



**ADDIS ABABA UNIVERSITY**  
**SCHOOL OF COMMERCE**  
**MARKETING MANAGEMENT DEPARTMENT**

**Brand preference in the soft drinks industry**  
**(In the case of Coca Cola &Pepsi Cola) in Addis Ababa Hotels**

**Thesis submitted to the School of Graduate Studies for the partial fulfillment of  
the request for the Master of Arts Degree in Marketing Management**

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**June, 2014**

**Addis Ababa**

## ***Abstract***

*This research has been undertaken with a purpose of evaluating the level of brand preference in the soft drinks industry (In the case of Coca Cola & Pepsi Cola) in Addis Ababa Hotels through basing on the component parts of: logistics support, customer service provision, and promotional efforts undertaken.*

*Considering the business to business relationship of the research objective, multi stage sampling technique has been implemented in which hotels found at the higher class level and star level have been selected through stratified sampling technique and according to their area of dispersion area sampling technique has been also put into place.*

*Hence, the major findings assumed as a basis for brand preference are ensuring product availability at the right timing and quantity, prior information provision to the hotels before delivery of products is undertaken, and administration of TV ads through famous people to mention some.*

*In line with the major findings and as a low involvement product category the two rival companies are heavily competitive on the logistics component especially in ensuring the product availability with the required brand proportion and timing so as to prevent easily switching of consumers in attaining business sustainability as a strategic competitive advantage.*

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Yared Hiruy

Signature \_\_\_\_\_ Date \_\_\_\_\_

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Addis Ababa

## **Abbreviations**

**CCS - Coca Cola SABCo**

**SABCo- South Africa Bottling Company**

**CSA- Central Statistical Agency**

**CBBE-Consumer Based Brand Equity**

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**Addis Ababa University**

**School of Graduate Studies**

**“Brand preference in the soft drinks Industry (In the case of Coca cola & Pepsi Cola) in Addis Ababa Hotels”**

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## Statement of Declaration

I hereby ascertain that the research work entitled as “Brand preference in the soft drinks Industry (In the case of Coca cola & Pepsi Cola) in Addis Ababa Hotels ” is my original work and take full responsibility related with its authenticity.

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**Research Topic On :**  
**Brand Preference of**  
**Coca Cola over its**  
**Rival Pepsi Cola in**  
**Addis Ababa Hotels in**  
**2014**



## ➤ Statement of the Problem

Brand preference has been an arguable concept in its conceptualization, measurement, and management for various authors whether it should be financial based or strategic based in positioning the level of brand market performance.



Fast Moving Consumer Goods business sector is characterized by frequently purchased, low transaction amount, & low risk associations of product acquisitions. Consequently, they are classified under the low involvement type of consumer decision making.

Marketing intermediaries like hotel industry perform various activities: physical distribution, warehousing, flow of information, flow of revenues and profits, logistics.....



Hotel Industry in Ethiopia had been initiated during the regime of Emperor Minilik (II) with its first establishment of Taitu Hotel basing in Addis and currently the number has ranged up to 822 considering the capital city of the nation only. Hence, measuring the brand market performance of Coca Cola through these marketing channel will have a detrimental effect in the issue of the research being undertaken.



## ➤ **Research Objective**

**The main objective of the underlying research is to assess the status of brand preference of Coca-Cola over its rival Pepsi Cola in Addis Ababa Hotels based on logistics support, customer service provision, and promotional efforts.**



## ➤ Research Methodology

This is a descriptive type of research design undertaken on a cross-sectional basis through a self administered questionnaire survey utilizing marketing intermediaries' responses as a primary sources and revision of related literature review as a secondary source of data collection.



**The target population of this study are the Hotels found in Addis Ababa City Administration(822 in total) out of which the sampling frame are those found at higher level & star level(180 in total)as per the list provided by Ministry of Trade of Ethiopia,2014.**



The sample size determination is performed based on personal judgment of the student researcher considering the method of data collection (non-probability sampling techniques: Proportionate Quota sampling), the homogeneity of the respondents, & representativeness of the sample (8% of the target pop'n), cost, resource, time limitations and finally the sample size is determined to be sixty five hotels.



As the sampling frame demonstrates 80% of higher level & star level hotels are found in the 2 sub cities(Bole and Kirkos) and the remaining 8 sub cities account only 20% of the sampling frame . Hence, the sample design and the data collection method are performed accordingly.



Finally the reply of respondents has been analyzed based on the prevailing related literature reviews both qualitatively and quantitatively through the applications of descriptive statistical methods and inferences have been undertaken through the application of SPSS to generate analytical reports like reliability and validity tests of the construct, Internal validity of the variables, and the Factor Analysis.



## ➤ Conclusion & Recommendation

In evaluating brand preference of Coca Cola over its rival Pepsi Cola in Addis Ababa Hotels in 2014 three component parts like logistics support, customer service, and promotional efforts have been identified and under their umbrella 24 variables are added to see their coherence towards the component parts in particular and towards brand preference at an aggregate level.



Accordingly, out of the 24 variables identified for further analysis in line with the component parts in particular and the research hypothesis in general 16 of them are found significant in a sample two tailed t-test at 95% confidence interval and  $p \leq 0.05$  in determining brand preference of Coca Cola. Hence, the research findings are presented as follows:



## ➤ Conclusion

- ✓ Product availability at the right quantity and timing are found as key variables in the logistics component parts in the research undertaken.
- ✓ Pertaining to customer service provision, making prior information to customers before delivery of products is undertaken is a fundamental issue.



- ✓ Since administering promotional campaigns are also the component variables in brand preference, heavily working on TV ads preparation can create easily brand association.



## ➤ Recommendation

- ❖ Coca Cola as a company has been operating for over 50 years in Ethiopia and over 125 years in the globe therefore relationship building with the marketing intermediaries in line with their business undertakings plays its vital role for its presence. The targeted sample provide hotel service for the public and their strategic location in the capital of the nation make them relevant to the fast moving consumer goods manufacturers like Coca Cola Co.



- ❖ **Coca Cola has to aggressively work on making product availability on a required timely fashion so as to prevent easily switching of the marketing intermediaries and consequently final consumers.**
- ❖ **In addition Coca Cola is also advised to strengthen the variable in customer service component, i.e prior informing to the hotels before delivery of products is undertaken so as to minimize time, effort, and cost that could have been incurred due to gap in communication from both sides.**



- ❖ The advertisement campaign (TV ads) has to focus on endorsing through famous people like artists and well known athletes so as to easily create associations as a low involvement product category. In addition sponsorship of sport festivals like the Coca Cola Road Series has to continue in an organized approach since it does have a detrimental effect in creating a great bonding with the public at large.



- ❖ Market activation is also considered as a means of creating top of mind awareness in the fast moving consumer goods industry. Therefore, Coca Cola has to aggressively focus on display materials like posters and other materials helpful in reminding strategy.



❖ During slack seasons in which sales drop significantly, it is advisable to utilize various sales discount strategies which should be designed on a temporarily basis. In line with that, the hotels should be communicated timely through the area sales people. In doing so the Coca Cola Co. could minimize over stocks, under utilization of company production lines, space constraints, idle labor hours...



Finally, through creating a holistic integration among the component parts of the brand preference: the logistics support, the customer service, and the promotional efforts and linking them with the marketing intermediaries( Addis Ababa Hotels), East Africa Bottling Share Co operating under a franchisee agreement with international Coca Cola Co :



can enhance its relation level from presence up to bonding through utilizing the aforementioned component parts and customizing the brand image into cultural heritage of the nation.



Thank You



## Chapter One: Introduction

### 1.1 .Background of the study

The world in which we live is far more complex today than it was just a few years ago because of a feverish and fascinating process of perpetual change. New technologies bursting onto the scene, social networks undergoing extraordinary growth and expansion, huge amounts of information becoming available to consumers, the globalization of the economy and the accelerated development of the so-called emerging countries are some of the main phenomena that are changing the face of the competitive environment in which brands operate (Aaker, 1996, 2010; Keller, 2003; Keller and Lehmann, 2006; Veloutsu, 2009), which in turn is posing stiff challenges for managers.

Branding began sometime around 1500 BC, when the ancient Greeks marked their cattle, a practice that still exists in the livestock industry. However, branding initiatives relevant to an institutional enterprise began in 1931, when Procter & Gamble started placing labels on its products to help consumers differentiate one product from another. Shortly after the Second World War, Ford and General Motors engaged in heated advertising battles, which continue today, as a means of educating their audiences about the distinctive qualities of their respective products(Whisman:2009).

Branding creates mental structures that help consumers organize their knowledge about products and services in a way that clarifies their decision making and, in the process, provides value to the firm. Brand as a product can be expressed in terms of functional, descriptive, and emotional component parts that provide competitive advantage on the endowed goods and services(Kotler& Keller:2009).

The resource-based view within the strategy literature has argued that sustainable competitive advantage is created primarily from intangible capabilities, including brands and reputations (Omar et al., 2009).

In addition it is the brand as an intangible strategic asset of a given company which is difficult to copy in the competitive environment. Elsewhere, identification of the activities of the value generating chain, which from the consumer's point-of-view

reveal a high potential value of differentiation, would enable the company to establish and set the foundation on which activities that create that differential advantage. So, capitalizing on these activities generates equity for the brand and it becomes a crucial aspect in improving competitiveness. By achieving this, the brand would strengthen the competitive position of the company in the market (Dopico & Porral: 2012).

There are conflicting views in the literature regarding the relationship between brand preference and brand equity. In his seminal paper, Keller (2003) suggests that brand preference is an antecedent of brand equity. However, subsequently Chang and Ming (2009) studied the impact of brand equity on brand preference. Furthermore, some other authors even use the two terms interchangeably (e.g. Rundle- Thiele and Mackay, 2001).

Brand preference requires careful planning, a great deal of long term commitment, creativity, design, and executed marketing. This means a holistic approach of measuring marketing program offered by a firm, Brand Audit, and from the consumers' current assessment of knowledge of the brand equity: Brand tracking studies (Kotler:1994).

As per Dunes and Pras(2013), for a brand to be positioned in a better market performance and productivity the brand management system has to be embedded with brand orientation, internal branding, and corporate culture which works on alignment of company strategic direction with brand building process from top-down and vice-versa involving top management, employees, customers, stake holders,....

The other prior work that also explored the range of attributes that might affect brand preference is that of Mitchell and Amioku (1985); they conceptualize brand preference as a bundle of attributes that leads a customer to favor one brand over another. These attributes are classified into three sets, namely consumer attributes, product (service) attributes, and market attributes.

While current literature has focused on building and conceptualizing brand equity, there has been no consensus on how to measure it or on what constructs to include in the measurement process (Mackay, 2001b).

The area of brand equity has received significant research attention in recent years. As a result, current marketing studies attempt to conceptualize, measure, and manage brand equity in a way that drives brand market performance, and helps firm's strategic decision making. An emerging debate started to address whether brand equity should be thought of from a consumer-oriented or a market performance-oriented perspective. Motameni and Shahrokhi (1998) recognized the confusion and disagreement in conceptualizing and defining brand equity, and they identified two opposing perspectives or schools of thought: the marketing perspective and the financial accounting perspective.

Keller (1993) posited that companies are motivated to study brand equity for two reasons: one is financially-based to estimate the value of a brand more precisely for financial reporting purposes; and the other is strategy-based to improve marketing productivity. He argued that evaluating the brand in the minds of consumers' is a prerequisite for brand market performance.

Financial based of brand equity measurement comprises (Frampton,2010): the economic value added, the role of the brand(i.e how it affects purchasing), and its strength(i.e how well it is positioned against its competitors).

Hence, the brand knowledge is the fundamental issue that needs to be addressed properly. Various scholars have suggested multi dimensional approaches on how to create brand knowledge to serve as sustainable competitive advantage. Marketing Researchers Millward Brown & WPP demonstrate brand knowledge as a progressive effect that could be developed through time from its actual presence up to strong bonding expressed ranging from low share of category expenditure up its highest level (Kotler& Keller:2009).

Brand Knowledge as per Keller (2004) is from the point of view of the consumer's knowledge developed over time which creates a differential effect to the marketing stimuli that the results in strong, favorable, and unique association of a given brand.

In achieving better brand market performance, the presence of strong relational norms among marketing channel intermediaries is associated with the factors like:

performance, channel management and governance, conflict resolution, information exchange and competitiveness. In order to fulfill these goals, firms must manage the channel intermediaries and logistics function to ensure the effective and efficient flow of goods, information, and revenue. Studies in the field of channels and logistics acknowledge that marketing channel networks with strong emergent relational norms i.e. spirit of cooperation, long term orientation, and a feeling of solidarity are likely to yield better results (Paswan et.al, 2011).

Hence the Customer Satisfaction Management Survey has to be undertaken for these intermediaries in light of market orientation, relationship marketing, quality and service, market driven management, the pursuit of excellence, & marketing control (Piercy, 1996).

With regard Ethiopian context as per the Central Statistical Agency Report (2009/2010), Food and Beverage Industrial Group accounts for 36%age distribution of value adding at the National Account Concept of basic price considering only the Medium and Large Scale Industries. The Soft Drinks & Mineral Water Sub- Industrial Group is also showing a tremendous growth in terms of number of establishment which had been # 17 in 2005/2006 to # 37 in 2009/2010. Therefore, the value adding contribution and its growing number of establishments demands branding to be the issue of consideration in undertaking this research.

Coca Cola has been enjoyed for over 125 years in the globe after its first invention by the Atlanta Chemist, John S. Pemberton, in Jacobs's pharmacy in May-1886. During its invention it had been very much fascinating to think that Coca-Cola would become the second most internationally recognized term in the world after the word "Okay" (Coca-Cola-SABCo, 2011).

The brand heritage created at a universal level has to be customized within the cultural heritage of a given country in a way that could facilitate image of quality, enhanced trust, customer loyalty, and stronger reputation. (Hakala, et al., 2011)

Adaptation versus standardization of the different elements of marketing in target market of the brand strength with the underlying cultural context of the nation is the

basis for business sustainability (Banerjee, 2008). Brand strength can be established based on image in use from the actual consumer practices and image in inheritance from previous experiences that contribute a detrimental effect in building brand equity over time in a dynamic approach (Rindell, et. al 2010)

Hence, East Africa Bottling Share Co. (EABSCo) a bottler found in Ethiopia working under a franchisee agreement of an International Coca-Cola operations requirement is expected to align the global brand heritage of Coca Cola in line with the Ethiopian cultural context.

## **1.2 Statement of the problem**

Brand preference has been an arguable concept in its conceptualization, measurement, and management for various authors whether it should be financial based or strategic based in positioning the level of brand market performance (Keller: 2003).

The products under the scope of Fast Moving Consumer Goods(FMCGs) are mostly those that are frequently purchased and are characterized by low involvement, low purchase transaction amount and low risk (East, 1997; Kotler, 2000), like food and beverages such as candies, chocolates, ice-creams, cereals, milk, butter, juices, soft drinks, personal care products such as soaps, shampoos, toothpastes, deodorants, house hold care products such as detergents, insect repellents, and personal stationery, etc.

Brand preference in a given product category demands the application of proper marketing tools and techniques that go in line with the product nature, the underlying situation of product application (Product breadth & depth), consumer characteristics.... and the provision of the necessary logistics support, customer service, and promotional efforts to maximize brand knowledge overtime which creates a differential effect to the marketing stimuli that result in strong, favorable, and unique associations of a given brand and consequently becoming a bonded customer having a largest product category expenditure(Kotler& Keller: 2009,Cooper M.B. & Bowersox D.J. 2004)

In attaining the preceding brand equity which results in a given brand preference and behavioral loyalty marketing channel systems or networks perform various activities such as physical distribution, warehousing, flow of information, flow of revenue and profits, and logistics, to name a few (Bowersox et al., 1980; Stern et al., 1996). Customer loyalty is an invaluable asset for firms as it can provide security and predictability of demand, create barriers against other firms trying to enter the market, and also translate into the willingness of customers to pay premium prices (Kotler and Keller:2006).

Hotel Industry in Ethiopia has been initiated during the regime of Emperor Minilik (II) with its first establishment of Taitu Hotel basing in Addis and currently the number has ranged up to 822 considering the capital city of the nation only (Trade and Ind. Development Bureau, Addis Ababa: 2013) Hence, measuring the brand market performance of soft drinks Industry through these marketing channel will have a detrimental effect in the issue of the research being undertaken.

### **1.3 Research Questions**

This research tries to answer the following question based on empirical research undertakings:

- What is the status of brand preference in the soft drinks industry considering Coca-Cola over its rival Pepsi Cola in Addis Ababa Hotels based on the three major component parts?

.Logistics support: consisting of ensuring product availability at the right timing, with the required brand proportion, with a reasonable price, and at an accepted level of quality.

. Customer service provision: encompassing prior communication of customers before delivery of products is undertaken, handling gaps in delivery of products because of documentation immediately, informing changes in

working system to customers before implementation is performed, and timely retrieval of defective products.

. Promotional efforts undertaken: holding performing TV ads through famous people, provision of sales discounts during slack seasons, doing market activation aggressively, and sponsorship of sport festival.

#### **1.4 Objectives of the study**

##### **➤ General objective**

- The main objective of the underlying research is to assess the status of brand preference in the soft drinks industry considering Coca-Cola over its rival Pepsi Cola in Addis Ababa Hotels based on logistics support, customer service, and promotional efforts.

##### **➤ Specific objectives**

In consistent with the preceding general objective, the research is conducted with the purpose of evaluating each component part in relation to their effect in the brand preference in the soft drinks industry of the two rival companies:

.Logistics support: consisting of ensuring product availability at the right timing, with the required brand proportion, with a reasonable price, and at an accepted level of quality.

. Customer service provision: encompassing prior communication of customers before delivery of products is undertaken, handling gaps in delivery of products because of documentation immediately, informing changes in working system to customers before implementation is performed, and timely retrieval of defective products.

. Promotional efforts undertaken: holding performing TV ads through famous people, provision of sales discounts during slack seasons, doing market activation aggressively, and sponsorship of sport festival.

### **1.5 Significance of the study**

This research will have an insight on the variables to depend for brand market performance in the Soft Drinks Product Category like: logistics support, customer service provision, and promotional effort in creating competitive advantage and business sustainability over time.

### **1.6 Scope of the study**

The research tries to cover brand preference in the soft drinks industry considering Coca Cola over its rival Pepsi Cola undertaken in Addis Ababa Hotels only. Hence, the output of the research is subject to the area of consideration and the research design employed.

## Chapter Two: Related Literature Review

### 2.1 Branding, Brand Preference, & Brand Equity

Branding began sometime around 1500 BC, when the ancient Greeks marked their cattle, a practice that still exists in the livestock industry. However, branding initiatives relevant to an institutional enterprise began in 1931, when Procter & Gamble started placing labels on its products to help consumers differentiate one product from another. Shortly after the Second World War, Ford and General Motors engaged in heated advertising battles, which continue today, as a means of educating their audiences about the distinctive qualities of their respective products(Whisman:2009).

According to American Marketing Association (AMA), a brand is a " name, term, sign, symbol, design, or a combination of the intended to identify the goods and services of one seller or a group of sellers and to differentiate from those of competition". Branding a product can both benefit the consumer as well as the manufacturer. It is beneficial to the consumer in terms of minimizing the risk of utilizing it, searching cost, and image associations that they need to communicate to others. Besides, manufacturers' also harvest the advantage of branded product in: identifying a product easily from its competitors, having legal protection, means of endowing products with unique associations, source of competitive advantage, and financial returns.(Keller:2004)

Branding creates mental structures that help consumers organize their knowledge about products and services in a way that clarifies their decision making and, in the process, provides value to the firm. Brand as a product can be expressed in terms of functional, descriptive, and emotional component parts that provide competitive advantage on the endowed goods and services (Kotler& Keller: 2009)

Over time, the concept of brand has developed in response to changes in the business environment (Knox and Bickerton, 2003) thus deepening and widening the brand domain through the application of branding to activities other than manufacturing.

Branding is a central concept in marketing, and the particular importance of corporate branding has been highlighted by a number of writers (Keller and Richey, 2006; Merrilees and Miller, 2008). Although there has been increasing interest in branding, it is reasonable to say that its incorporation into the conceptual structure of marketing has yet to be completely consolidated (Stern, 2006). In the search for an holistic conceptualization, we assume a semiotics-based conceptual model for branding, according to which the brand is founded on three fundamental pillars: the identity pillar, which includes the sign or signs that identify the brand (name, logo, slogan, etc. forming the identity mix) and the brands associated with it, thus building the corporate identity structure; the object pillar, which includes the different offers of the brand together with the organization, and the marketing activities that support them; and the market pillar, which includes the brand's stakeholders and their different responses to the brand at cognitive, affective, and behavioral levels (Mollerup, 1997).

There are conflicting views in the literature regarding the relationship between brand preference and brand equity. In his seminal paper, Keller (2003) suggests that brand preference is an antecedent of brand equity. However, subsequently Chang and Ming (2009) studied the impact of brand equity on brand preference. Furthermore, some other authors even use the two terms interchangeably (e.g. Rundle- Thiele and Mackay, 2001).

Brand preference requires careful planning, a great deal of long term commitment, creativity, designed, and executed marketing. This means a holistic approach of measuring marketing program offered by a firm (Brand Audit) and from the consumers' current assessment of knowledge of the brand equity (Brand tracking studies) (Kotler:1994)

The other prior work that also explored the range of attributes that might affect brand preference is that of Mitchell and Amioku (1985); they conceptualize brand preference as a bundle of attributes that leads a customer to favor one brand over

another. These attributes are classified into three sets, namely consumer attributes, product (service) attributes, and market attributes.

As per Alamro & Rowley (2011), consumer brand preference has been identified as three main clusters: brand awareness, brand image, & consumer attributes.

While current literature has focused on building and conceptualizing brand equity, there has been no consensus on how to measure it or on what constructs to include in the measurement process (Mackay, 2001a).

The area of brand equity has received significant research attention in recent years. As a result, current marketing studies attempt to conceptualize, measure, and manage brand equity in a way that drives brand market performance, and helps firm's strategic decision making. An emerging debate started to address whether brand equity should be thought of from a consumer-oriented or a market performance-oriented perspective. Motameni and Shahrokhi (1998) recognized the confusion and disagreement in conceptualizing and defining brand equity, and they identified two opposing perspectives or schools of thought: the marketing perspective and the financial accounting perspective.

Keller (1993) posited that companies are motivated to study brand equity for two reasons: one is financially-based to estimate the value of a brand more precisely for financial reporting purposes; and the other is strategy-based to improve marketing productivity. He argued that evaluating the brand in the minds of consumers' is a prerequisite for brand market performance.

Financial based of brand equity measurement comprises (Frampton,2010): the economic value added, the role of the brand(i.e how it affects purchasing), and its strength(i.e how well it is positioned against its competitors).

Hence, the brand knowledge is the fundamental issue that needs to be addressed properly. Brand equity is the tangible and intangible worth of a given brand accumulated over time. Various authors have tried to demonstrate brand equity into different ways:

- ✓ Marketing Research Consultants Millward Brown & WPP(Kotler& Keller:2009) developed Brand Dynamics Model (**BRANDZ**) which discusses

brand building follows a sequential series of step, each contingent up on successfully accomplishing the preceding one. The model starts with weak relationship (low share of category expenditure) and ends up with strong relationship (high share of category expenditure). In creating such relationships it demands to pass through the brand building blocks of: presence, relevance, performance, advantage, & bonding. Bonded, consumers are those found at the top of the pyramid, build stronger relationships with the brand and spend more on it than those of at the lower level. More consumers however will be found at the lower level. The challenge for the marketers is to develop activities and programs that help consumers move up the pyramid.

✓ Keller (2004) argued brand equity to be measured from the perspective of the consumer through his model of Consumer Based Brand Equity Pyramid (CBBE Pyramid). The model tries to depict the association of the brand building blocks with the pyramid. The brand (CBBE) building blocks involve: Identity, Meaning, Response, & Relationship can be created because of the marketing programs and efforts undertaken by the firm. For Identity creation, brand salience framework has to be established demanding a given brand to be easily recalled and recognized from its product category (Brand Depth) and being utilized in a various physical settings (Brand Breadth). For meaning of a brand to be installed, the product performance in terms of tangible attributes and the brand image those consumers in product applications. The Response block is learned evaluations in terms of emotional & judgmental reactions of the consumer. The final output Relationship is generated from the intensity or the depth of psychological bond that consumers have with the brand as well as the level of actively engendered with loyalty. In total what Keller tries to demonstrate is that brand equity is the consumer's brand knowledge that creates a differential effect to marketing stimuli over time to react in creating a strong, favorable, & unique association of a given brand

✓ Aaker (1991) defined brand equity as "a set of five categories of brand assets (liabilities) linked to a brand's name or symbol that add to (subtract

from) the value provided by a product or service.” He identified five brand equity constructs: brand awareness; brand perceived quality; brand associations; brand loyalty; and other proprietary brands assets, such as patents, trademarks, and channel relationships.

✓ Tolba & Hassen (2009) tried to classify the CBBE Model into three dimensions: Knowledge equity, attitudinal equity, and relationship equity in which brand awareness, brand associations, and familiarity with the brand refers to Knowledge equity, attitudinal equity is characterized by the affective component, brand preference, satisfaction, and behavioral loyalty are considered as the relational equity.

## **2.2 Brand Management**

Knowledge of brand management actions is a central concern for practitioners and top managers. Brand managers’ activities have emerged as the most important top management priority with respect to marketing strategy. Branding activities have to demonstrate that a portfolio of strong brands create value for the shareholders (Madden et al., 2006) and the status of the marketing department within the firm depends on its ability to show its contribution in terms of return on investment (e.g. Verhoef and Leeflang, 2009)

As per Dunes and Pras (2013), for a brand to be positioned in a better market performance and productivity the brand management system has to be embedded with brand orientation, internal branding, and corporate culture which works on alignment of company strategic direction with brand building process from top-down and vice-versa involving top management, employees, customers, stakeholders,.... Brand strategy has to base on the philosophy of inside out paradigm in which set of core values and beliefs connect the entire organization to ensure long term sustainability (Whisman: 2009). Corporate reputation is an outcome of interactions between stakeholders and the organization over time. Corporate identity and corporate branding are key drivers of an organization’s reputation management (Argenti & Druckenmiller, 2004).

Successful brand management focuses on making brand preference, ensuring that products and/or services sold under the brand's umbrella of values really are perceived as superior to those of competitors (Nilson, 2000)

Brand Positioning is the act of designing the Co's offer & image so that it occupies a distinct and valued place in the target consumer's minds. It involves undertaking four steps: determination of target customers, competitors, identification of point of parity & point of difference in relation to competitors (Kotler& Keller: 2009). Point- of -parities are the minimum requirement of a brand provisions within its product category which are at the generic & expected level (categorical) & at the competitive level. Point -of- differences are the benefits through which a given brand can create unique associations in the competitive environment. Point -of- differences have to be measured through the guide lines of desirability (relevance, distinctiveness, & believability)& deliverability (feasibility, communicability, & sustainability).

Core values of a brand have to be identified, mental map and structure need to be created so as to establish brand mantras. Brand mantras communicate what the brand is and the brand is not usually categorized in three forms: the brand functions, descriptive modifier, & emotional modifier. (Keller: 2004)

### **2.3. Consumer decision making models& promotional efforts to brand preference**

It can vary from a situation to a situation in which a consumer's evaluation of brand alternatives is constrained by the information requirement and the associated financial, social, & psychological risks in selecting that specific brand from a given product category (Assael:2001).

**.Consumer Decision Making Model:** It is a model classifying evaluation of brand alternatives based on degree of involvement (situational or enduring) and the type of decision level expected to be made. Consequently, the categories are complex decision making, limited decision making, brand Loyalty, & inertia. Complex decision making is a situation under which consumers are exposed to a higher degree of involvement and decision making because of the fact that the natures of products are with high

procurement costs, associated with personality egos in a cognitive learning. Limited decision making is undertaken with low degree of involvement because of the low risk associated with the acquisition of the products. Consumers tend to make brand choices based on cognitive economy. Brand loyalty comes after a total acceptance of a brand through previous experiences. Hence, consumers directly take the acquisition of the product without requiring further evaluation of brand alternatives. Finally, Inertia is simply going as usual since there are no demanding situations for information requirement and risk associated with it like purchase of a common salt (Assael: 2001).

### **. Low Involvement Consumer Behavior Theories and their impact on Ads**

.Krugman's theory of passive learning argued that TV advertisements are instrumental for low involvement decisions since they can create product recall through repetitive approach and the approach of conveying the message should be utilizing imagery rather than informative. In addition he tries also to confirm that print ads are also beneficial for higher involvement decisions since they provide sufficient time of consideration to the target audience in creating brand evaluations & preferences in an objective approach(Assael: 2001).

.Sherif's theory of social judgment also tried to assert that a consumer with high involvement requires a lot of effort to persuade requiring product attribute related information because of being positioned at lower acceptance zone. Despite this fact, however, low involvement types of consumers are easy to persuade with a wider possibility to switch to other brands (Assael: 2001).

.Petty & Cacioppo also developed Elaboration Likelihood Model (ELM) which tried to classify the content of an advertisement into central & peripheral component. They emphasized that in marketing an ad of low involvement products, the focus is advantageous to be made in endorsing the ads rather than information contents (Assael: 2001).

## **.Sales force impact....**

Business to business brand managers must relentlessly concentrate on developing and communicating points of difference as the basis for creating differentiation and providing superior value (Davis et al., 2008). Given the importance of the sales function; however, it is surprising that the sales people and their emotional potential are seldom seen as a starting point for differentiation.

Other research reported in the services marketing literature has addressed such aspects of interpersonal communication style, and its effects on customer responses, as non-verbal communication, customer orientation, employee satisfaction, and perceived effort (Spark, et al, 1997). Beyond the services marketing literature, Wentzel (2009) has analyzed the effects of different aspects of employees' communication on consumers' perception of brand image and their attitudes to the brand, in various product categories.

Sales people today are expected not only to meet sales targets but also to build long-term, profitable business relationships which in turn are based on positive emotions such as satisfaction. Thus relationship selling behavior is important from a branding point of view. Its primary goal is securing, building, and maintaining long-term relationships with profitable customers (Johnson and Marshal, 2005).

As per Baumgarth & Schmidt (2010), sales person should not be seen as simply an actor in the distribution process but rather should be integrated in the product(service) positioning & marketing communication that could result in superior differentiation of the offering in the competitive environment.

Interactive brand management is thus fundamentally about using the sales function as the motive force for communicating differentiated company values, integrating sales in to brand management, and implementing a strategy of relationship leadership (Binckebanck, 2006).

## **.Sales promotion**

Devecechio & Puligadda (2012) emphasized the attractiveness of lower prices is evident in the use of price discounts. Discounts have increased steadily over the past two decades to the point that consumer packaged goods manufacturers now spend 10 percent-30 percent of their gross sales revenue on such promotions; an expense that is eclipsed only by the cost to produce the goods.

Kinard& Bonner (2013) in their research undertakings of an experimental design consisting of 475 subjects participated came in to conclusion that odd pricing effects ending with 0 or 9 are easy to remember and the adaptation level price range of consumers within the given product category has to be taken in to consideration. Moreover if they are to be wrongly remembered, the tendency of rounding is to 5 or 9. This finding can be used for marketing intermediaries to contribute to profit maximization since it will have a great effect especially for low profit margin and high inventory turnover product types like Fast Moving Consumer Goods.

## **2.4 Logistics Support Provision to Brand Preference**

The logistics channel is responsible for the timely delivery of the required products where as the marketing channel is for the product, price, & promotional activities (Bowersox & Cooper: 2004)

Product availability is a major component part to ensure fill rate and responsiveness to the ultimate customer. In doing so, there demands balancing the over stock of products which results in higher inventory costs and the out of stock issue leading to loss of sales (Chopra &Meindl: 2004) .A company should work on holding of product mixes in relation to their preceding contribution of sales revenue and the products need to be identified in terms of Stock Keeping Units (SKUs).

According to Pareto, the Italian Economist in the 19<sup>th</sup> Century, 80% of the total sales revenue is generated from the 20% of the products & the rest works vice versa (Chirstopher: 1994).

Dopico and Porral(2012) in their research undertakings which had been performed both through interviewing with 36 sector executives and 250 surveys with potential customers came into conclusion that excellence in delivered finished goods, brand image, and product design are the sources for brand equity and attaining competitive edge in the fashion market of the textile closing sector.

In attaining brand equity which results in a given brand preference and behavioral loyalty marketing channel systems or networks perform various activities such as physical distribution, warehousing, flow of information, flow of revenue and profits, and logistics, to name a few (Bowersox et al., 1980; Stern et al., 1996).

It is coming to mean one of the two things to ensure product availability: First, it means the use of a third party distribution Co., secondly it can mean the establishment of a 'a profit centre'' concept of distribution with the parent Co. As per the illustrations of Chirstopher (1994), the advantages of third party distribution service Co. would appear to be:

- . Customized customer service requirement at a reasonable cost
- .Increased geographical coverage
- . Lower operational costs both over all & in peripheral areas
- . Specialized services available in: stock management, ability to redeploy management resources, & overall risk reduction.

Apart from the preceding advantages of out sourcing distribution function, the drawbacks are:

- . Loss of direct control on stock rotation & customer service
- . In adequate performance feed back
- . In ability to respond to special demands
- . Higher direct cost& communication problems with customers

Kotler also emphasizes that organizations may not directly employ their own resources in reaching their products to their final consumer. In such cases the need for intermediaries to create time, possession, & place utilities to the manufacturers becomes inevitable. Based on this their nature of organization differs in line with the intended purpose of business operation either for immediate consumption (retailers) or further business undertakings (wholesalers) (Kotler: 1994).

It is a Co's decision based on the nature of the product to be offered, costs and benefits associated, and the availability of resources both from the company side and the agents to go for out-sourcing, in-house, or a combination of both to the distribution capability so as to have its own share in ensuring brand preference.

## **2.5 Customer Service Provision to Brand Preference**

Beyond availability and capability, quality of service means that shipment arrive damage free, invoices are correct, returns of products & occurrence of unexpected gaps are handled properly. Some firms are introducing on line order status, brilliant recovery approach in rectifying sudden gaps to promote customer loyalty as part and parcel of competitive advantage. (Bowersox& Cooper: 2004)

As per Zeithamal (2004), marketing communication system is categorized under three main pillars: External Marketing Communication, Internal Marketing, & Interactive Marketing. External Marketing Communication involves the traditional way of transferring Co's information about its goods & services through advertisement, sales promotion, public relations, and direct marketing. Internal Marketing is concerned about awareness creation to the internal employees of a given Co's goods & services so that alignment is developed between what is communicated externally and the level of awareness of front line service providers of the Co. Interactive Marketing is the actual marketing communication expected to be undertaken with the customer at the interface level in the form of personal selling, customer service center, service encounter, & service capes. Hence, these three components of the service triangle, i.e, External Marketing Communication, Internal

Marketing, & Interactive Marketing have to be provided in a consistent, up-to-date, and accurate approach collectively termed as Integrated Marketing Communications (IMCs) so as to keep the customer satisfied.

IMCs build a strong brand identity in the market place by tying together and reinforcing all your images and messages. IMCs mean that all your corporate messages, positioning, images, and identity are coordinated across all venues. It tells that all your public relations say the same things as your direct mail campaign, and your advertising has the same 'look and feel' as your website (Zeithamal:2004).

Finally Zeithamal also identified as possible gaps in service communication systems as inadequate management of: service promises, customer expectations, customer education, & internal marketing communication.

Chirstopher (1994) also broadly defined customer service as a sum total of three segments: Pre-transaction elements, transaction elements, & post-transaction elements. Besides, Chirstopher suggested the under mentioned six steps from cost effective customer service delivery system:

- . Identifying the key components of customer service
- . Establishing the relative importance of the customer service components
- . Identifying company positions on key components of the customer service
- . Segmenting the market by its service requirement
- . Designing the customer service package
- . Establishing customer service management & control procedures

As per Kauffmann &Dant (1992) customer relationship management in business operations has to be measured based on solidarity, role integrity, and mutuality. Solidarity refers to the importance attached to the orderly exchange norms that are accepted by the majority and captures sentiments such as trust, future

cooperation, and open communications versus discreet transaction orientation and arms length negotiation. Role integrity captures more complex expectations and roles associated with the relationships with trading partners versus an expectation of simplistic transactional role fulfillment by exchange partners. Finally, mutuality (reciprocity) captures the importance associated with long-term payoffs where each party tries to balance the account book on a transaction by transaction basis; as is the case in discreet exchange relationships, by constantly monitoring, reconciling, and controlling every transaction with high degree of immediacy.

In addition to Kauffmann & Dant, Salter & Olson (2001) cohered with the idea of aligning marketing intermediaries with the corporate marketing strategy of a company in their literature of “marketing strategy and relational-ism in supply chain”. It says firms try to adopt one or more of the three marketing strategies aggressive marketing, price leadership, and product focus (specialization) – they may find that the extent of relational norms present in their marketing channels may not be equally suitable for all three strategies. Aggressive marketing strategy is characterized by high-quality innovative products, close relationships with customers, extensive marketing research and market segmentation to identify premium target markets, selective distribution, and intensive advertising. For channel partners, such strategy refers to an intimate knowledge of the market, closer involvement with both the suppliers and customers, and a willingness to invest in market research and R&D. A high degree of relationalism in marketing channels is thus likely to foster closer ties amongst channel intermediaries, strong identification with the common goal, and an incline towards long term payoffs in comparison to a more transactional and short term orientation. Literature on use of power business-to-business relationships have traditionally suggested that an aggressive marketing strategy may be associated with use of power by lead channel members, however, recent thinking suggests that the use of coercive power in fact results in dysfunctional out comes. Product specialization (focus) strategy, on the other hand, is characterized by a more concentrated approach towards segmenting the market and targeting a narrowly defined niche market with fewer and more specialized products (consistent with the more current service dominant logic,

the term product is henceforth used to represent the entire range of offering –products, services, and the resultant solutions). For channel members, this strategy may translate into a shrinking business volume. Although the increased focus on segmentation and focused targeting may prove to be a significant investment of effort and resources, the outcomes may not be commensurate with the enhanced resource allocation, especially with a shrinking scope of operation and business volume. Surely, this is not a promising picture of the firm’s future in that the shrinking business may not bode very well for the relational-ism amongst channel members. In fact, the literature suggests that the narrow product and market focus may be more congruent with strong and close administrative control. Lasser and Kerr (1996) found that firms offering differentiated and highly specialized products tended to rely more on highly involved control relationship with very close monitoring of behavior. Thus, relational-ism, while conducive for aggressive market strategy, may not be as conducive for product specialization strategy. Finally, price leadership strategy requires a shift in focus to lower margins and high volumes. Price leadership strategy may require intensive distribution with a focus on larger markets resembling mass marketing strategy. While Slater and Olson (2001) found that mass marketing strategy is congruent with analyzer strategy, Lasser and Kerr (1996) found the cost leaders to be low in behavioral control, contractual restriction, and manufacturer coordination with medium levels of manufacturer support. While this strategy is not likely to yield significant results in the short run, it may have a bright future due to the enhanced market coverage. Therefore, to encourage the channel members to go along with a low price strategy, managers may need to rely heavily on relational norm among channel partners with a promise of a successful future. This approach is more likely to succeed than a strong bureaucratic stance which is typically more transactional and short term in orientation. An obvious example would be Wal-Mart, which is known as a price leader and is known to use closer ties with its channel partners to achieve its objectives.

Customer participation was considered to comprise various behaviors, such as preparation, relationship building, information exchange, quality assurance, and assessment behaviors. Quite early on, several authors suggested that customer

participation actually extends beyond the services process, involving customers' inclination to learn & experiment, and to engage in active dialogue, collaboration, and company development with sellers (Wikistrom, 1996; Prahalad and Ramaswamy, 2004).

Participative customers conduct more repurchases, show lower price sensitivity, perceive the brand image more favorably and even contribute in service recovery (Cermak et al. 1994).

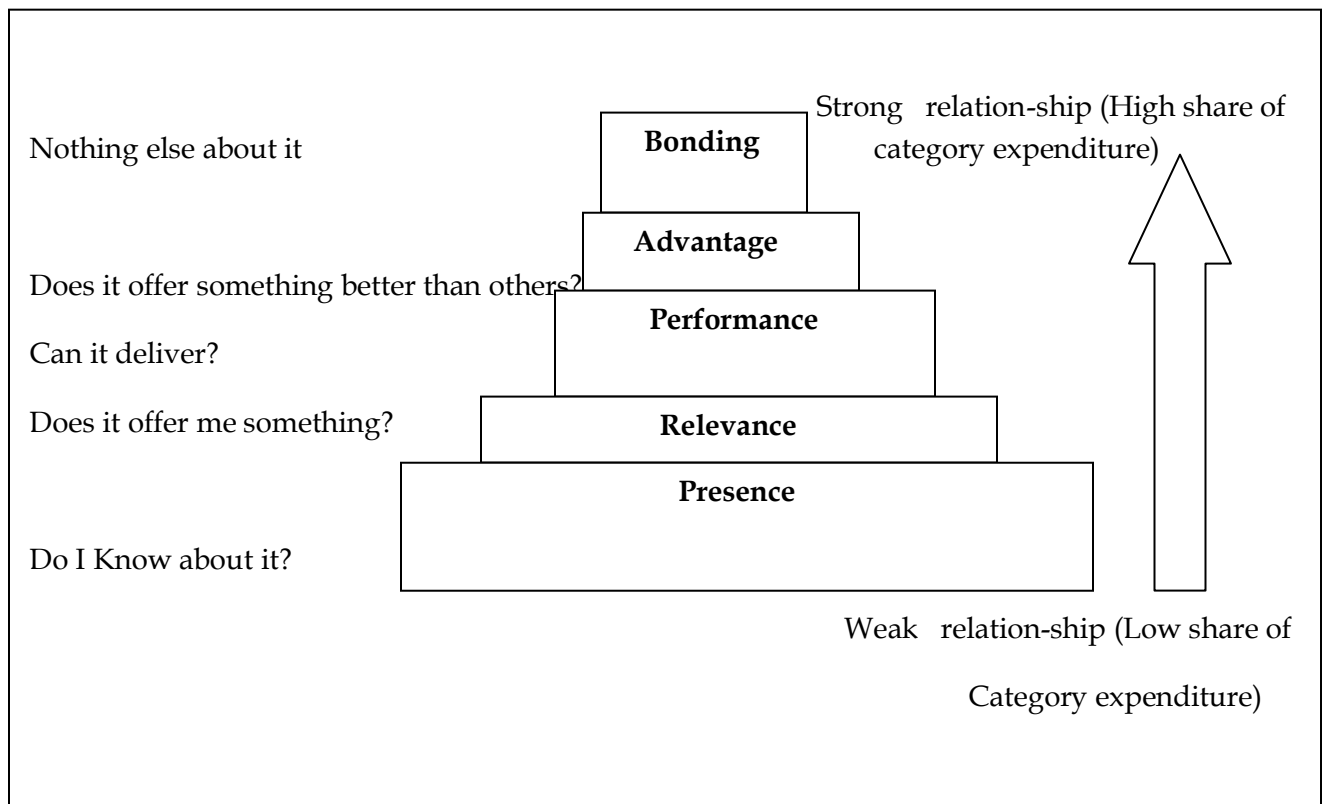
Customer loyalty is an invaluable asset for firms as it can provide security and predictability of demand, create barriers against other firms trying to enter the market, and also translate into the willingness of customers to pay premium prices (Kotler and Keller: 2006)

Hence, the effect of customer satisfaction in the daily operation of the business has to be measured periodically. Accordingly Piercy & Morgan (1994) developed a process based Customer Satisfaction Measurement (CSM) model comprising the under mentioned dimensions:

- Analytical: concerned with techniques, formal procedures, systems ....
- Behavioral: concerned with attitudes, beliefs, perceptions, motivation, commitment and resulting behavior of the people involved in the process.
- Organizational: concerned with the organizational structure, information flows, management style and corporate culture i.e the context in which the process operates; and finally
- Consistency: It involves the integration among the preceding component parts over time, i.e, analytical, behavioral, and organizational.

## 2.6 Theoretical Frame Work

From the preceding theoretical discussions made, the **theoretical frame work** utilized is: The Model developed by Marketing Research Consultants **Millward Brown & Wpp (Kotler& Keller:2009)** to measure the brand preference in the soft drinks industry considering the two rival companies Coca-Cola and Pepsi-Cola in Addis Ababa Hotels.



**Fig 2.1 Brand Dynamics by Millward Brown & WPP (Kotler& Keller: 2009)**

The theoretical model tries to demonstrate the linkage of the brand preference pillars: the logistical support, customer service provision, and promotional efforts in the soft drinks industry considering the two rival companies Coca-Cola and Pepsi-Cola with the marketing intermediaries in the hotel industry in Addis Market.

Consequently, it tries to measure the brand equity level of each concerned hotel in response to the preceding marketing stimuli resulting in from the range of presence level to bonding.

## Chapter Three: Research Methodology

### 3. Research Design

#### 3.1 Type of Research

This is an explanatory type of research design undertaken on a cross-sectional basis utilizing survey method as a primary sources and revision of related literature review as a secondary source of data collection.

#### 3.2 Sampling Design

##### ➤ Target Population

As per the classification made by the Ministry of Trade of Ethiopia hotels are classified into four categories: Lower Level, Medium Level, Higher Level, and Star Level considering their level of their service provision and they 822 in total considering the capital of the nation only out of which 180 in number are found at the Higher Level, and Star Level.

Since the study undertaken is assumed as business to business relationship of the hotels with two rival companies, the Higher Level and Star Level is the sampling frame of the research.

##### ➤ Sample Size & Sampling Technique

Due to the fact that there is a challenge of getting data related to this study, sample size determination is performed considering the following conditions:

- Homogeneity of the class of the hotels,
- Representativeness of the sample to the population, &
- Time & resource limitations. Consequently, the sample size is determined to be sixty five hotels and it is 8% of the total hotels found in Addis.

The sampling technique employed is one of the probability sampling techniques (Multi Stage Sampling) in which Stratified Sampling Technique is used to select the 180 hotels based on their class of Higher Level and Star Level. Based on this Area Sampling Technique is implemented based on their dispersion in the sub-cities and presented as follows to represent the sample size determined:

**Table 3.1 Area dispersion of Hotels and Numbers selected**

<b>Item #</b>	<b>Dispersion of Hotels in Addis Sub-Cities</b>	<b>Available Number</b>	<b>Percentage composition</b>	<b>Numbers selected for the sample</b>
1	Kirkos	56	31.11%	17
2	Bole	84	46.67%	39
3	Nefas Silk, Gulele, Arada, Yeka, Akaki- Kaliti, Lideta, Addis Ketema, & Kolfe Keranio	40	22.22%	9
Total		180	100%	65

**Source: Ministry of Trade of Ethiopia, 2014**

### **3.3 Data Analysis**

The reply of the respondents has been analyzed based on the prevailing related literature reviews quantitatively through the applications of descriptive statistical methods and inferences have been undertaken like reliability and validity tests of the construct, Internal validity of the variables, and the Principal Component Analysis.

## Chapter Four: Data Presentation, Analysis, & Interpretation of Findings

The data has been collected through self administered questionnaire survey in which 65 hotels found at higher and star level in Addis are contacted following area sampling technique and 52 of them were willing to respond in the time period of May 01-12, 2014. The composition of the respondents is consisting of the food and beverage department staffs of each respective hotel since they are believed to be essential for the purpose of the research being undertaken. Besides their size differs as per the internal organization of the targeted hotel ranging from two up to five respondents and the questionnaires retrieved are 181 in number. Prior to actual administration of the questionnaire, peer evaluation had been conducted so as to evaluate face and content validity.

Hence, the response rate is 80% of the targeted sample size in terms of hotel number and it can be considered as an acceptable response rate (Adams et.al, 2010).

The self administered questionnaire is having two sections the general information and the basic information. Each of which is discussed separately.

### Section I: General Information

#### 4.1 Participants Job- Position in the Respective Hotel

In the following table (4.1.1) and pie chart (4.1.1), it is tried to summarize current position of the food and beverage department staffs of the respondents in the hotel.

<b>Tabel 4.1.1 Respondents Job-Position in the Hotel</b>			
Employee's position in the hotel	Frequency	Valid Percent	Cumulative Percent
Non- Managerial position	109	65.7	65.7
Managerial position	57	34.3	100.0
Total	166	100.0	

Source: Survey Report-2014

The non- managerial position consists of the inventory controllers, store keepers, waiters, bar people, etc having the majority of the respondents response rate (65.7 %) and the remaining (34.3%) are the department managers of the food and beverage of each respective hotel. Hence, the work force shows the largest percentage composition of respondents are front line service providers who are better to evaluate the relationship of the two rival companies on daily basis.

**Chart 4.1.1 Respondents Job-Position in the Hotel**



Source: Survey Report-2014

## 4.2 Participants Educational Status

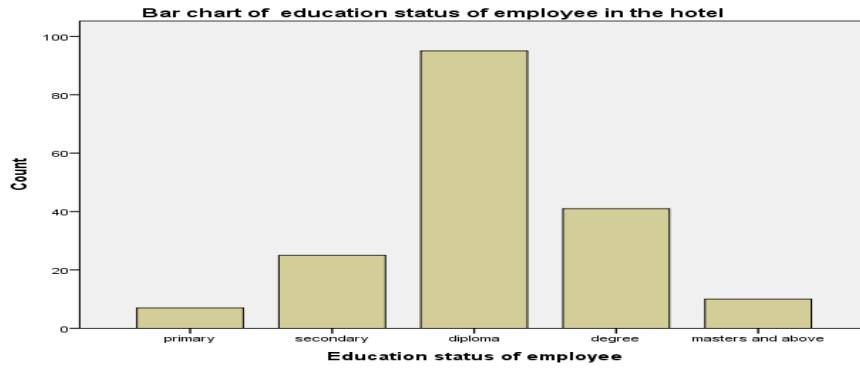
The educational status of respondents is summarized both in a frequency table and bar chart.

Table 4.2.1 Participants Educational Status			
Educational status	Frequency	Valid Percent	Cumulative Percent
Primary	7	3.9	3.9
Secondary	25	14.0	18.0
Diploma	95	53.4	71.3
Degree	41	23.0	94.4
Masters and above	10	5.6	100.0
Total	178	100.0	

Source: Survey Report-2014

In line with table 4.2.1 the highest composition of the educational status of respondents are diploma holders(53.4%), following with degree holders(23%), and the remaining 23.6 % are falling under primary, secondary, and masters and above. Hence, 82% of the targeted sample are holding diploma and above in their educational status and this will be assumed a good ground for their information provision of the research. This can better be visualized through the following bar chart.

**Chart 4.2.1 Participants Educational Status**



Source: Survey Report-2014

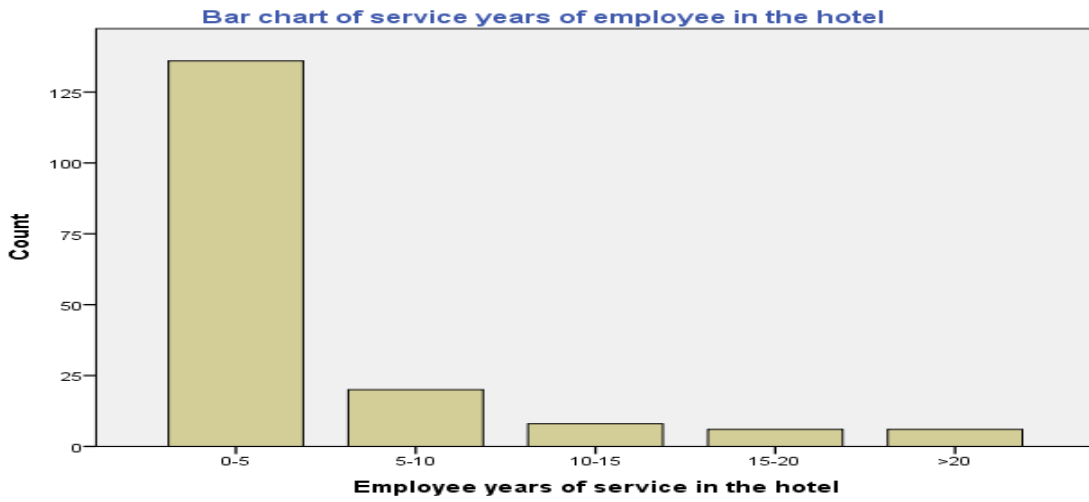
**4.3. Respondents Professional Service in their Respective Hotel**

In the following table 4.3.1 and bar chart 4.3.1, the respondents' professional service in their respective hotel is depicted in a 5 years interval scaling method

<b>Table 4.3.1 Respondents Professional Service in their Respective Hotel</b>			
<i>Years of service</i>	<i>Frequency</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
0-5	136	77.3	77.3
5-10	20	11.4	88.6
10-15	8	4.5	93.2
15-20	6	3.4	96.6
>20	6	3.4	100.0
<i>Total</i>	176	100.0	

Source: Survey Report-2014

**Chart 4.3.1 Respondents Professional Service in their Respective Hotel**



Fig

Source: Survey Report-2014

In line with the preceding table 4.3.1 and bar chart 4.3.1, 77.3% of the respondents are having 5 years and below service in their hotel and the rest 22.7% served above 5 years. This implies that relationship building is not to be based on the long years of brand image but to aggressively work on current level of performance.

#### 4.4 The Respective Hotel Year of Service

In this illustration it was tried to see for how long does the respective hotel stay in the service provision of the hotel industry in the form of table 4.4.1 and Chart 4.4.1

<i>Years of service</i>	Frequency	Valid Percent	Cumulative Percent
0-5	86	49.4	49.4
5-10	32	18.4	67.8
10-15	12	6.9	74.7
15-20	10	5.7	80.5
>20	34	19.5	100.0
Total	174	100.0	

Source: Survey Report-2014

**Chart 4.4.1 Hotels' Year of Service**



Figure 4

**Source: Survey Report-2014**

In consistent with the table 4.4.1 and Chart 4.4.1, 74.7% of the hotels are having a service years of 15 years and below but the rest 25.3% are above 15 years. This shows that majority of the hotels are new entrants within 15 years so the rival companies are expected to illustrate the brand preference pillars in an integrated and consistent approach to show their performance for the marketing intermediaries .

## **Section II: Basic Information**

This section is the main part of the research topic in which the component variables of brand preference: logistics support, customer service, and promotional efforts of the Coca Cola Co. is analyzed in line with the reply of the respondents as compared to Pepsi Cola Co.

### **4.5 Logistics support**

In this component part 8 variables have been identified to evaluate the logistics efficiency of the two rival companies, i.e Coca cola & Pepsi cola. These are:

- The right quantity coded as 5.1 & 5.2 respectively
- To be made available at the right time coded as 5.3 & 5.4,
- Reasonable price coded as 5.5 & 5.6,
- With the required quality coded as 5.7 & 5.8.

Accordingly, reliability test for the logistics component has been undertaken and the result is .848 and it is acceptable as per the Cronbach's Alpha (Bahatlacherjee, 2012).

Table 4.5.1 Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No of Items
.848	.846	8

Source: Survey Report-2014

In addition to see convergent and discriminant validity among related variables of the logistics component, Pearson product moment correlation is depicted in table 4.5.2.

Table 4.5.2 Inter-Item Correlation Matrix								
	Q5.1	Q5.2	Q5.3	Q5.4	Q5.5	Q5.6	Q5.7	Q5.8
Q5.1	1.000	.449	.644	.408	.451	.266	.469	.102
Q5.2	.449	1.000	.435	.698	.380	.493	.213	.371
Q5.3	.644	.435	1.000	.674	.452	.339	.284	.108
Q5.4	.408	.698	.674	1.000	.355	.431	.211	.295
Q5.5	.451	.380	.452	.355	1.000	.771	.537	.311
Q5.6	.266	.493	.339	.431	.771	1.000	.450	.505
Q5.7	.469	.213	.284	.211	.537	.450	1.000	.318
Q5.8	.102	.371	.108	.295	.311	.505	.318	1.000

Source: Survey Report-2014

In the preceding table 4.5.2, we can see that how making available products at the right quantity and at the right timing are highly convergent within the same company showing  $\geq .6$  but less convergent with price and quality (Bahatlacherjee,2012). Considering within the two companies of the independent variables quantity and timing are showing discriminant validity with price and quality. Hence, this implies that product availability at the right brand proportion and timing are the key variables

in brand preference of the two rival companies and switching of consumers can arise because of these factors.

Table 4.5.3 shows the significance of each variable in explaining the reliability of the construct logistics component demonstrating .3 and above in its total statistics. In addition the Cronbach's Alpha if Item Deleted explains the effect of each variable if it had not been considered in the research undertaking and it is actually higher than 0.80 In addition it further explains the capability and appropriateness of each variable in addressing the reliability of the component part.

<b>Table 4.5.3 Item-Total Statistics</b>					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Q5.1	25.83	41.442	.571	.593	.832
Q5.2	25.93	40.212	.624	.610	.825
Q5.3	25.90	40.051	.603	.664	.828
Q5.4	25.95	39.586	.633	.686	.824
Q5.5	25.82	38.825	.675	.697	.818
Q5.6	25.93	39.239	.674	.717	.819
Q5.7	25.65	42.188	.496	.416	.841
Q5.8	26.12	44.296	.396	.330	.851

**Source: Survey Report-2014**

Table 4.5.4 is trying to depict the role of each variable in explaining the variability of logistics component when the data reduction is performed:

<b>Table 4. 5.4 Communalities</b>		
	Initial	Extraction
Q5.1	1.000	.780
Q5.2	1.000	.769
Q5.3	1.000	.800
Q5.4	1.000	.845
Q5.5	1.000	.766
Q5.6	1.000	.800
Q5.7	1.000	.744
Q5.8	1.000	.720

**Source: Survey Report-2014**

In line with Table 4.5.4, Coca Cola is doing better than Pepsi Cola in keeping proper brand contribution but excelled by Pepsi Cola in availing the products with required timing.

Table 4.5.5 is showing the role of adding a single variable in expressing the logistics component part.

<b>Table 4.5.5 Total Variance Explained</b>						
Components	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.906	48.821	48.821	3.906	48.821	48.821
2	1.275	15.938	64.759	1.275	15.938	64.759
3	1.045	13.065	77.824	1.045	13.065	77.824
4	.632	7.902	85.727			
5	.445	5.565	91.292			
6	.383	4.793	96.085			
7	.162	2.025	98.110			
8	.151	1.890	100.000			

**Source: Survey Report-2014**

In the preceding table 4.5.5 it can be said that through utilizing three components of the two companies, 77.82% of the logistics component can be explained. This implies the economical contribution of adding a single variable in the research undertaken utilizing three variables rather than eight variables.

Table 4.5.6 illustrates the impact of the three components selected based on the preceding factor analysis on each variable in explaining the logistics in its totality.

Table 4.5.6 Component Matrix			
	Component		
	1	2	3
Q5.1	.685	-.381	-.407
Q5.2	.735	-.186	.441
Q5.3	.723	-.514	-.116
Q5.4	.745	-.375	.387
Q5.5	.776	.298	-.273
Q5.6	.770	.447	.087
Q5.7	.607	.328	-.518
Q5.8	.504	.543	.414

Source: Survey Report-2014

#### 4. 6. Customer service

In this component part 8 variables have been identified to evaluate customer service efficiency of the two rival companies, i.e Coca cola & Pepsi cola. These are:

- Making prior communication before delivery of products 6.1 & 6.2 respectively
- Gaps in documentation handling 6.3& 6.4
- Informing changes in working system 6.5 & 6.6
- Retrieval of defective products timely 6.7 & 6.8

Accordingly, reliability test for the customer service component has been undertaken and the result is .87 and it is acceptable as per the Cronbach's  $\text{Alpha} \geq .60$  (Bahatlacherjee, 2012).

Table 4.6.1 Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.870	.874	8

Source: Survey Report-2014

In addition to see convergent and discriminant validity among related variables of the customer service component, Pearson product moment correlation is depicted in table 4.6.2.

	Q6.1	Q6.2	Q6.3	Q6.4	Q6.5	Q6.6	Q6.7	Q6.8
Q6.1	1.000	.709	.606	.515	.619	.577	.381	.300
Q6.2	.709	1.000	.536	.505	.475	.509	.255	.298
Q6.3	.606	.536	1.000	.843	.524	.505	.390	.276
Q6.4	.515	.505	.843	1.000	.456	.533	.346	.286
Q6.5	.619	.475	.524	.456	1.000	.892	.378	.158
Q6.6	.577	.509	.505	.533	.892	1.000	.340	.151
Q6.7	.381	.255	.390	.346	.378	.340	1.000	.630
Q6.8	.300	.298	.276	.286	.158	.151	.630	1.000

Source: Survey Report-2014

In the preceding table 4.6.2, we can see that how making prior communication before delivery of products is highly convergent with gaps in documentation handling, and informing changes in working system in the same company showing  $\geq .6$  but less convergent with retrieval of defective products timely (Bahatlacherjee,2012). Considering within the two companies of the independent variables retrieval of defective products timely is showing discriminant validity with all variables. Hence, retrieval of defective products timely should be considered as a separate issue in affecting the customer service.

Table 4.6.3 shows the significance of each variable in explaining the customer service component demonstrating .3 and above. In addition the Cronbach's Alpha if Item Deleted explains the effect of each variable if it had not been considered in the research undertaking and it is actually higher than 0.80. In addition it further explains the capability and appropriateness of each variable in addressing the reliability of the component part.

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Q6.1	20.94	41.351	.726	.643	.842
Q6.2	21.06	44.016	.637	.561	.853
Q6.3	21.24	41.586	.720	.776	.843
Q6.4	21.06	42.958	.680	.759	.848
Q6.5	21.51	42.813	.678	.837	.848
Q6.6	21.54	42.905	.678	.835	.848
Q6.7	21.41	43.832	.531	.500	.865
Q6.8	21.45	45.446	.398	.450	.881

**Source: Survey Report-2014**

Table 4.6.4 is trying to depict the ability of each variable in explaining the percentage of the variance of the customer service component under the economical data reduction approach:

	Initial	Extraction
Q6.1	1.000	.684
Q6.2	1.000	.567
Q6.3	1.000	.672
Q6.4	1.000	.614
Q6.5	1.000	.727
Q6.6	1.000	.749
Q6.7	1.000	.752
Q6.8	1.000	.845

**Source: Survey Report-2014**

In table 4.6.4 the variables of retrieval of defective products timely, informing changes in working system are exhibiting greater value in explaining the customer service component in general, i.e .7 and above when the economical data reduction approach is performed. Hence, this shows that customer service component can better be explained in addressing these issues of entertaining the retrieval of defective products and making proper communication of changes in working system before implementation.

Table 4.6.5 is showing the degree of rationality to add a single variable in expressing the customer service component part. This implies the economical contribution of adding a single variable in the research undertaken utilizing two variables rather than eight variables.

<b>Table 4.6.5 Total Variance Explained</b>						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.337	54.216	54.216	4.337	54.216	54.216
2	1.274	15.924	70.140	1.274	15.924	70.140
3	.853	10.667	80.807			
4	.687	8.591	89.398			
5	.353	4.407	93.805			
6	.260	3.246	97.051			
7	.159	1.993	99.043			
8	.077	.957	100.000			

Source: Survey Report-2014

Table 4.6.6 illustrates the theoretical economical of the research in data reduction and the relative impact of the two components on each variable in making decisions of selecting them.

<b>Table 4.6.6 Component Matrix</b>		
	Component	
	1	2
Q6.1	.822	-.096
Q6.2	.745	-.108
Q6.3	.819	-.045
Q6.4	.783	-.041
Q6.5	.795	-.308
Q6.6	.798	-.335
Q6.7	.586	.639
Q6.8	.460	.796

Source: Survey Report-2014

#### 4. 7. Promotional efforts

In this component part 8 variables have been identified to evaluate promotional efforts of the two rival companies, i.e Coca cola & Pepsi cola companies. These are:

- TV ads undertaken through famous people 7.1 & 7.2 respectively
- Provision of sales discounts 7.3& 7.4
- Market activation performed aggressively 7.5 & 7.6
- Sponsorship of sport festivals 7.7 & 7.8

Accordingly, reliability test for the promotional efforts component has been undertaken and the result is .765 and it is acceptable as per the Cronbach's Alpha.60 (Bahatlacherjee, 2012).

Table 4.7.1 Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No of Items
.765	.764	8

Source: Survey Report-2014

In addition to see convergent and discriminant validity among related variables of the promotional efforts component, Pearson product moment correlation is depicted in table 4.7.2

	Q7.1	Q7.2	Q7.3	Q7.4	Q7.5	Q7.6	Q7.7	Q7.8
Q7.1	1.000	.657	.138	.072	.151	.238	.416	.295
Q7.2	.657	1.000	.101	.168	.085	.403	.465	.452
Q7.3	.138	.101	1.000	.807	.182	.128	.074	.054
Q7.4	.072	.168	.807	1.000	.182	.220	.016	.069
Q7.5	.151	.085	.182	.182	1.000	.671	.355	.138
Q7.6	.238	.403	.128	.220	.671	1.000	.390	.430
Q7.7	.416	.465	.074	.016	.355	.390	1.000	.714
Q7.8	.295	.452	.054	.069	.138	.430	.714	1.000

Source: Survey Report-2014

In the preceding table 4.7.2, rather than seeing the interdependency of the promotion component within a company higher convergence is observed between the rival companies  $\geq .6$  (Bahatlacherjee, 2012). Hence, we can infer that the promotional effort of each company is heavily dependent on the other in persuading potential customers.

Table 4.7.3 shows the significance of each variable in explaining the promotional efforts component reliability. Though all variables are positively correlated towards the measurement of the component under consideration, they fall under 0.3 and above. In addition the Cronbach's Alpha if Item Deleted explains the effect of each variable if it had not been considered in the research undertaking and it is actually higher than 0.70 Hence, it further explains the capability and appropriateness of each variable in addressing the reliability of the component part.

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Q7.1	22.59	34.197	.447	.489	.743
Q7.2	22.56	33.225	.544	.604	.726
Q7.3	23.53	36.732	.316	.681	.764
Q7.4	23.65	36.833	.338	.693	.760
Q7.5	22.68	34.404	.405	.620	.751
Q7.6	23.02	31.519	.592	.657	.715
Q7.7	22.10	33.502	.579	.650	.721
Q7.8	22.56	33.612	.493	.623	.734

**Source: Survey Report-2014**

Table 4.7.4 is trying to depict that the role of each variable in explaining the percentage of variance of promotion components when the data reduction is made.

	Initial	Extraction
Q7.1	1.000	.637
Q7.2	1.000	.749
Q7.3	1.000	.887
Q7.4	1.000	.897
Q7.5	1.000	.840
Q7.6	1.000	.793
Q7.7	1.000	.692
Q7.8	1.000	.603

**Source: Survey Report-2014**

In table 4.7.4 Except Sponsorship of sport festivals and TV ads of Coca Cola Co. (0.60 and above) in general, all variables are showing i.e .7 and above in expressing the theoretical three components. Hence, the major focus areas of the promotion tool are advised to be provision of sales discounts and undertaking market activation aggressively.

Table 4.7.5 is showing the degree of expression in adding a single variable in the promotional efforts component part. This implies the economical contribution of adding a single variable in the research undertaken utilizing three variables rather than eight variables.

<b>Table 4.7.5 Total Variance Explained</b>						
Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.109	38.864	38.864	3.109	38.864	38.864
2	1.757	21.963	60.827	1.757	21.963	60.827
3	1.230	15.377	76.204	1.230	15.377	76.204
4	.824	10.299	86.503			
5	.514	6.421	92.924			
6	.262	3.281	96.205			
7	.164	2.047	98.252			
8	.140	1.748	100.000			

Source: Survey Report-2014

In the preceding table 4.7.5 it can be said that through utilizing three components of the two companies, 76.20% of the promotional efforts component can be explained.

Table 4.7.6 illustrates the theoretical economical of the research in data reduction and the relative impact of the three components on each variable in making decisions of selecting them.

Table 4.7.6 Component Matrix			
	Component		
	1	2	3
Q7.1	.634	-.191	.446
Q7.2	.726	-.205	.424
Q7.3	.353	.846	.216
Q7.4	.367	.856	.172
Q7.5	.545	.175	-.716
Q7.6	.730	.037	-.508
Q7.7	.767	-.321	-.019
Q7.8	.709	-.308	.065

Source: Survey Report-2014

#### 4.8 Aggregate effect of the component parts.....

In evaluating brand preference in the soft drinks industry of Coca Cola over its rival Pepsi Cola three component parts( the logistics support, the customer service, and promotional efforts) have been identified and under the main component parts 24 variables are added to see their coherence towards that objective and accordingly table 4.8.1 is illustrated as follows:

Table 4.8.1 One-Sample Test						
	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Q5.1	7.788	177	.000	.730	.55	.92
Q5.2	6.639	174	.000	.646	.45	.84
Q5.3	6.163	169	.000	.629	.43	.83
Q5.4	6.321	163	.000	.646	.44	.85
Q5.5	6.960	173	.000	.713	.51	.91
Q5.6	6.415	167	.000	.661	.46	.86
Q5.7	9.181	168	.000	.911	.72	1.11
Q5.8	4.670	165	.000	.440	.25	.63
Q6.1	4.776	172	.000	.462	.27	.65
Q6.2	2.644	166	.009	.246	.06	.43
Q6.3	1.589	168	.114	.154	-.04	.34
Q6.4	2.757	165	.006	.259	.07	.44
Q6.5	-.501	163	.617	-.049	-.24	.14
Q6.6	-1.149	145	.252	-.123	-.34	.09
Q6.7	.465	154	.642	.052	-.17	.27
Q6.8	-.936	139	.351	-.114	-.36	.13
Q7.1	5.391	165	.000	.572	.36	.78
Q7.2	5.419	155	.000	.577	.37	.79
Q7.3	-4.296	154	.000	-.445	-.65	-.24
Q7.4	-5.099	153	.000	-.513	-.71	-.31
Q7.5	2.628	157	.009	.304	.08	.53
Q7.6	.275	157	.784	.032	-.20	.26
Q7.7	8.641	161	.000	.889	.69	1.09
Q7.8	4.603	163	.000	.512	.29	.73

Source: Survey Report-2014

As per table 4.8.1 in a 95% confidence interval and at a significance level of  $p \leq .05$  two tailed sample t-test,

- All the logistics variables of: making available at the right quantity and with proper timing, reasonable pricing, and with the required quality for both Coca Cola Co. and Pepsi Cola Co affect brand preference.
- With regard to the customer service component part variables: making prior communication before delivery of products does have a significance level in brand preference for both Coca Cola and Pepsi Cola Companies but gaps in documentation handling affects only Pepsi Cola Company. Moreover, informing changes in the working system and retrieval of defective products do not have any significance for both companies as per the data analyzed from the preceding table 4.8.1
- Pertaining to Promotional efforts component part variables: TV ads undertaken through famous people, provision of sales discounts, and sponsorship of sport festivals do have a significant effect in brand preference for both companies but performing market activation aggressively affects only Coca Cola Co.

## Chapter Five: Conclusion and Recommendation

### 5.1 Summary

In evaluating brand preference in the soft drinks industry of Coca Cola over its rival Pepsi Cola in Addis Ababa Hotels three component parts like logistics support, customer service, and promotional efforts have been identified and under their umbrella 24 variables are added to see their coherence towards the component parts in particular and towards brand preference at an aggregate level. Hence, the research findings are summarized as follows:

- ✓ From the logistics support component part all the 8 variables were found relevant for the construct but for the purpose of emphasis provision ensuring product availability at the right quantity and timing are of the Hotels priority showing higher convergent validity between themselves for both companies in general and there is a tendency of shift in demand from one Company to another if there are shortages in supply. In this regard Coca Cola Co. is good at delivering the right quantity in a required brand proportion but excelled by Pepsi Cola Co in timely delivery of customer order.
- ✓ Cognizant with customer service component part, making prior communication before delivery of products was found relevant in the study for both companies. As per the result of the study Coca Cola is doing better in relation to its strong competitor Pepsi Cola with this issue and it should continue in an organized approach to hold its competitive position. Since the other variables like: gaps in documentation handling, informing changes in the working system prior to implementation, and retrieval of defective products timely were not found relevant in the study for both companies and hence they are not considered for generalization.
- ✓ The third component part considered in analyzing the brand preference is the promotional efforts being undertaken; in doing so all variables were found relevant in the research undertaken except for one variable in Pepsi Cola Co (Market activation). In elaborating the related variables the effect of variables in

promotional efforts is not in an interdependent approach within one company rather the intermediaries perceive the promotional tools in a comparative approach with in the two companies. Except in market activation and sponsorship of sport festivals, Pepsi Cola Company is doing better than Coca Cola Company in undertaking TV ads through famous people and provision of sales discounts. In line with the preceding summarized issues and review of the related literature review, the under-mentioned conclusions and recommendations are drawn:

## **5.2. Conclusion**

Relationship building with the marketing intermediaries like hotels plays vital role for the presence of the two rival companies. Corporate reputation is an outcome of interactions between stakeholders and the organization over time. Corporate identity and corporate branding are key drivers of an organization's reputation management (Argenti& Druckenmiller, 2004)

Successful brand management focuses on making brand preference, ensuring that products and/or services sold under the brand's umbrella of values really are perceived as superior to those of competitors (Nilson, 2000)

❖ Product availability at the right quantity and timing are found as key variables in the logistics component parts in the research undertaken. Furthermore, as per Chopra & Meindl( 2004), product availability is a major component part to ensure fill rate and responsiveness to the ultimate customer. In doing so, there demands balancing the over stock of products which results in higher inventory costs and the out of stock issue leading to loss of sales .A company should work on holding of product mixes in relation to their preceding contribution of sales revenue and the products need to be identified in terms of Stock Keeping Units (SKUs). Dopico and Porral(2012) in their research undertakings which had been performed both through interviewing with 36 sector executives and 250 surveys with potential customers came into conclusion that excellence in delivered finished goods, brand image, and product design are the sources for brand equity and attaining competitive edge in the fashion market of the textile closing sector.

- ❖ Hence, this implies that as a low involvement product category, the two rival companies are heavily dependent on these variables in ensuring their competitive position in the market.
- ❖ Pertaining to customer service provision, making prior information to customers before delivery of products is undertaken is a fundamental issue. In addition as per Johnson and Marshal (2005), sales people today are expected not only to meet sales targets but also to build long-term, profitable business relationships which in turn are based on positive emotions such as satisfaction. Thus relationship selling behavior is important from a branding point of view. Its primary goal is securing, building, and maintaining long-term relationships with profitable customers. Accordingly, the effect of customer satisfaction in the daily operation of the business has to be measured periodically. This shows that the hotels are highly sensitive in prior information provision before delivery is undertaken so as to minimize resources that could be wasted in the gap of information.
- ❖ With regard to the promotional efforts undertaken within the two rival companies, it can be said that rather than linking the variables at a company level interdependence is there between the two companies in influencing potential customers.

Finally in line with theoretical model developed by Millward Brown & Wpp(Kotler & Keller: 2009) and the research findings the following recommendation is given:

### **5.3 Recommendation**

- ❖ Coca Cola has to aggressively work on in making product availability on a required timely fashion so as to prevent easily switching of the marketing intermediaries and consequently final consumers.
- ❖ In addition Coca Cola is also advised to strengthen the variable in customer service component, i.e prior informing to the hotels before delivery of products is undertaken so as to minimize time, effort, and cost that could have been incurred due to gap in co

- ❖ In line with that Piercy & Morgan (1994) developed a process based Customer Satisfaction Measurement (CSM) model comprising the under-mentioned dimensions:

.Analytical: concerned with techniques, formal procedures, systems ....

.Behavioral: concerned with attitudes, beliefs, perceptions, motivation, commitment and resulting behavior of the people involved in the process.

.Organizational: concerned with the organizational structure, information flows, management style and corporate culture i.e the context in which the process operates; and finally

.Consistency: It involves the integration among the preceding component parts over time, i.e analytical, behavioral, and organizational.

Some firms are introducing on line order status, brilliant recovery approach in rectifying sudden gaps to promote customer loyalty as part and parcel of competitive advantage (Bowersox& Cooper: 2004).

. The advertisement campaign (TV ads) has to focus on endorsing through famous people like artists and well known athletes so as to easily create associations as a low involvement product category. In addition sponsorship of sport festivals like the Coca Cola Road Series has to continue in an organized approach since it does have a detrimental effect in creating a great bonding with the public at large.

- ❖ Since administering promotional campaigns are also the component variables in brand preference, heavily working on TV ads preparation can create easily brand association and Krugman's theory of passive learning argued that TV advertisements are instrumental for low involvement decisions, they can create product recall through repetitive approach and the approach of conveying the message should be utilizing imagery rather than informative (Assael: 2001). Petty & Cacioppo also developed Elaboration Likelihood Model (ELM) which tried to classify the content of an advertisement into central & peripheral component. They emphasized that in marketing an ad of low involvement products, the focus is

advantageous to be made in endorsing the ads rather than information contents (Assael: 2001)

- ❖ In addition the issue of sales discount during slack seasons has to be taken into consideration and accordingly Devecehio &Puligadda(2012) emphasized the attractiveness of lower prices is evident in the use of price discounts. Discounts have increased steadily over the past two decades to the point that consumer packaged goods manufacturers now spend 10 percent-30 percent of their gross sales revenue on such promotions; an expense that is eclipsed only by the cost to produce the goods.

Market activation is also considered as a means of creating top of mind awareness in the fast moving consumer goods industry. Therefore, Coca Cola has to aggressively focus on display materials like posters and other materials helpful in reminding strategy.

During slack seasons in which sales drop significantly, it is advisable to utilize various sales discount strategies which should be designed on a temporarily basis. In line with that, the hotels should be communicated timely through the area sales people. In doing so the Coca Cola Co. could minimize over stocks, under utilization of company production lines, space constraints, idle labor hours...

To ensure sustainable competitive advantage the rival companies are expected to create a holistic integration among the component parts of the brand preference: the logistics support, the customer service, and the promotional efforts and linking them with the marketing intermediaries (Addis Ababa Hotels). Consequently, the two companies can enhance their relation level from presence up to bonding through utilizing the aforementioned component parts and customizing the brand image into cultural heritage of the nation.

This research has been undertaken on the Hotels found in Addis at the Higher and Star levels due to purpose of the study, resource, and time limitations. However, better understanding about the brand preference in the soft drinks industry of the two rival companies at hotel level can be grasped taking the entire hotels found in Addis as a sampling frame.