that influences to purchase						
6	Brand preference						
	St George beer's is my regular choice						
	St George beer is my preferred beer over others'						
	St George beer is my congruent with my needs						
	St George beer is always my favorite beer when I am with my friends						

Odunlami,I.B.(2013)

Indumathi,N1.(2016)

Appendix B Interview Questions

Interview item 1: what does the market mix of the company includes and its general objective and relationship with brand preference of the customers?

Interview item 2: what are the quality considerations of the company that make the product more preferable than the products of competitors in the market?

Interview item 3: What is the rationality of the price set for the product and its effect on preference of your product?

Interview Item 4: what are the promotion practices of the company?

Interview Item 5: How do you distribute your products to make it accessible?

Interview Item 6: What are branding practices of the company?

አዲስ አበባ ዩኒቨርሲቲ
የንግድ ስራ ትምህርት ቤት
የገበያ አመራር የትምህርት ክፍል

ይህ መጠይቅ የተዘጋጀው በአዲስ አበባ ዩኒቨርሲቲ ንግድ ስራ ትምህርት ቤት የ2ኛ ዲግሪ ማሟያ ጥናት የሚውል ነው። ይህ መጠይቅ አላማውን ያሳካ ዘንድ በጥያቄው መሠረት አስፈላጊውንና ትክክለኛውን መረጃ እንዲሰጡን በአክብሮት እጠይቃለሁ። የሚሰጡት መረጃ ለትምህርት አላማ ብቻ የሚውልና የሚሰጡት መረጃ በጠቅላላ በጥብቅ ሚስጢር የሚጠበቅ ነው።

ስለ ትብብርዎ በቅድሚያ አመሰግናለሁ።

ማሳሰቢያ:-

* ስምዎንን መጻፍ አይጠበቅብዎትም

* እባክዎንን ጥያቄዎቹን በጥንቃቄ አንብበው ምላሽዎንን በሚያምኑት ሰንጠረዥ ውስጥ ይህን "✓" ምልክት ያስቀምጡ።

ክፍል 1- የምላሽ ሰጪ ጠቅላላ መረጃ

1. ጾታ ወንድ ሴት

2. እድሜ 18 – 30 አመት 30-50 አመት ከ 50 አመት በላይ

3. የጋብቻ ሁኔታ

1. ያላገባ

2. ያገባ

3. ፈት

4. በሞት የተለየ/ች

4. የትምህርት ደረጃ

1. 1-8 ክፍል

2. 9-10 ክፍል

- 3. ሰርተፍኬት
- 4. ዲፕሎማ
- 5. ዲግሪና ከዚያ በላይ

Part – 2 ከዚህ በታች በሰንጠረዥ የተቀመጡት አረፍተ ነገሮች ስለ ቅዱስ ጊዬርጊስ ቢራ ጥራት ዋጋ ማስታወቂያ ስርጭት ብራንድ እና ስለ ብራንድ ምርጫዎ የሚገልጹ ሲሆን እባክዎትን ሀሳብዎትን የሚገልጸው ሳጥን ውስጥ ምልክት "✓" በማድረግ ይግለጹ

1= በጣም አልስማማም 2= አልስማማም 3= ገለልተኛ 4= እስማማለሁ 5= በጣም እስማማለሁ

ቁጥር	መጠይቅ	ምላሾች				
		1	2	3	4	5
1	የምርት ጥራት					
	ቅዱስ ጊዬርጊስ ቢራ የመረጥኩት ተቀባይነት ያገኘ ጥራት ስላለው ነው					
	ቅዱስ ጊዬርጊስ ቢራ የመረጥኩት የቢራ ፍላጎቴን ስለሚያሟላ ነው					
	ቅዱስ ጊዬርጊስ ቢራ የመረጥኩት የማይለወጥ ጥራት ስላለው ነው					
	ቅዱስ ጊዬርጊስ ቢራ የመረጥኩት በጥሩ ፈጠራ የተሰራ በመሆኑ ነው					
2	የምርት ዋጋ					
	ቅዱስ ጊዬርጊስ ቢራ የመረጥኩት ለገንዘቤ ተመጣጣኝ ዋጋ ስለሚሰጠኝ ነው					
	ቅዱስ ጊዬርጊስ ቢራ የመረጥኩት መሸጫ ዋጋ ምክንያታዊ ስለሆነ ነው					
	ቅዱስ ጊዬርጊስ ቢራ የመረጥኩት የደንበኞችን አቅም ግንዛቤ ውስጥ ስለሚያስገባ ነው					
	ቅዱስ ጊዬርጊስ ቢራ የመረጥኩት ዋጋው ከጥራቱ ጋር ተመጣጣኝ ስለሆነ ነው					
3	ማስታወቂያ					
	የቅዱስ ጊዬርጊስ ቢራ ማስታወቂያ በቂ የሆነ መረጃ ይሰጣል					
	የቅዱስ ጊዬርጊስ ቢራ ማስታወቂያ ማራኪ የሆነ					

	ሽልማቶችን ያዘጋጃል					
	የቅዱስ ጊዬርጊስ ቢራ ማስታወቂያ እውነተኛዎች ናቸው					
	የቅዱስ ጊዬርጊስ ቢራ ማስታወቂያ ማራኪና ያልተጋነኑ ናቸው					
4	የምርት ስርጭት					
	ቅዱስ ጊዬርጊስ ቢራ በምኖርበት አካባቢ በቀላሉ አገኘዋለሁ					
	ቅዱስ ጊዬርጊስ ቢራ ምርጫዬ በሆኑ ሆቴሎች አገኘዋለሁ					
	ቅዱስ ጊዬርጊስ ቢራ ጥሩ የሆኑ አከፋፋዮች አሉት					
	ቅዱስ ጊዬርጊስ ቢራ ባስፈለገበት ጊዜ ሁሉ የማቅረብ አቅም አለው					
5	ብራንድ					
	ቅዱስ ጊዬርጊስ ቢራ ተወዳጅ ነው					
	ቅዱስ ጊዬርጊስ ቢራ ከእምነቴ ጋር የሚስማማ ነው					
	ቅዱስ ጊዬርጊስ ቢራ ከሌሎች የቢራ ብራንዶች በላይ የተለየ ደስታ ይሰጠኛል					
	ቅዱስ ጊዬርጊስ ቢራ እንዲገዛ ተጽእኖ የሚያሳድር ጥሩ ስም አለው					
6	የቢራ ምርጫ					
	ቅዱስ ጊዬርጊስ ቢራ የምንግዜም ምርጫዬ ነው					
	ቅዱስ ጊዬርጊስ ቢራ ከሌሎች ቢራዎች በላይ የምመርጠው ቢራ ነው					
	ቅዱስ ጊዬርጊስ ቢራ ለፍላጎቴ ተስማሚ ነው					
	ቅዱስ ጊዬርጊስ ቢራ ከጓደኞቼ ጋርም ሆኜ የምመርጠው ቢራ ነው					