



ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE

**THE EFFECT OF THE MARKETING MIX ELEMENTS
(PRODUCT, PRICE, PLACE/DISTRIBUTION AND
PROMOTION) ON BRAND LOYALTY**

A look in to the case of St. George beer

By: Kidist Getachew

Thesis Submitted to the School of Graduate Studies of Addis Ababa University in
Partial Fulfillment for the Award of the Degree of Master of Arts in Marketing
Management

May 2015
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DEPARTMENT OF MARKETING MANAGEMENT

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Approved by Board of Examiners

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DECLARATION

I, Kidist Getachew, hereby declare that this thesis titled, 'the effect of the marketing mix elements (product, price, place/distribution and promotion) on brand Loyalty' is my original work. I have carried out the present study independently with the guidance and support of the research advisor, Getie Andualem (Ph. D.). Any other research or academic sources used here in this study have been duly acknowledged. Moreover, this study has not been submitted for the award of any Degree or Diploma Program in this or any other institution.

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Date

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Abstract

Since the emergence of branding as an approach to marketing, businesses have realized the importance of retaining existing customers and started developing marketing strategies to build long-term relationships with customers (build brand loyalty). Therefore identification and application of all the marketing elements affecting brand loyalty are essential in the construction of a framework that can guide the evolution of brand loyalty.

The aim of this study was to identify the level of effect that the marketing mix elements has on brand loyalty taking St.George beer as a case study. The study builds a conceptual framework using the marketing mix elements and presents the impact and relationship between the dependent and independent variables.

The empirical study which followed was conducted among a sample of 326 consumers of the brand under study. The empirical study produced results that measured the impact of each independent variables on brand loyalty. The results were analyzed and the results of the study confirmed that the 3 independent marketing mix elements (Product, place, promotion) have significant and direct effect on the dependent variable (Brand loyalty) whereas the second independent variable (price) has a significant and indirect effect on the dependent variable (Brand loyalty). Therefore based on the results found conclusions has been made and recommendations were provided.

Chapter one

Introduction

1.1 Background of the study

Marketing has emerged as a core function to business and is a process that involves the anticipation and satisfaction of customer needs where there is mutual benefit. Kotler and Keller (2006:35) maintain that a key element to the marketing process is insightful. Developing the right marketing strategy over time often requires discipline and innovation that firms need to abide by in order to gain a competitive advantage. To outperform the competition requires solid marketing knowledge and precision in marketing decision-making. An organization's positioning and the positioning of its products and services depend on the formulation and implementation of an intelligent and aggressive marketing strategy which needs to be aligned to the overall business strategy.

Over the years the marketing environment has continuously evolved. These significant changes have resulted in a renewed effort by marketing academics and practitioners to understand and serve the needs and wants of consumers. These renewed efforts have resulted in the development of several orientations to marketing, such as the production, product, selling, marketing and societal marketing orientations (Kotler, 2003:17).

The abovementioned renewed efforts have further resulted in a marketplace that is becoming simultaneously more competitive, more specialized, more globalized, and more technology driven. To succeed in today's challenging environment, successful marketing requires – now more than ever – a balance between creativity and knowledge (Lamb, Hair, McDaniel,

Boschoff&Terblanche, 2008:211). Branding has emerged as a more recent orientation that provides marketers with that balance of creativity and knowledge. Branding has surfaced as a primary tool used to distinguish a company's products from the competition's products. Branding, according to Lamb et al. (2008:214) has three main purposes: product identification, repeat sales (loyalty) and enhancing new products. Firms in the last decade have recognized the importance of branding on these three levels and have discovered the benefits of retaining customers rather than seeking new ones. Firms have recognized the importance of brand loyalty. The concept of brand loyalty first appeared as a uni-dimensional construct. Two separate loyalty concepts then evolved, one to measure attitude and one to measure behavior in the 1950s. The bi-dimensional construct or composite model presented by Jacoby and Chestnut in 1971 combined both the attitudinal and behavioral construct signaling the beginning of much interest in brand loyalty research (Rundle-Thiele, 2005:494). Using the composite model as a base, several models have emerged since offering new dimensions and influences in various industries. Most notable was the model offered by Dick and Basu (1994:111) which identified the need to define the different manifestations of composite loyalty as separate dimensions. The concept brand loyalty became one of the most researched topics within the field of services marketing from the 1990s onwards. With the increased interest in a more relational approach to marketing, the focus was now on building long-term relationships with customers. This approach was in contrast with the traditional view of transactional marketing, where the emphasis was on single transactions (Rao & Perry, 2002:602). This new approach to marketing was met with enthusiasm, and represented, according to Scott (2006:39), —a fundamental reshaping of the field . It became quickly apparent that retaining a customer was far cheaper and convenient than creating a new one. Aaker (1991:47) claims that the most important effects of brand loyalty are: reduced

marketing costs, trade leverage, the attraction of new customers through created brand awareness and reassurance to new customers, as well as the gained time to respond to threats by the competition.

Brand loyalty is built over time through a collection of positive experiences that requires consistent effort and attention to detail. Loyal customers are repeat customers who choose a brand or company without even considering other options. They buy more, and they buy more regularly, and they frequently recommend the brand to others (Manternach, 2010:28). Aaker (1996:136) conceives that brand loyalty reflects the probability that a customer will switch to another brand, especially when that brand makes a change in its marketing mix.

Aaker (1991:43) has formerly noted that different methods of measuring brand loyalty exist that are based upon the actual purchasing behavior of the consumer or upon the loyalty constructs or influences of switching costs, satisfaction and commitment. If brand loyalty is properly managed, it represents a strategic asset for the company and can be used in several ways to provide a certain value for the company (Aaker, 1991:43). The challenge, however, lies in ascertaining the actual brand loyalty value of a product or service.

Based on Aaker's theory, measuring brand loyalty cannot be accomplished without considering the constructs or influences that have a direct bearing on it. Influences affect brand loyalty in several ways. Some influences work together to achieve loyalty while others could work independently. The nature of this relationship of the influences, according to Radford (2008:38) is unclear which explains why there is widespread activity in brand loyalty research amongst marketers.

Similarly, Lagace (2008:1) states that marketing managers must identify the influences of connection that are most relevant or could be made more relevant to consumers. For example,

managers need to consider whether a product offers connection to, or disconnection from, others or oneself.

1.2 Statement of the problem

For companies operating in increasingly competitive market, the importance of brand loyalty is extremely crucial to business sustainability. It is believed that a truly loyal customer not only buys consistently from a company but also actively engages in positive non-purchase behavior.

Soliciting brand loyalty has never been more challenging with intense competition that is coming through from global players in to the local market. Companies are finding new and better ways to not only attract and satisfy their customers but also to form sustainable relationships with them. Needless to say, there are many reasons why companies are doing so. Very often these are related to the direct value that these customers can bring to the company's sales, revenue and profits. However, companies should realize that the value of a loyal customer does not simply come from his/her purchase value. It goes much further.

Therefore this paper will look in to and tries to explore the impact of the marketing mix elements on brand loyalty with a look into St. George beer as a case study, as brand loyalty forms a key indicator of business success and sustainability.

1.3 Basic research Questions

To have a better understanding on the impact of the marketing mix elements (Product, price, place/ Distribution and promotion) on brand loyalty the proposed research will be focusing on providing answers to the following research questions

1. What is the impact of Product on brand loyalty?
2. What is the impact of price on brand loyalty?
3. What is the impact of place/distribution on brand loyalty?
4. What is the impact of promotion on brand loyalty?

1.4 Research Objective

1.4.1 General Objective

The general objective of this research is to assess the impact of the 4 marketing Ps (Price, promotion, place, and product) on Brand loyalty.

1.4.2 Specific Objective

1. To determine the effect of product on Brand loyalty.
2. To determine the effect of price on Brand loyalty.
3. To determine the effect of Distribution on Brand loyalty.
4. To determine the effect of promotion on Brand loyalty.
5. To point out possible recommendations to research problem and firms in the industry

1.5 Hypothesis of the study

H1- Product quality has a direct and significant effect on brand loyalty

H2 – Price of a product has an indirect and significant effect on brand loyalty.

H3- Distribution has a direct and significant effect on Brand loyalty

H4- Promotion has a direct significant effect on Brand loyalty

1.6 Significance of the study

As competition in the local beer market intensifies with huge investment in to marketing the products, with limited media landscape for advertisement, on what seems to be a competitive price strategy and logistical resources limitations, This research paper will give business managers an insight in to which marketing mix elements impact brand loyalty and what the right ingredient is to win consumers hearts and minds and make them loyal consumers and give an insight in to what consumers look for to be brand loyal.

It will also add to the existing body of knowledge and open opportunity for further researches to address related issues which are not included in this paper and to strengthen the data source in the subject matter for other upcoming researches.

1.7 Definition of terms

1.7.1 Conceptual definition

Product: Product is the first and also the key element in market offering, specifically, in marketing mix. Kotler and Armstrong (2014, p.248) defined product as: "...anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need".

Price: Kotler and Armstrong (2014, p.313) defined price as: "...the amount of money charged for a product or services, or the sum of the value that customers exchange for the benefits of having or using the product or service". In simply term, price is the amount of money that a buyer has to pay for a product or service that he or she purchases

Place/ Distribution: refers to the process of moving products from producers to the intended user (Marc, 2014a). In order to operate and manage these processes, the companies need to build a suitable marketing channel that corresponds with the companies' objectives. Kotler and Armstrong (2014, p.363) defined marketing channel (distribution channel) as: A set of interdependent organizations that help make a product or service available for user or consumption by the consumer or business user.

Promotion: the promotion mix (or marketing communication mix) of a company is: The specific blend of promotion tools that the company uses to persuasively communicate customer value and build customer relationships Kotler and Armstrong (2014, p.429)

Brand loyalty: The extent of the faithfulness of consumers to a particular brand, expressed through their repeat purchases, irrespective of the marketing pressure generated by the competing brands.

1.8 Scope of the study

The research is aiming to address the theoretical and conceptual framework of brand loyalty through the marketing mix and their level of significance on brand loyalty. The geographical scope of the study will be focusing on Consumers in Addis Ababa and limited only to one brand i.e. St. George

1.9 Organization of the study

The plans to divide the thesis paper in to five chapters in order to provide clarity and consistency on the output of the research.

Chapter 1: The first chapter of the paper will be discussing the background, problem statement, questions and objectives and the significance and limitations of the study.

Chapter 2: The second chapter of the study will be discussing the relevance of the study in the existing literature. It will look in to studies that has been done in relation to the subject matter under study and after the presentation of the existing related literature.

Chapter 3: The third chapter of the study will be discussing the methods of data analysis and tools used

Chapter 4: in this chapter the results of the study will be broadly presented. Statistically analyzed data will be presented in order to uncover the relationship of the variables under the study.

Chapter 5: The last chapter will be covering two sections: the conclusions of the study, and the recommendations. This final chapter is expected to address the problem stated in the initial chapters of the study.

Chapter two

Review of related literature

2.1. Introduction

This chapter will review previous literatures on the stated research topic and will be concluded by developing a conceptual framework for the research based on the reviewed literature

2.2. Theoretical review

2.2.1. Marketing mix

E. St. Elmo Lewis proposed his famous AIDA model in 1898: This marketing model starts with the establishment of brand Awareness, continues to the creation or initiation of consumer Interest, excites the Desire to purchase the brand in order to satisfy certain real or imagined needs, and finally induces consumers to take Action. While AIDA model was widely accepted as a rule of thumb for marketing for many years, the increasingly rapid changes in today's world have made this model obsolete.

Furthermore, some workers assert that, from the point of view of the seller, brands are particularly important in connection with the following marketing activities (Kotler 1991; Keller 1998):

(1) Market control: A brand can enable a company's product to capture a large market share. When a product is already accepted by consumers, having a prominent brand name will help the product maintain its market status.

(2) Basis for pricing: A brand provides a basis for determination of price, and allows a company to obtain prices higher than those of comparable competitors.

(3) Product introduction: A brand name is a factor that can induce consumers to pay attention to or purchase new products.

(4) Sales promotion advantage: Advertising using good brand name can readily establish an image in consumers' minds, and can serve as an advertising subject when conducting sales promotions.

(5) Positioning: A brand name can facilitate the positioning of a certain product.

The so-called 4Ps marketing mix model proposed by McCarthy (1960)—which includes the elements of Product , Price , Place, and Promotion—is closely connected with the five brand marketing activities listed above. A marketing mix strategy refers to a mix of marketing activities used to meet the needs of consumers within the target market. The following is an explanation of the marketing mix elements:

There are definitions that have been forwarded by marketing scholars to define the marketing mix. Cowell (1984, p. 71) defines the marketing mix as "The convenient means of organizing all the variables controlled by the marketer that influence transactions in the marketplace".

McDonald (1989, p. 330) defines the marketing mix as "the "tools" or means available to an organization to improve the match between benefits sought by customers and those offered by the organization so as to obtain a differential advantage".

Van Waterschoot and Van den Bulte (1992, p. 88) define the marketing mix as "The controllable demand-impinging instruments that are combined into a marketing program used by the firm to achieve a certain level and type of response from its target market". Perreault and McCarthy (1996, p. 48) define the marketing mix as "The controllable variables the company puts together to satisfy this target group".

Dibb et al (1997, p. 18) define the marketing mix as "The tactical "tool kit" of product, distribution, promotion, price and people that an organization can control in order to facilitate satisfying exchange".

Zeithaml and Bitner (2000, p. 18) define the marketing mix as "The elements an organization controls that can be used to satisfy or communicate with customers".

Baker (2000, p. 317) defines the marketing mix as "The apportionment of effort, the combination, the designing, and the integration of the elements of marketing into a program or 'mix' which, on the basis of an appraisal of the market forces, will best achieve the objectives of an enterprise at a given time".

Kotler (2000, p. 15) defines the marketing mix as "Marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market".

Palmer (2001, p. 10) defines the marketing mix as "The marketing mix is the set of tools available to an organization to shape the nature of its offer to customers".

It is clear from these definitions that there is no one unified definition that has been accepted by the marketing scholars. However, these definitions have crucial themes:

The most important theme is that the marketing mix variables are seen as "controllable variables" that are viewed under the marketer's control.

- These variables are considered as tools or means that can be used in order to influence the customers' demand and to achieve companies' objectives or achieving a differential advantage.
- These variables are used to communicate and satisfy customer needs and wants in one or different market segments.

The marketing mix variables should be coordinated and integrated in a way, which enables a company to achieve its predetermined objectives through satisfying customers' needs.

Kotler and Armstrong (2014) claimed that marketing is considered as one of the major concepts in modern marketing. They also defined marketing mix as: "...the set of tactical marketing tools that the firm blends to produce the response it wants in the target market" (Kotler and Armstrong, 2014, p.76). In addition, Singh (2012) also agreed that the marketing mix is a set of controllable variables that the company can use to influence the buyers' responses. In other words, marketing mix helps the firms going through a variety of obstacles in the market to make proper decisions in influencing customer's demands for the firm's products.

From historical perspective, Goi (2009) mentioned in his research that there were different researchers had suggested the elements of the original marketing mix in the early 1960s. The term "marketing mix" was first coined in the article "The concept of marketing mix" by Borden, N. H., in 1964 (Marketing91, n.d.). In Borden's original marketing mix, there were 12 elements namely: product planning, pricing, branding, channels of distribution, personal selling, advertising, promotions, packaging, display, servicing, physical handling, and fact finding and analysis. McCarthy, the former marketing professor at the University of Michigan, had chosen the original marketing mix idea of Borden to refine further and finally, grouped the previous 12 elements into four main elements: product, price, place, and promotion, called the 4Ps (Rafiq and Ahmed, 1995).

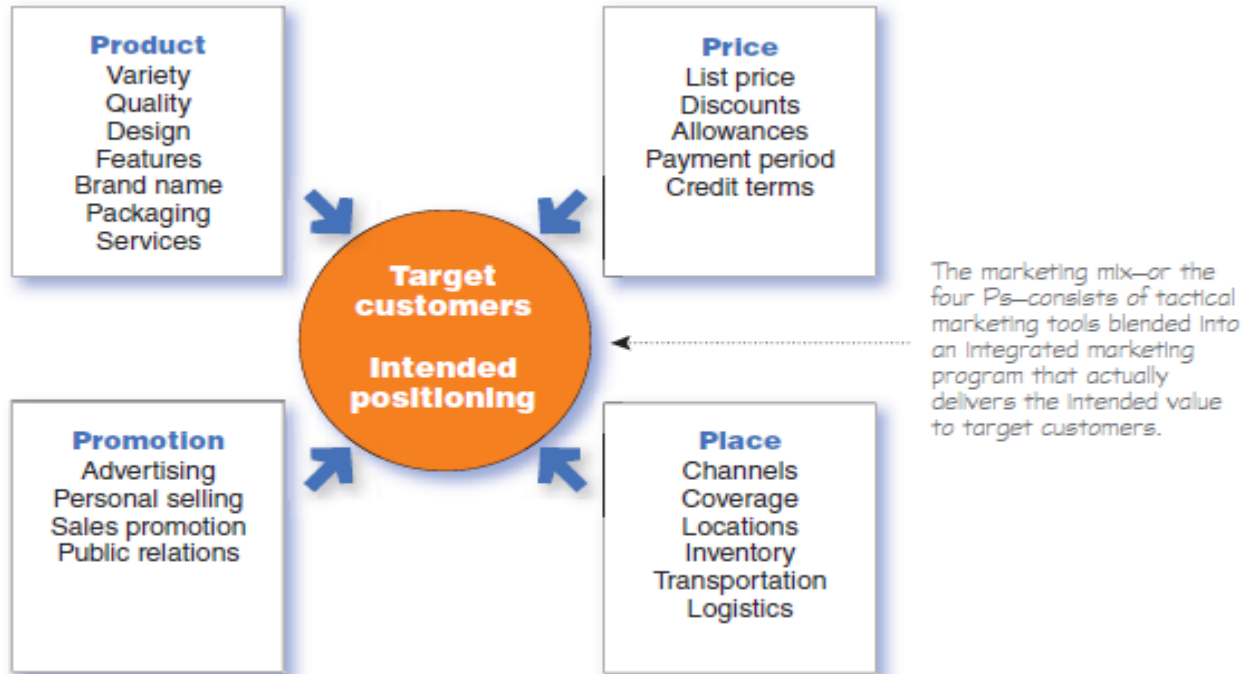


Diagram 1: The Four Ps of the Marketing Mix (Kotler and Armstrong, 2014, p.76)

Marketing mix has become dominant in appraising the growth of marketing theory and practice. Due to the developments and changes in the commercial landscape over the last few decades, many marketing thinkers have explored new theoretical approaches and have expanded the scope of marketing mix concept. Beside the traditional 4Ps, there have been more new P's introduced into the marketing field to help the firms gain advantages in highly competitive environment. (Goi, 2009)

In reality, there will be differences when using marketing mix in each particular firm due to the resources, market conditions, and changing needs of customers of that firm.

Hence, at any point in time, the roles and the importance of some elements within the marketing mix will be varied. Consequently, the impact of one element on others of marketing mix needs to be carefully considered when making decisions.

2.2.1.1Product

Is usually the first element of the mix considered, with new product development one of the most important destabilizing tactics. Modis (1998) maintains that product mutations grow at the start and at the end of the product life cycle and the more there are, the better the chance that some will survive and become established. Therefore, destabilisation and chaos should be encouraged as a product development strategy. Nilson (1995:88) maintains that introducing a totally new product is one way of introducing chaos into a market, i.e. destabilising an existing market. For such an approach to be successful, a longer-term view is necessary, but the company must also be prepared to act innovatively in the short term to take advantage of unanticipated and unpredictable opportunities. This means short lead times, fast feedback loops and flexible development processes (Nilson, 1995:108). This involves product development systems that can make late design changes to better meet customers' needs and that can avoid design changes entirely because design specifications and commitments can be made very late in the process (Golden, Johnson & Smith, 1995:17 and Thomke&Reinertsen, 1998:14). Numerous trials, test markets and experiments are required, producing many new lines, improvements and repositioning efforts (Morris, 1996:13). This concept of short-term adaptability and flexibility becomes even more important when the effect of information intensity is considered. Information intensive firms, such as high technology firms, have shorter product life cycles and less time to launch and establish new products successfully (Glazer, 1991:7). Although speed and flexibility is important, it must not be at the expense of unique attributes, value for money, superiority in meeting customers' needs, and excellent relative product quality, which can prevent, or slow down, entry of competitors to the market, can encourage early adoption of the product and can justify higher prices, thereby reducing the payback period in shortened product

life cycles (Cooper, 1994:2 and Benkenstein& Bloch, 1994:4). Regarding the product range in a turbulent market, new lines, additions to lines and product extensions are required (Morris, 1996:13). Millier (1999: 66) stresses the importance of encouraging chaos and destabilization during new product development in order for proliferations to take place.

The 'chaos' enables the product to develop as the customer uses it, with the 'perfect' product emerging from the inter-relationships between product and customer use, rather than from rigid product planning. This implies that in turbulent markets an increase in the range can be expected. Some authors propose range reductions in turbulent markets, but they all see equilibrium as the desired state (Benkenstein& Bloch, 1994:5; Nilson, 1995:120 and Schiller, Burns & Miller, 1996:96).

2.2.1.2 Price

Price, which is an enduring element of the original Ps of the marketing mix, may generally be perceived in terms of the specific monetary value that a customer attaches to goods and services (Kent & Omar 2003). Farahmand and Chatterjee (2008) conceptualise price within the auspices of the value assigned to something bought, sold or offered for sales, expressed in terms of monetary units. It also pertains to how buyers view a product's price, as high, low or fair, which ultimately affects consumers' willingness to buy the product (Ahmad & Vays 2011). Pricing is a crucial strategic variable due to its direct relationship with the company's goals and its interaction with other marketing mix elements (Yesawich 2004). Pricing enables companies to segment markets, define products, create incentives for consumers and even send signals to competitors (Atcharyachanvanich& Hitoshi 2007). Goods and services must be priced in a way that achieves

profitability for the company and satisfies customers, in addition to adapting to various constraints such as competition (Sahay 2007).

Price, like other key factors in exchange relationships, is one of the tools marketers may use to confront the market, either by directly attracting and retaining clients or fighting against competitors (Boonlertvanich 2009). Moreover, price presents a unique opportunity to create loyalty, retain existing customers and attract prospective customers (Sahay 2007). To this extent, most companies, especially in the service market, use promotional tools such as price to motivate the sale of a specific product (Campo & Yague 2007). However, this can only be fulfilled if the process pricing is orchestrated fairly, honestly and straightforwardly, rather than unfairly and haphazardly (Dunne & Lusch 2008).

An assortment of pricing strategies may be employed to manipulate the purchase behavior of consumers (Cataluna, Franco & Ramos 2005). This availability of a multiplicity of pricing strategies presents a strategic but tantalizing dilemma to companies (Boonlertvanich 2009). The challenge is exacerbated through the realization by marketers that all pricing strategies must be consistent with the company's overall image (positioning), sales, profits and return on investment goals, which in itself is a daunting task (Herrmaan et al. 2007). Companies may opt to price high or low or merely be price followers (Paliwoda & Thomas 1998). The 'every-day low prices' (EDLP) approach and the 'high and low prices' (hi-lo) approach have also emerged as popular pricing strategies amongst companies (Cataluna et al. *ibid*). EDLP strategies are used by retail establishments as an advertising appeal to attract consumers and add the advantage of ensuring consistency in sales (Alvarez & Casielles 2005; Suri, Manchanda & Kohli 2000). Furthermore, the use of simple, one-dimensional prices, quoting a single figure (e.g. a standard 10.00), has made way for odd-even pricing (or psychological pricing) strategies aimed at exploiting particular

information elaboration processes or perspective biases associated with specific price presentations (Boonlertvanich *ibid*). For instance, instead of pricing the product at a standard 10.00, the product is priced at 9.99 (Romani 2006). This creates an impression that consumers are paying a lower price for the product, leading to an acceleration of sales (Lamb et al. 2008). The issue of reference pricing also presents manifold challenges to marketers (Abedniya 2011). Reference pricing refers to the price against which consumers compare the listed price of a product or service with the discounted price (Anttila 2004). In this way consumers evaluate whether a price is too low or too high as they make their product choices. When a consumer perceives that a retailer charges high prices for a product, the consumer also perceives that the retailer possesses an air of luxury, which may lead to repeat purchases (Dunne & Lusch 2008; Yesawich 2004). Due to the sensitivity of price to different segments of the market, some retailers have resorted to introducing generic products or house brands to cater for the price-sensitive section of the market (Yelkur 2000). This strategy is premised on the view that for some consumers, high price simply means giving up more resources for the product whereas some consumers perceive that high prices are a signal of better quality and prestige (Jin & Sternquist 2003).

Often, marketers are also faced with the predicament of introducing either a fixed price or a discounted price (Abedniya 2011). A fixed price offer suggests to a consumer that the price is non-negotiable or will remain constant whenever they decide to purchase the product (Ahmad & Vays 2011; Nagle & Holden 1994). The discounted price system denotes that the price of a product may be reduced marginally as and when necessary to encourage more sales (Leisen & Prosser 2004) whereas the fixed price offer implies that the product is excluded from consumer promotions or price discounts (Boonlertvanich 2009). Overall, it is important for marketers to

choose price communication strategies, both at the point of sale and by the means of various media forms, which are capable of drawing consumers' attention to the product's value and thus inducing them to buy (Romani 2006). Since price is an important instrument in shaping the performance and ultimate destiny of both the product as well as the company, it is logical to expect a relationship between price and brand loyalty

2.2.1.3 Place

In the marketing mix, place refers to the process of moving products from producers to the intended user (Marc, 2014a). In order to operate and manage these processes, the companies need to build a suitable marketing channel that corresponds with the companies' objectives. Kotler and Armstrong (2014, p.363) defined marketing channel (distribution channel) as:

A set of interdependent organizations that help make a product or service available for user or consumption by the consumer or business user.

In distribution channel, there are third party companies who act as the wholesaler, transporter, and retailer: the intermediaries. The basis role of the intermediaries is simplifying the channel transactions by reducing the total amount of works that the producers and consumers supposed to do. Figure 3 illustrates the comparison between the channel with a distributor (A) and a channel without a distributor (B).

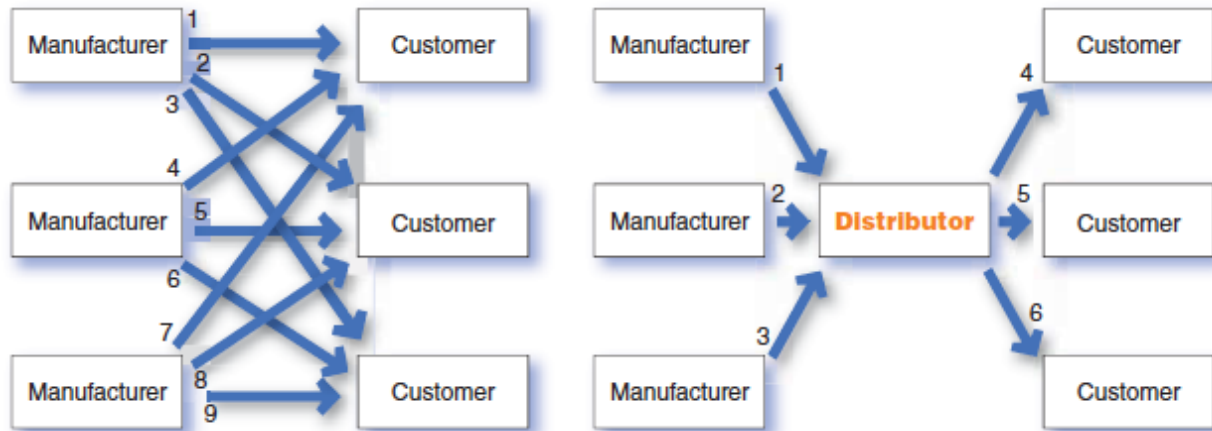


Diagram 2: How a distributor reduces the number of channel transactions (Kotler and Armstrong, 2014, p.364)

There are different ways that the companies can choose to provide products and services to customers. Among them, the two typical types of distribution channels are direct and indirect marketing channels (Kotler and Armstrong, 2014).

Direct marketing channel is applied when a producer sells its products directly to consumers without any intermediaries. This method provides companies the advantages of controlling over the products completely. Furthermore, the direct selling also provides the convenience and benefits in consumers' perspective such as: home delivery, or generous satisfaction guarantees (Boundless, n.d.).

In contrast, indirect marketing channel requires one or more intermediaries to deliver companies' products to customers. This method is recommended for the large producers who sell their products through many retailers. Though, there are several issues regarding the increase of distribution costs, less controllability, and also greater channel complexity needed to take into account. (Marc, 2014a)

2.2.1.4 Promotion

The last tool of 4Ps marketing mix is promotion. After planning and developing a good product, setting a suitable product price, and making it available to customers, the companies now need to communicate their value propositions to customers (Kotler and Armstrong, 2014). The aim is to increase the consumers' awareness in terms of their products, leading to the increase in sales, and also creating brand loyalty.

Similar with other tools of marketing mix, the information's and activities in the companies' promotion also affect the buying decision of customers. According to Kotler and Armstrong (2014, p.429), the promotion mix (or marketing communication mix) of a company is:

The specific blend of promotion tools that the company uses to persuasively communicate customer value and build customer relationships.

From the definition above, it can be seen that the main objectives of the promotion mix are making customers aware the existence of the products and persuading them to buy those products instead of ones from competitors. In another word, promotion mix is considered the communication aspect of the marketing mix

2.2.2 Brand Loyalty

The importance of brand loyalty has been recognized in the marketing literature for at least three decades (Howard and Sheth 1969, p. 232). In this connection, Aaker (1991) has discussed the role of loyalty in the brand equity process and has specifically noted that brand loyalty leads to certain marketing advantages such as reduced marketing costs, more new customers, and greater trade leverage. In addition, Dick and Basu (1994) suggest other loyalty-related marketing advantages,

such as favorable word of mouth and greater resistance among loyal consumers to competitive strategies. Yet despite the clear managerial relevance of brand loyalty, conceptual and empirical gaps remain. Specifically, with some exceptions (Oliver 1999; Zeithaml, Berry, and Parasuraman 1996), our conceptualizations of brand loyalty emphasize only the behavioral dimension of that concept, thereby neglecting its attitudinal components and its relationship with other variables at both the consumer and market levels. Therefore, Even though many marketers have emphasized the need to define brand loyalty beyond operational measures (mostly sequence of purchases), the nomology of brand loyalty in behavioral theory (i.e., its relationships with other concepts in the expanding vocabulary of marketing research) requires stronger integration. (Dick and Basu 1994, p. 99)

Brand loyalty is a measure of the extent to which consumers are loyal to a particular brand over a period of time, which emphasizes a consistent repurchase of the same brand (Sheth& Mittal 2004). Brand loyalty results in an emotional attachment to the brand, which is driven primarily by commitment and affection (Hawkins, Best & Coney 2001; Seetharaman, Nadzir&Gunalan 2001). The consumer develops affection for the brand in a manner similar to a friendship (Ball, Coelho & Machas 2004). Brand loyalty can develop through identification: the consumer believes the brand reflects and reinforces some aspects of the consumer's self-concept (Petromilli, Morrison & Million 2002). It can also be conceptualized from a behavioral dimension and as a function of psychological processes (Tepeci 1999). Consumers exhibit behavioral brand loyalty when a consumer buys a brand simply out of habit or convenience without thinking much about it (Sheth& Mittal *ibid*). If consumers primarily use the products of a particular company in preference to the products of competing companies, they are absolutely brand loyal (Keller

2008). If they use a product most of the time but occasionally use a competitors' product, they are moderately brand loyal (Allender& Richards 2012). Low brand loyalty exists if brand or product switching occurs regularly with products (Hawkins et al. *ibid*).

There are three major contributors to brand loyalty, namely perceived brand-performance fit, social and emotional identification with the brand and habit combined with a long history of using the brand (Sheth, Mittal & Newman 1999). If consumers have a positive brand performance experience, they may seek that reward again through repeated usage (McKee 2010). Brands also acquire certain social images through marketing communications or by real-world observations by consumers (Zhang, Gangwar&Seetharaman 2008). In addition, marketers often design emotional communication so that it can create a positive affective response (Cant, Brink & Brijball 2006). Consumers also often enjoy using certain brands in such a way that they psychologically begin to see those brands as part of themselves (Melo& Galan 2011; Sheth& Mittal 2004). Brand loyalty arises from habit and long history of brand usage (Chaudhuri 1995; Neslin 2002). For example, a consumer who used a particular brand five years ago and had a good experience with it in terms of quality and performance is more likely to use the same brand today and in the future (Briesch, Chintagunta& Fox 2009). Furthermore, if consumers saw a brand being used in their parental home as they were growing up, they are likely to view this long history of use by parents as testimony to the brand's goodness and are likely to maintain its usage (Sheth& Mittal *ibid*). Positive word-of-mouth communications from a committed customer increases both the probability of the recipient becoming a customer and of the recipient sharing the positive comment with a third person (Hawkins et al. 2001).

Even when loyal customers purchase a different brand to take advantage of a promotional deal, they generally return to their original brand for their next purchase (Chaudhuri& Holbrook 2001).

The development and maintenance of consumer loyalty is placed at the heart of companies' marketing plans, especially in the face of highly competitive markets with increasing unpredictability and decreasing product differentiation (Delgado-Ballester&Munuera- Aleman ibid). Marketers are conscious of this fact because customers may demonstrate their loyalty in any number of ways. For instance, they may choose to stay with the provider, whether this continuance is defined as a relationship or not, or they may increase the number of purchases or the frequency of their purchases (Rowley 2005). Therefore, brand loyalty is one of the ways with which consumers express satisfaction with the performance of the product or service received (Delgado-Ballester&Munuera-Aleman 2001).

Brand loyalty perspectives: Over the past four decades brand loyalty has been recognized as a focal point of marketing literatures and for practitioners. It is considered as a contributor to build and maintain brand equity (Aaker, 1991) Statistics show that it costs 6 times less (for customer retention) than attracting and/or acquiring new customers (Rosenberg &czepiel, 1984). Loyal customers are less engaged in decision making, for example, whether to buy a product or service among alternates or not? (Rundle-Theile&Bennet, 2001) or they are willing to pay more for a particular brand? (Reichheld, 1996 &Bennet, 2001) etc. The concept of brand loyalty is comparatively more important for services sector, especially for those who provide services with little differentiations and compete in dynamic environment i.e. telecommunication sector (Santouridis&Trivellas, 2010).

Building and maintaining brand loyalty has been a central theme of marketing theory and practice in establishing sustainable competitive advantage. In traditional consumer marketing, the advantages enjoyed by a brand with strong customer loyalty include ability to maintain premium pricing, greater bargaining power with channels of distribution, reduced selling costs, a strong

barrier to potential new entries into the product/service category, and synergistic advantages of brand extensions to related product/service categories (Reichfeld, 1996).

The concept of brand loyalty has been extensively discussed in traditional marketing literature with the main emphasis on two different dimensions of the concept: behavioral and attitudinal loyalty. Oliver (1997) has presented a conceptual framework of brand loyalty that includes the full spectrum of brand loyalty based on a hierarchy of effects model with cognitive, affective, conative (behavioral intent), and action (repeat purchase behavior) dimensions. A definition integrating this multidimensional construct has been given (Oliver, 1999) as: "a deeply held commitment to rebuy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior."

2.2.2.1 Attitudinal Loyalty

The traditional conceptualization of attitudinal brand loyalty includes cognitive, affective, and behavioral intent dimensions. Conventional brand loyalty development efforts have relied substantially on brand image building through mass media communications. In e-marketplaces, however, database technology makes it possible to put more emphasis on the cognitive dimension by offering customized information. As for strengthening the affective dimension, in e-loyalty the roles of trust, privacy, and security come into sharper focus.

Generally speaking, loyalty implies satisfaction, but satisfaction does not necessarily lead to loyalty. Consequently, there is an asymmetric relationship between loyalty and satisfaction (Waddell, 1995; Oliver, 1999). This phenomenon is particularly important in e-marketplaces, since (dissatisfied) customers face a greater variety of choices. Through extensive research, Baldinger and Rubinson (1996) have validated that highly loyal buyers tend to stay loyal if their

attitude towards a brand is positive. In addition, the ability to convert a switching buyer into a loyal buyer is much higher if the buyer has a favorable attitude toward the brand

2.2.2.2 Behavioral Intent

Behavioral intent is an intermediary between attitude and behavior (Mittal & Kamakura, 2001). It represents the intention to act in the buying decision process. Behavioral intent appears in various forms such as a predisposition to buy a brand for the first time or a commitment to repurchase a current brand. Brand loyalty research has focused on factors related to maintaining and augmenting this repurchase commitment (Oliva & Oliver, 1992) and converting behavioral intent to an actual purchase (Kuhl & Beckmann, 1985). In e-loyalty, which has a relatively compressed buying cycle time, the main emphasis is on converting behavioral intent to immediate purchasing action (Strauss & Frost, 2001).

2.2.2.3. Behavioral Loyalty

Traditionally, behavioral loyalty has been defined in terms of repeat buying behavior. Examples of conceptual and measurement issues related to behavioral loyalty can be found in Chaudhuri and Holbrook (2001) and Dick and Basu (1994). Behavioral loyalty can be expressed in different ways. For example, customers can be loyal to brands and/or they can be loyal to stores as discussed in Corstjens and Lal (2000).

The importance of satisfying a customer in order to create behavioral loyalty is discussed extensively in Schultz (2000). A satisfied customer tends to be more loyal to a brand/store over time than a customer whose purchase is caused by other reasons such as time restrictions and information deficits. The Internet brings this phenomenon further to the surface since a customer

is able to collect a large amount of relevant information about a product/store in an adequate amount of time, which surely influences the buying decision to a great extent

2.2.2.4. Brand Building Activities

Brand building activities are divided into two major areas: brand image building and frequency programs. Short-term marketing activities such as promotional tools are traditionally used to shape a brand's image (Knox, 1996). These short-term tools have to be balanced with long-term activities, e.g. product development to create a favorable brand image.

Frequency programs have always been an important technique to retain customers. Traditionally, loyalty cards have been used in the real space to prevent brand switching at a product or store level (Dowling & Uncles, 1997). Frequency based loyalty building programs are easier to implement in e-markets due to the presence of database technologies that are an essential component of e-commerce sites (Deitel et al., 2001). However, since it is easy to copy these concepts (Smith, 2000), it is hard to derive a sustainable competitive advantage from them. They are mainly a defensive tactic to prevent brand switching.

2.2.1.5. Trust and Loyalty

The role of trust in building and maintaining brand loyalty has been researched extensively in both consumer and business-to-business buying situations (Cowles, 1997; Doney & Cannon 1997; Chaudhuri & Holbrook 2001). Trust plays a central role in augmenting both behavioral and attitudinal loyalty which in turn influences marketing outcome related factors like market share maintenance and price elasticity.

2.3. Conceptual framework

Based on regress analysis of the theoretical and empirical framework the following conceptual framework

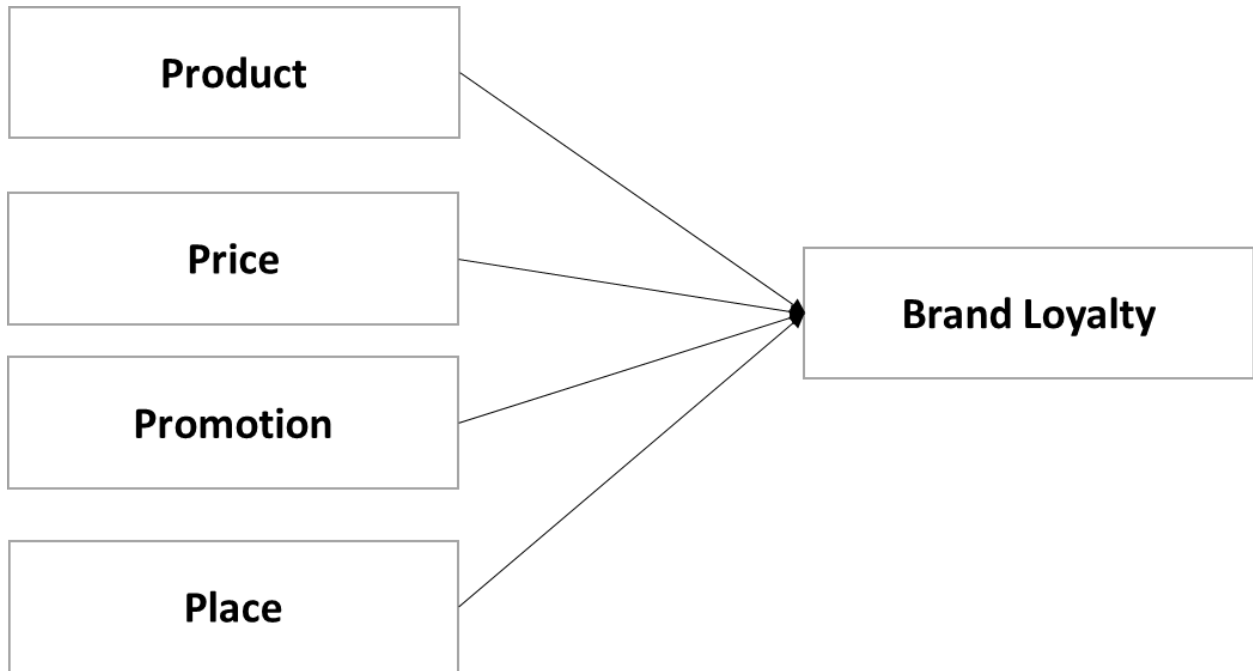


Diagram 3: Developed conceptual framework for research

Chapter 3

Research methodology

3.1 Introduction

This chapter will provide a detailed look into the research methodology used to arrive to the final conclusions and recommendations. In order to conduct the research properly, the author perceives that an appropriate research design should be carefully formulated. Kumar (2011) stated in his book that:

“A research design a procedural plan that is adopted by the researcher to answer the questions validly, objectively, accurately, and economically”. As a result, it can be seen that research design plays a crucial role in guiding and keeping the research process in the right direction.

3.2 Research Approach

A quantitative design using the survey method was used in the empirical segment of the study (Terre Blanche, Durrheim & Painter 2006). In quantitative research, data are quantified to apply statistical techniques in order to gain meaningful insights into relationships (Hair, Bush & Ortinau 2000). A quantitative approach was used as it is suitable to test for relationships using hypotheses, which was the case in this study (Glasow 2005). The survey method was selected because it easily facilitates the collection of data from large groups of respondents, is inclusive in the number of variables that can be studied, requires minimum investment to develop and administer and is relatively easy for making generalizations (Zikmund et al. 2009).

Cross sectional data collection process was used to gather data via the questionnaire developed. Convenience sampling method was used to gather the data

The Explanatory research design was chosen, for the topic under study as the cause and effect analysis and relationship between the variables under study was the essence of the research topic. Explanatory studies clarify the relationship between two aspects of a situation or phenomena (Kumar, 2011)..

3.3 Source of data collection

The study make use of both primary and secondary sources of information.

Both local and researches from abroad are reviewed as a secondary data to gain a clear understanding on the concept under study. A five scale Likert model Questionnaire is used as a tool to gather primary data from consumers.

3.3.1 Primary source

3.3.1.1 Data collection instrument

Data were collected through the use of a structured questionnaire. The questionnaire was divided into six sections. Section 1 included general and biographical information about respondents. Section 2 included questions on consumer's perceptions of the first marketing Mix variable "Product". The questions in Section 3 included questions on consumers perceptions of the second marketing Mix variable "Price" questions adapted from Brucks, Zeithaml & Naylor 2000 and Rajput, Kalhor & Wassif 2012) sought information on respondents' perceptions of pricing. Section 4 included questions on consumer's perceptions of the third marketing Mix variable "Place" Section 5 included questions on consumer's perceptions of the first marketing Mix variable "Promotion". Section 6 included questions on consumer's perceptions of the Dependent variable "Brand Loyalty"

With the exception of Section 1, Likert scales anchored by strongly disagree (1) and strongly agree (5) were used in the questionnaire. According to Syque (2010:1), Likert scales are a research instrument that offers several benefits. Firstly, the questions used are usually easy to understand and lead to consistent answers. Secondly, questions or statements act together to provide a useful coherent picture. Finally, the responses can easily be captured, analyzed and evaluated,

After its construction, the questionnaire was pre-tested with a conveniently selected sample of 12 respondents in order to identify and eliminate problems as well as to determine the time for the completion of the questionnaire (Presser et al. 2004). Feedback from the pre-test study was used to make minor revisions to the questionnaire (Radhakrishna 2007). Thereafter, the questionnaire was administered to final respondents.

3.3.2 Secondary Data

Besides obtaining primary data, the author also uses another source to collect information for this paper called secondary data. Secondary data refers the data that have already been collected for some other purposes. Furthermore, secondary data can provide the researcher a useful source so that the research questions are answered or partially answered (Saunders, Lewis, and Thornhill, 2009). The most obvious advantage of using secondary data is a significant saving in particular resources such as time and money. However, as those data are collected for another study with different purposes, the researcher might face difficulty to manage them consistently with the study at hand. (Ghauri, Grønhaug, and Kristianslund, 1995)

3.3.3 Respondents and Sampling design

The Population for the research are all consumer drinking St. George beer having in mind all sample respondents selected are above the age of 21 to maintain the ethical integrity of the research and validity of final output.

Since there was no sample frame available for the study, convenience sampling was used in order to identify suitable respondents. Sample size was determined using the Yemaneh (1967) model formula as per the below.

$$n_0 = \frac{Z^2 pq}{e^2}$$

Sample size based on the below assumptions

- p=.5 (maximum variability).
- 95% confidence level and
- ±5% precision.

$$\text{Sample size} = \frac{(1.96)^2 (.5)(.5)}{(0.05)^2} = 385$$

Per the above calculation 453 consumers of the brand under study (St. George beer) were approached to fill in the questionnaire to fulfill the sample size requirement of 385 respondents. 65% of the respondents were approached while they are having the actual experience of consuming the brand under study in (Groceries, bars and Restaurants) while the rest of the respondents we asked to fill in the questionnaire at different locations.

357 questionnaires were returned providing 92% return rate but 31 questionnaires were discarded as there were multiple responses to one question making the total number of samples entered to the data analyzing software 326 (84%).

3.4 Data Analysis method

The study is quantitative research approach and the collected data is analyzed by scale reliability for questionnaire scaling validity, descriptive statistics and multiple regression analysis including other applicable statistical tests with a view to know that at what level marketing mix and brand loyalty are related with each other. SPSS is employed for data analysis as statistical tool

3.5 Validity and reliability (Cronbach Alpha coefficient)

3.5.1 Validity

Field (2007:795) defines validity as evidence that a study allows inferences about the question it was aimed to answer or that a test measures what it set out to measure conceptually. The term validity also refers to whether a study is able to scientifically answer the questions it is intended to answer, and as such, it is vital for a test to be valid in order for the results to be accurately applied and interpreted (Iacobucci & Churchill, 2010:255). At the crux of validity, is the level of compatibility between a construct and the indicators of it: the better the fit, the greater the measurement validity (Llusa & Zornoza, 2000:915).

However, it is important to note that the concept of validity has expanded substantially and validity is no longer limited or influenced solely by reliability. The classical relationship between reliability and validity is also much better and more clearly defined in the modern research

(Zikmund, 2000:282). Although various types of validity exist, the important validity concept for this research is construct validity.

The validity of a questionnaire is to be assessed to evaluate whether the questionnaire in fact measures what it is supposed to measure. Three different categories of validities could be assessed: content (face) validity, criterion validity and construct validity (Zikmund, 2000:282-4):

Content or face validity refers to a subjective but systematic evaluation of how well the content of a scale represents the measurement task at hand (Malhotra, 2004:269). By assessing content validity it is, therefore, considered whether the questionnaire covers the entire domain of the construct that is being measured (Iacobucci & Churchill, 2010:257). However, content validity is often regarded as a more informal and even weak assessment of validity.

3.5.2 Reliability

Since factor analysis is used to validate the questionnaire in this study, reliability of the scale is required to ensure that the questionnaire reflects the construct it is measuring. It is for this reason that Cronbach alpha is used. The justification for using Cronbach coefficients was based on the general acceptability in the marketing literature for the use of this type of analysis (Hair et al., 1998:118). Cronbach's alpha, according to Sprinthall (2007:314), is a measure of internal consistency, that is, how closely related a set of items are as a group. A "high" value of alpha is often used (along with substantive arguments and possibly other statistical measures) as evidence that the items measure an underlying (or latent) construct. However, a high alpha does not imply that the measure is uni-dimensional. If, in addition to measuring internal consistency, you wish to provide evidence that the scale in question is uni-dimensional, additional analyses can be performed. Exploratory

factor analysis is one method of checking dimensionality. Technically speaking, Cronbach's alpha is not a statistical test – it is a coefficient of reliability or consistency (Barber, 2007:1).

According to Santos (1999:2), one of the most popular reliability statistics is Cronbach's alpha as published by the mathematician Cronbach in 1951. Cronbach's alpha determines the internal consistency or average correlation of items in a survey instrument to gauge its reliability (Wuensch, 2009:9). For this study, the minimum reliability coefficient is set at $\alpha \geq 0.70$. However, in cases of lower reliability coefficients, a lower coefficient may be sufficient for analytical scrutiny (Field, 2007:668). Luo (2010:1), in this regard, supports Field and states that 0.7 is an acceptable minimum coefficient for attitudinal and behavioral constructs on ratio scales

3.6 Ethical considerations

The researcher made sure all research participants are given proper information/explanation about the research to insure collected data quality

The researcher made sure all participants are above the age of 21.

Chapter four

Data Analysis and interpretation

4.1 Introduction

This chapter will discuss the output of the data collected through the distributed questionnaire

4.2 Results and discussion

The analysis and discussion of the results begins with a brief descriptive examination of the composition of the sample. In order to examine the predictive relationships, Correlation, regression analysis was undertaken

4.2.1 Descriptive statistics

Table 1 Descriptive Statistics Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 21-30	153	46.9	46.9	46.9
30-40	84	25.8	25.8	72.7
40-50	34	10.4	10.4	83.1
>50	55	16.9	16.9	100.0
Total	326	100.0	100.0	

Source: own Survey 2015

Amongst the respondents, 47% between the age of 21-30 and 26% were between 30-40yrs old
Showing total of 73% of the respondents are below the age of 40.

Table 2 Descriptive Statistics Sex

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	253	77.6	77.6	77.6
Female	73	22.4	22.4	100.0
Total	326	100.0	100.0	

Source: own Survey 2015

Amongst all respondents 77.6% were male and 22.4 % were female.

Table 3: Descriptive Statistics Average monthly income

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid <500	34	10.4	10.4	10.4
500-1500	57	17.5	17.5	27.9
1500-2500	66	20.2	20.2	48.2
2500-3500	71	21.8	21.8	69.9
3500-4500	53	16.3	16.3	86.2
>4500	45	13.8	13.8	100.0
Total	326	100.0	100.0	

Source: own Survey 2015

10.4 % of the respondents have an average monthly income of <500 birr, 17.5% 500-1500, 20.2% 1500-2500 birr, showing almost half of the respondents earning can be classified as low income.

Table 4: Descriptive statistics Product

Product	N	Minimum	Maximum	Mean	Std. Deviation
I like the package of St. George beer	326	1	5	4.05	1.138
St. George is a great tasting brand	326	1	5	3.99	1.116
St,George satisfies my thrust	326	1	5	4.21	1.117
St,George beer has a premium quality then other competing brands	326	1	5	3.70	.981
Valid N (listwise)	326				

Source: own Survey 2015

An often-overlooked component of packaging is its latent ability to reflect the product attributes to unsuspecting and otherwise disinterested consumers (Gonzalez & Twede 2007). Most of the packaging decisions affect how consumers associate themselves with a firm's products (Del Rio, Vazquez & Iglesias 2001). Packaging should also be designed to promote product sales (Deliya & Parmar 2012). A consumer should, without extraneous effort, be able to identify the packaging of a particular manufacturer standing on the shelf and distinguish it from other competing brands (Cronje et al. 2003). Non-verbal communication through packaging is an

important expression through which consumers learn the thought processes since two-thirds of all stimuli reach the brain through the visual system (Zaltman 1997). Majority of the respondents Mean **4.05** responded in favor of the product package offered by St. George beer the lowest mean (**3.70**) was for the question regarding the question of whether the respondents believe the brand under strategy was of a premium quality, showing that is an opportunity area either to communicate brand quality of product improvement. The means for the question of a great teasing brand and thrust satisfaction also has a more agreement responses with a mean of 3.99 and 4.21 respectively.

Table 5: Descriptive Statistics Price

	N	Minimum	Maximum	Mean	Std. Deviation
The price of St. George beer is Cheap/ affordable	326	1	5	2.69	1.177
The price of St,George beer is high	326	1	5	4.47	1.111
Valid N (listwise)	326				

Source: own Survey 2015

Farahmand and Chatterjee (2008) conceptualize price within the auspices of the value assigned to something bought, sold or offered for sales, expressed in terms of monetary units. It also pertains to how buyers view a product's price, as high, low or fair, which ultimately affects consumers' willingness to buy the product (Ahmad & Vays 2011). The pricing questions have a mean of 2.69 and 4.47 for the questions of affordability and the price for the brand under study is high. The data shows affordability is an issues for most of the respondents, this responses can be looked at a valuable insight as on the table analyzing the income level of respondents above 48% of the respondents earn between 500-2500br on a monthly basis can be attributed to the fact that most consumers find the Brand under study as being expensive.

Table: 6 Descriptive Statistics Place/Distribution

Place/ Distribution	N	Minimum	Maximum	Mean	Std. Deviation
more outlets sell St, George beer compared to competing brands	326	1	5	4.54	1.100
St,George beer is very accessible to me	326	1	5	4.02	1.127
St. George beer is distributed through as many stores as possible	326	1	5	3.98	1.099
Valid N (listwise)	326				

Source: own Survey 2015

The above data representing the questions used to evaluate product distribution/ product availability and accessibility to consumers shows higher means to the stated questions clearly showing the company is doing a good job is being done by the brand under study in distributing and availing its product to consumers. As product availability and accessibility is one of the key determinants of brand loyalty

Table 7: Descriptive Statistics Promotion

Promotion	N	Minimum	Maximum	Mean	Std. Deviation
St. George beer is intensively advertised	326	1	5	3.41	1.193
the Ad is the product relates to me	326	1	5	3.56	1.248
i like the Ads by St,George better than competing brands	326	1	5	3.74	1.162
St.George beer has Ads i like to talk about	326	1	5	3.60	1.156
Valid N (listwise)	326				

Source: own Survey 2015

Majority of the respondents have a positive feedback regarding the questions developed under promotion, the highest mean being 3.74 respondents saying they like the ads buy St.George and they are ads they like to talk about creating an overall picture that the company creates advertisements consumers can relate to and like.

Table 8: Descriptive Statistics Brand loyalty

Brand Loyalty	N	Minimum	Maximum	Mean	Std. Deviation
i consider myself to be loyal to St. George beer	326	1	5	3.40	1.223
St. George would be my first choice	326	1	5	3.54	1.105
i will not buy another brand if ST,G is not available	326	1	5	3.42	1.354
i will recommend ST.G beer to my friends and other people	326	1	5	3.48	1.072
Valid N (listwise)	326				

Source: own Survey 2015

Regarding the brand loyalty questions raised means scores are slightly above the neutral benchmark, which can imply more work needs to be done in the right direction to push consumers to the positive far end of the score to insure a 100% brand loyalty

4.3 Reliability

The internal consistency of the sub-scales (product, price, Place, Promotion and brand loyalty) is reported in the below Table Cronbach's alpha values for the variables sub-scales ranged from 0.92 to 0.95, which were all above the acceptable benchmark levels of 0.70 (Malhotra 2011a). Content validity is the representativeness of the content of the measurement instrument (Malhotra 2011b). The pre-testing of the questionnaire had the effect of improving the content validity of the entire instrument. In addition,

Table 9: Cronbach's Alpha

Variable	Cronbach's Alpha
Product	0.936
Price	0.795
Promotion	0.952
Distribution/Place	0.921
Loyalty	0.932
Overall reliability measurement	0.945

Source: own Survey 2015

Cronbach's alpha coefficients lead to the conclusion that the applied measurement scales exhibit satisfactory levels of reliability, placing all variables under study with in the acceptable degree of reliability. The measurement scale for Promotion showing the highest reliability level

4.4 Correlational analysis

Table 10: Correlation Analysis

		Product	Price	Place	Promotion	Loyalty
Product	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	326				
Price	Pearson Correlation	-.480(**)	1			
	Sig. (2-tailed)	.000				
	N	326	326			
Place	Pearson Correlation	.899(**)	-.544(**)	1		
	Sig. (2-tailed)	.000	.000			
	N	326	326	326		
Promotion	Pearson Correlation	.811(**)	-.383(**)	.863(**)	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	326	326	326	326	
Loyalty	Pearson Correlation	.869(**)	-.535(**)	.897(**)	.854(**)	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	326	326	326	326	326

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

Source: own survey 2015

Decision rule (Field 2005)

Per the above correlation taste the below finding are listed,

- ✓ There is a significant and positive relationship between Brand loyalty and the product element of the marketing mix, showing with $r = .869$ and $p = .000$.
- ✓ There is a significant and negative relationship between Brand loyalty and the price element of the marketing mix, showing with $r = -.535$ and $p = .000$.
- ✓ There is a significant and positive relationship between Brand loyalty and the place element of the marketing mix, showing with $r = .897$ and $p = .000$.
- ✓ There is a significant and positive relationship between Brand loyalty and the product element of the marketing mix, showing with $r = .854$ and $p = .000$.

4.5 Regression analysis

Multiple regression analysis relates independent and dependent variables in a manner that takes mathematical inter-correlation into account (Malhotra 2001a). It is a statistical technique that can achieve the best linear prediction equation between independent variables and dependent variables (Aldlaigan&Buttle 2002). Since positive correlations existed between three of the marketing mix elements (Product, Promotion and place) and the dependent variable brand loyalty it was necessary to establish the strength of the predictive relationships between the variables. In line with the existence of positive associations amongst the constructs, regression analysis was conducted. Regression analysis was undertaken in order to examine the correlation more closely and to examine the effects of the independent variables on the dependent variable. To test predictive relationships, product, price, Place and promotion were used as the independent variables and brand loyalty was used as the dependent variable. The results of the regression analysis are presented in the below Tables.

The dependent variable is Brand Loyalty (Y) and the four independent variables are Product (P1), Price (P2), Place/Distribution (P3) and Promotion (P4). These variables are used in the multiple linear regression models:

$$Y = \beta_0 + \beta_1 P_1 + \beta_2 P_2 + \beta_3 P_3 + \beta_4 P_4 + e \quad (e \text{ is the error term})$$

4.5.1 Model summary analysis

Table 11: Model summary

Model	R	R Square	Adjusted R Square
	R Square Change	F Change	df1
1	.923(a)	.852	.850

a Predictors: (Constant), Promotion, Price, Product, Place

Source: own Survey 2015

The model summary analysis showed an R² of 0.85, which implies that 85 % of the variation of the brand loyalty for the brand under study can be explained by the impact of the four marketing mix elements.

4.5.2 ANOVA Analysis

Table 12: ANOVA table

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	328.076	4	82.019	462.658	.000(a)
	Residual	56.906	321	.177		
	Total	384.983	325			

a Predictors: (Constant), Promotion, Price, Product, Place

b Dependent Variable: Loyalty

Source: own Survey 2015

In Table 12, the ANOVA gives information about levels of variance within a regression model which is used for tests of coefficients' significance. One-way ANOVA analysis, shows that acceptance of brand loyalty toward the marketing mix elements is statistically significant,

because F-value is statistically significant, $F = 462.658$. The p-value is less than 0.05 ($P=0$) which means that at least one of the four predictor variables can be used to model brand loyalty.

Table 13: Coefficients(a)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
1	(Constant)	.370	.155		2.377	.018		
	Product	.302	.054	.277	5.582	.000	.187	5.347
	Price	-.123	.029	-.109	-4.164	.000	.676	1.479
	Place	.336	.065	.318	5.196	.000	.123	8.158
	Promotion	.305	.043	.313	7.146	.000	.239	4.176

a Dependent Variable: Loyalty
 Source: own Survey 2015

A multi-collinearity tests were conducted by examining the tolerance value and variance inflation factor (VIF) associated with each independent variable. The tolerance values should be greater than 0.1 and the VIF values should not exceed 10.0 (Pallant 2010). Both values were acceptable (highest tolerance value = 0.676 and the highest VIF = 8.158), indicating that multi-collinearity did not constitute a problem in the study and the independent variables are not highly correlated ($r > 0.92$). The regression analysis showed an R^2 of 0.85, which implies that 85 % of the variation of the brand loyalty for the brand under study can be explained by the impact of the four marketing mix elements. The beta coefficients in the above Table indicate that all the three independent variables, namely product ($\beta = 0.302$), Place ($\beta = 0.336$) and Promotion ($\beta = 0.305$) have a positive significance to Brand loyalty while price ($\beta = -0.123$) contributes negatively on the brand loyalty of the brand under the study.

Therefore the estimated multi regression model is formulated as

$$BL=0.370+0.302P1-0.123P2+0.336P3+0.305P4*4$$

Where, $BL=$ Brand loyalty, $P1-$ product, $P2-$ Price, $P3-$ Place/Distribution, $P4-$ promotion

Chapter five

Conclusion and Recommendation

5.1 Conclusion

The purpose of the study was to investigate the effect of the marketing mix elements (Product, price, place and promotion) on brand loyalty. Four hypotheses were proposed in the study. Based on the regression analysis of the data obtained from a sample of the St. George beer consumers, it was possible to reach conclusions regarding these relationships.

Therefore the below conclusions has been made based on the data analyzed

Hypothesis H1 **Product quality has a direct and significant effect on brand loyalty** the regression analysis showed a significant positive relationship between product and brand loyalty. Hypothesis H1 is therefore **supported**. Indicating as product quality increases brand loyalty also moves up.

Hypothesis H2 **Price of a product has an indirect and significant effect on brand loyalty** the regression analysis revealed a significant indirect relationship between price and brand loyalty. Proving as price declines level of loyalty increases. Hypothesis H2 is therefore **supported**. Indicating as price increases brand loyalty declines and if price declines brand loyalty moves up.

Hypothesis H3, **Distribution has a direct and significant effect on Brand loyalty** the regression analysis exhibited a significant positive relationship between place/ Distribution and brand loyalty. Hypothesis H3 is therefore **supported**. Indicating as distribution quality increases making the product easy to access brand loyalty increases.

Hypothesis H4, **Promotion has a direct significant effect on Brand loyalty**, the regression analysis exhibited a significant positive relationship between promotion and brand loyalty. Hypothesis H4 is therefore **supported**. Indicating as a more relevant to consumer's promotion is developed brand loyalty increases.

5.2 Recommendations

The findings of the study endorse the existence of significant positive and predictive associations between three of the marketing mix elements namely Product, Place and promotion with Brand loyalty while it proves there is an inverse relationship between Price and brand loyalty. In line with these findings, a number of recommendations can be suggested in order to develop an effective marketing mix strategy to build brand loyalty amongst consumers.

- ✓ With the emerging intense competition from different beer brands, maintaining brand loyalty among consumers becomes ever more challenging therefore leading to a recommendation, maintaining acceptable level of product quality is key to future success as it has a significant and direct relationship with brand loyalty.
- ✓ With reference to price the research done shows consumers are price sensitive which can be attributed to their earnings, therefore making pricing decisions very critical to make products affordable to consumers. Therefore it is recommended for the brand under study to give due attention to RRP (recommended retail price) compliance so as to make sure retailers are not over pricing the product leading to less consumption rate.
- ✓ A meaningful relationship between a brand and its customers can result in deeper customer considerations and higher sales volumes as customers become more conscious of and loyal towards the brand (Huang & Sarigollu 2012) therefore it is relevant for companies to develop a promotion piece that relates to and relevant for the consumers

they are serving by developing communications that are close to consumers hearts and minds and which they believe speaks to them directly and individually

- ✓ It is also both important and necessary for companies to make sure they have an effective and efficient distribution strategy to make their products easily available and accessible to their final consumers with the right price, therefore to reduce the level of brand splitting behavior due to product unavailability

5.3 Future area of research

As this research implies the effect of the marketing mix element on brand loyalty, it opens further research areas on how to make decisions on the right marketing mix elements and what would be the ideal and effective combination of the marketing mix elements.

The same research methodology and title can be researched again for different industry.

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**Addis Ababa University School of Graduate Studies, School of Commerce Questionnaire
on "The Effect of the Marketing Mix (Product, Price, Distribution and Promotion) on
Brand loyalty" A look in to St. George beer**

Dear Respondent,

My name is Kidist Getachew. I am currently working on a research for as part of my Master of Arts Degree in Marketing Management from the Addis Ababa University School of Commerce.

My study focuses on The Effect of the Marketing Mix (Product, Price, Distribution and Promotion) on Brand loyalty" A look in to St. George beer. Below you will find two parts of questionnaire designed to collect general information and statements that are designed to find out your perceptions on the stated topic.

I kindly ask you to *fill all questions* in this questionnaire with full honesty and be assured that there is no right and wrong answer. Your honest opinion is invaluable for this study in terms of its contribution in making this study a success.

I am very thankful for the support you are giving me and I would like to assure you that all your responses will be *kept confidential and will only be used for research purpose.*

** Kindly make sure you are above **21 years old** to fill in this questionnaire

Part I: General Information

In answering this part of the questionnaire, please use tick () mark in the boxes provided.

1. Age

21-30 () 30-40 () 40 – 50 () >50 ()

2. Sex

Male () Female ()

3. Education level

High School () Diploma () Degree () MA () PHD & above ()

4. Average Monthly income

<500 () 500 – 1500 () 1500 – 2500 () 2500- 3500 () 3500 – 4500 () > 4500 ()

Part II: Variables information

This section is design to find out your perception about the various attributes of St. George Beer. Please indicate the level of your agreement and disagreement with the following statements by putting a tick mark in the corresponding boxes next to each statement.

	Variables	Strongly Disagree (1)	Disagree (2)	Neither agree nor Disagree (3)	Agree (4)	Strongly Agree (5)
V1	Product Quality					
PR1	I like the package of St. George beer					
PR2	St.George is a great tasting brand					
PR3	St. George satisfies my thrust					
PR4	St George beer has a premium quality than competing brands					

	Price	Strongly Disagree (1)	Disagree (2)	Neither agree nor Disagree (3)	Agree (4)	Strongly Agree (5)
PC1	The price of St. George beer is Cheap/ affordable					
PC2	The Price of St. George beer is high					

	Distribution	Strongly Disagree (1)	Disagree (2)	Neither agree nor Disagree (3)	Agree (4)	Strongly Agree (5)
DS1	More outlets sell St.George beer compared to competing brands					
DS2	St. George beer is very accessible for me					
DS3	St. George beer is distributed through as many stores as possible.					

	Promotion	Strongly Disagree (1)	Disagree (2)	Neither agree nor Disagree (3)	Agree (4)	Strongly Agree (5)
AD1	St. George beer is intensively advertised					
AD2	I like the Ads by St. George better than competing brands					
AD3	St. George beer Has advertisements I like to talk about					

	Loyalty	Strongly Disagree (1)	Disagree (2)	Neither agree nor Disagree (3)	Agree (4)	Strongly Agree (5)
LO1	I consider myself to be loyal to St. George beer					
LO2	St. George would be my first choice					
LO3	I will not buy other brands if St. George beer is not available					
LO3	I will recommend St. George beer to my friends and other people					

