

The Assessment of Marketing Mix in Prompting Customer Satisfaction

(A case study on the National Alcohol and Liquors Factory)

By: Zelalem Anley

Advisor: Ato Fesseha Afework (Asst.prof)

ADDIS ABABA UNIVERSITY

COLLAGE OF MANAGEMENT, INFORMATION AND ECONOMIC SCIENCE

SCHOOL OF BUSINESS AND PUBLIC ADMINISTRATION

DEPARTMENT OF MANAGEMENT

MBA PROGRAM

June 2011

Addis Ababa-Ethiopia

The Assessment of Marketing Mix in Prompting Customer Satisfaction

(A case study on the National Alcohol and Liquors Factory)

A thesis submitted to the school of graduate studies of Addis Ababa University for the partial fulfillment of the degree of masters of business administration

By: Zelalem Anley

Advisor: Ato Fesseha Afework (Asst.prof)

ADDIS ABABA UNIVERSITY

COLLAGE OF MANAGEMENT, INFORMATION AND ECONOMIC SCIENCE

SCHOOL OF BUSINESS AND PUBLIC ADMINISTRATION

DEPARTMENT OF MANAGEMENT

MBA PROGRAM

June 2011

Addis Ababa-Ethiopia

Acknowledgements

First and for most, I would like to thank my almighty of GOD who made me lead by life till this movement.

I would like to thank the Faculty of Business and Economics for assisting me with the financial requirement that was necessary for the preparation of this paper.

I also thank to Ato Ayele (marketing department head of the factory) in providing the necessary documents for the preparation of this work.

My thanks also go to my advisor Ato Fesseha Afework for his constructive and professional help in doing this paper.

My special thanks extended to my families for their support throughout my life. And also my best thanks goes to my friend Samrawit Alemu.

Zelalem Anley

Abstract

Today's companies (special regard to the National Alcohol and Liquors Factory) are facing toughest competition than ever. Companies can win the competition by doing a better job in order to satisfy the customers' needs and wants, and customer-centered companies are adopt at building customers not just building a product. The study focuses on the assessments of marketing mix elements in prompting customer satisfaction for the case of the producer of the aforementioned factory, the National Alcohol and Liquors Factory. The main objective of the study was that to find out whether customers are satisfied with regard to the four controllable variable marketing mix factors (product, price promotion and distribution). This study helps to fill the gap related to the factory products and its level of customer satisfaction with regard to the 4p's utilized by the factory. Such study helps the factory to be aware of its customer's satisfaction level that will move in parallel with the changing customers need and want.

The necessary data have been collected using primary sources of data collection (interviews and questionnaires) and secondary sources of data collection (factory documents, by visiting library and online journals). The data were processed, analyzed and interpreted using frequencies and percentages. This study concludes that customers are satisfied with the quality of products and the distribution (place) systems of the factory yet they are not satisfied with the price and that of the promotional practices of the factory. I recommended that the factory must assure the quality of its products in order to win customers' satisfaction and consequently achieve a competitive advantage and long run survival. In order to alleviate the problems in the pricing of the products, the factory should set its pricing techniques based on the analysis of the customer's perception of the product value and the factory should try to be effective in its promotional activity to communicate the benefits offered by its products and initiate customers towards purchase. Finally the factory must choose distributors that reach its customers most effectively and other intermediaries that add value to the distributive process (the factory should expand its local market coverage and increase its market share by selling the products even in rural areas).

Table of contents

Contents	page
Acknowledgement	I
Table of contents.....	II
List of tables	V
Abstract	VI
CHAPTER ONE	
INTRODUCTION	1
1.1. Background of the study	1
1.2. Statement of the problem	2
1.3. Research questions	3
1.4. Objectives of the study	3
1.5. Research Methodology.....	4
1.5.1. Characteristics of mixed methods design.....	4
1.5.2. Types of mixed method design	4
1.5.3. Sources of data and data collection procedures.....	5
1.5.4. Sample size and sampling techniques	5
1.5.5. Repot presentation structure.....	6

1.6. Significance of the study	7
1.7. Definition of key terms	7
1.8. Delimitation of the study	8
1.9. Organization of the study	8

CHAPTER TWO

LITERATURE REVIEW	9
2.1. Definitions and concepts of marketing	9
2.2. The meaning of a product	10
2.2.1. Product quality	10
2.2.2. The product or service strategy	11
2.2.3 Why Some Products Fail and Others Succeed	12
2.2.4. Branding, Packaging and Labeling	13
2.3 The price System	14
2.3.1. Pricing objectives, strategy and methods	15
2.3.2. Discount and Allowance pricing	17
2.4 Promotion	18
2.4.1. The Promotional Mix	18
2.4.2. Types of Promotional tools	19
2.5 Distribution System	21
2.5.1. Channel of Distribution	21
2.5.1.1. Selecting Channel of Distribution	22
2.5.2. Physical Distribution	23

2.6.	Definition and Concepts of Customer Satisfaction.....	24
2.7.	Why organizations focus on customer satisfaction.....	26
2.8.	How to measure customer satisfaction	26
2.9.	Key performance indicators of customer satisfaction.....	28

CHAPTER THREE

DATA PRESENTATION, ANALYSIS AND INTERPRETATIONS	31
3.1. Marketing mix analysis.....	36
3.3.1 The product analysis	36
3.3.2. The Price analysis	43
3.3.3. The Promotion analysis	48
3.3.4. The place/distribution analysis	51

CHAPTER FOUR

SUMMARY, CONCLUSION AND RECOMMENDATION	56
4.1. Summary.....	56
4.2. Conclusion	57
4.3. Recommendation	59
Bibliography	62

Appendix

List of Tables

Table 1: Products Analysis-----	38
Table 2: Price Analysis-----	44
Table 3: Promotion Analysis-----	49
Table 4: Distribution analysis-----	52

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Today's companies are facing toughest competition than ever. Companies can win the competition by doing a better job in order to satisfy the customers' needs and wants, and customer-centered companies are adept at building customers not just building a product (Johansson J, 2000:12).

Customer satisfaction is a person feeling of pleasure or disappointment resulting from comparing a product's perceived performance (outcome) in relation to his/her expectation (Kotler P and Armstrong G, 2010:7). It may be clear from the above definition customers' satisfaction is a function of perceived performance and expectations. If the performance falls short of expectations, the customer is dissatisfied. If the performance matches the expectations, the customer is satisfied, and if the performance exceeds expectations, the customer is highly satisfied or delighted.

It has been increasingly evident that a successful marketer must start with the customer. Marketing opportunities are based on identification of customer wants and needs, an understanding of how customers make buying decisions, how they use the goods and services they buy, and their level of commitment to current brands (Anderson and Vince, 2004:85).

Marketing managers (marketers) must think about the methods of winning, retaining, in general, satisfying customers from various ways which will lead to organizational success. To do so, the elements of marketing mix (product, price, promotion and place) serve as the most crucial tools for meeting the company's objective together with satisfying customers through effective utilization of them. These variables are controllable variables by marketers. In addition, marketing managers can use them to attract and retain customers since they can be reshaped by a given marketing managers.

From the organizations point of view each customer need has a counter part in the marketing mix elements. Therefore, in order to be successful or a leading organization should be able to satisfy

in the 4p's. The National Alcohol and Liquors factory is a governmental company, earmarked for privatization, producing pure alcohol and liquor. The headquarters in Addis Ababa with four additional sites, two in Addis (Mekanisa and Akaki) and one in Sebeta and the other in Maychew. The branches were set up at different times from 1906 Sebeta branch to 1957 mekanisa branch but it was only after nationalization in 1974/1975 that the company's growth was really expanded.

Today the company has 468 permanent employees and it also employees up to 100 daily temporary workers. Most employees are semi-skilled. They include distillery and alcohol refining workers and technicians based in the factories. The percentage of permanent and temporary employees is 82.4 % and 17.6 % respectively. The company is engaged in export (countries like USA, Australia, Israel and south Sudan) and local sales. Of the local sales 60% are in Addis Ababa with the remaining 40 % in other local cities.

The factory products are: Baro Gin (41% alcohol),Ouzo (41% alcohol),Double ouzo (43% alcohol),Aperastive (30% alcohol),Brandy (41% alcohol),Limon Liquor (41% alcohol),Pineapple Liquor (30% alcohol),Supermint Liquor (24% alcohol),Fernt (37% alcohol),Bitter (15% alcohol),Pure alcohol (96% alcohol),Denature alcohol (95% alcohol) and Cognac (37% alcohol). These products are available for the local market as well as for export. Any foreign can buy import liquors, pure alcohol and denatured alcohol

1.2. Statement of the problem

Customer satisfaction is a very vital and it is a determinant factor for the long term survival of any business organization (Jeans F, 2004:54). So in today's competitive business world it has come out as a decisive factor for the success or failure of business objectives. For this reason companies meeting their customers' needs and wants are enjoying the market with the customer loyalty and getting positive response for their product. But without satisfying customers the above mentioned marketing success could be unthinkable. There are a growing number of customer complaints on the factory products that produces. A Number of reasons are behind these customer discontents. Whatever the reasons may be, once the customer is dissatisfied, it would be very difficult to gain their trust back. In this regard, a research should be carried out to urge a major reform, to assesses the root causes of the problem and get the problem solved. For

the past many years, the National Alcohol and Liquors Factory have not made a research to show the level of their customer satisfaction (to address the problem). So this study helps to fill the gap related to the factory products and its level of customer satisfaction with regard to the product, the price charged, the promotion and available placement (distribution) utilized by the National Alcohol and Liquors factory. That is the traditional thinking to get profit through increasing volume of sales should be changed to the thinking that profit should be made from customer satisfaction.

1.3. Research Questions

According to Soulsby D, (2004), consumers (customers) often down grade high quality products because of poor customer service and unresolved post purchase customer complaints. The outcome is dissatisfaction and loss repeat sales follows. Even though providing effective customer service has tremendous benefit to the factory most of the factory sales person and others doesn't give attention to it. Therefore, this study was designed to give answers for the following research questions.

- ✓ How well satisfied customers are with the quality, the prices, the communication and promotional activities as well as the suitability of channels of distribution of the factory products?
- ✓ What pricing objectives, strategy and methods does the factory follow?
- ✓ How do customers evaluate the quality of the product and its price?

1.4. Objectives of the study

In scientific research the objective (purpose) statement indicates 'why you want to do the study and what you intend to accomplish' (Creswell, 2003).

- According to this, the main objective (purpose) of this study is that:
 - ✓ To find out the level of customer satisfaction with regard to product quality, the price charged, the distribution mechanism and promotion utilized by the factory.

- Then based on these, the specific objective (purpose) of this study is that:
 - ✓ Assessing the factory's marketing mix elements.
 - ✓ In order to compare the quality of the product with regard to the price charged.
 - ✓ To know the pricing objectives, strategy and methods utilized by the factory.
 - ✓ To develop appropriate recommendation for better practices of marketing mix elements in the factory.

1.5. Research Methodology

1.5.1. Characteristics of Mixed Methods Design

Mixed research method design usually features, which includes an implicit purpose statement, research questions, and rationale for using quantitative and qualitative methods and data in the study (Creswell, 2003). In this study mixed methods design consists of both quantitative and qualitative data in a single study.

1.5.2. Types of Mixed Method Design

There are six types of mixed method designs in the literature of mixed methods research. Three of them are sequential (explanatory, exploratory and transformative); the other three are concurrent (triangulation, nested and transformative) (Creswell, 2003).

This study was used sequential explanatory strategy type of mixed method design. It is characterized by the collection and analysis of quantitative data and followed by the qualitative data.

Reasons for such choice are that: It is typically to use qualitative results to assist in explaining and interpreting the findings of a primary quantitative study. Especially it is useful when unexpected results arise from a quantitative study.

1.5.3. Sources of data and data Collection procedures

For the purpose of this study both quantitative and qualitative data have been used in this study to answer the research questions and meet the objectives of the study, data were collected from primary and secondary sources. Primary sources of data were collected directly from the aforementioned respondents through questionnaires and structured interview was conversed with the marketing department head of the factory where as the secondary sources of data have been gathered by visiting library, factory documents and on-line journals.

Primary data collection

Structured questionnaires: - developed after conducting an extensive review of marketing mix in prompting customer satisfaction literature and it is containing both open and closed-ended question items.

Structured Interviews – were conducted with the marketing department head of the factory. Seven interview questions were presented to an individual interviewee. The reason is that based on the uniqueness of their experience and satisfaction of research question (recruited purposely).

1.5.4. Sample size and sampling techniques

Currently there are around 395 wholesalers and many retailers in the factory. So, to keep the accuracy of the date 80 (32 wholesalers and 48 retailers) were taken by purposely selecting the most loyal customers to the factory (those who had stronger relationship to the factory) and they were selected by dealing with the marketing department head of the factory .The reason for selecting this purposeful sampling was to select participants or sites that will best help the researcher to understand the problem and the research question (Creswell, 2003).

1.5.5. Report Presentation Structure

Since as mentioned earlier, the researcher used a sequential explanatory study, mixed method research typically organize the report of procedures in the quantitative data collection (Questionnaires) and followed by qualitative data collection (interview).

Then, in the conclusions or interpretation phase of the study the researcher show on how the qualitative finding helps to elaborate on or extend the quantitative results.

1.6. Significance of the study

Under taking such study is very crucial or vital for any business entity (special regard to National Alcohol and Liquors Factory) to know its customer satisfaction level with regard to the product, setting price, promotion and placement (distribution) of the factory that will move in parallel with the changing customers' need and wants. Because in today's, competitive business world effective manipulation of these marketing mix element strongly determines the long run survival of the company.

Furthermore, the researcher acquires knowledge about the way of conducting a research with identified problems, and contributed further explanations for studies on the subject matter.

1.7. Definition of Key Terms

- **Marketing:** - is the social process by which individuals and groups obtain what they need and want through creating and exchanging products and value to each other's.
- **Product:** - a product is anything that can be offered to a market for attention, use or consumption that satisfies a want or need.
- **Price:** - it is probably the single most important decision in marketing and it is the mechanism which ensures that the two forces (demand and supply) are in equilibrium.
- **Promotion:** - it is a marketing activity that disseminating information about a product, products line, brand, or the company.

- ***Distribution:*** - it is the set of firms and individuals that take title or assist in transferring title to a good or service as it moves from the producer to the consumer.
- ***Customer Satisfaction:*** - It is defined as a result of a cognitive and effective evaluation, where some comparison started is compared to the actually perceived performance.

1.8. Limitation and Scope of the study

Limitation: The outcome of the study should be understood having the following limitations in mind: as the case in marketing research, the researcher also studies the customer behaviors that are rational. Sometimes, they may not express their feelings correctly what they think. In such cases, their habits, practices, references cannot be assessed without limitation of bias.

Scope: To conduct this study in all Alcohol and Liquors Factories is not a simple task that can be easily accomplished. So to make extensive and feasible investigation and analysis, the scope of the study is limited on National Alcohol and Liquors Factory, particularly in Akaki sub-city.

1.9. Organization of the study

This study has consisted of four chapters. The first chapter deals with the problem and its approach (i.e. introduction part including the research methodology). The second chapter treats related literature review. The third chapter focuses on data presentation, analysis and interpretation. The fourth chapter is devoted to the summary, conclusion and recommendation of the study

CHAPTER TWO

LITERATURE REVIEW

2.1 Definitions and Concepts of Marketing

The starting point for the discipline of marketing lies in human needs of wants. All human beings have a need to satisfy human needs are states of felt deprivation. Therefore, human beings try to satisfy these needs by exchanging goods and services with other interested parties. Thus, the concept of exchange leads to the concept of a market. Kotler P and Armstrong G, (2010:7) defines a market as: “A public gathering consisting of all the potential customers sharing in exchange to satisfy that needs or wants”.

From the above definition we can interpret that marketing is the exchange between the customer and the marketer and each party gives something of value to the other, with the goal of satisfying their respective needs and wants, and then in the process both parties gain as much as possible.

While customers have a major influence on marketing decisions, companies are devoting more attention than ever before to customers’ wants and needs (Anderson and Vince, 2004:4). Hence, marketing efforts are more focused on attracting, retaining and developing relationship with their present and potential customers. Therefore, it is necessary to know precisely who the customers are, why they buy, and what it takes to satisfy them.

Marketers have four tools to use to develop an offering to meet the needs of their targeted customers. Collectively they are called as the marketing mix (Product, Price, placement and promotion). The basic idea is first the product of the factory produced, then setting the affordable price, and then promoting that product on the basis of customer’s media habit and finally distributes the product on the targeted customers.

According to McGraw, (2004) states that the marketing mix is the tools organizations use to develop offerings to satisfy their target market(s). If your marketing mix doesn’t meet their needs, they won’t be satisfied-and if they aren’t satisfied, you are unlikely to meet your objectives .Thus, the more the marketer is effective in combining the four elements of the marketing mix, the more the customers are satisfied and stay loyal, and as a result, the more the

profitable sales of the product should result. The four elements of the marketing mix are discussed as follows:

2.2. The Meaning of a Product

The first element in the marketing mix is the product of the company as I have mentioned above. A product is defined as: “a set of tangible and intangible attributes, including packaging, color, price, quality and brand plus the reputation of the seller” (Hart.S.et al, 2004:168). Since one of the basic function of marketing is that developing products and services that will meet legitimate customer (consumer) needs, then, consumers are buying more than a set of tangible attributes. They are buying want satisfaction in the form of product benefit.

2.2.1. Product Quality

Product quality is the overall characteristics of a product that allow it to perform as expected in satisfying customer needs (Jean F, 2004). Level of quality is the amount of quality possessed by a product and consistency of quality is the degree to which a product is the same level of quality overtime. It can also be compared across competing products. Therefore, simply we can say that quality is the satisfaction for customers and it is an investment for owners.

Poor product quality can destroy the reputation of your company’s products, but in most cases has an even more serious impact-when people see a company put out poor quality products, they strongly associate those poor quality products as coming from a poor quality company. A company that attains good reputation for the quality of its products and able to build the confidence of its customers and attracts them not only earns personal satisfaction and benefit but also contributes to the country’s economic development” (Quality and Standards Authority of Ethiopia,Dec,2003 Vol.4.No 5,pp-29). Thus, we can interpret that poor quality products imply a poor quality company.

One important point what we have to know is that products fail for a variety of reasons such as failure to match product offering to customer needs, therefore, in order to protect such problems effective planning and management systems are critical that will be successful.

2.2.2. The Product (Service) Strategy

The product strategy, the route by which to reach your long term product objectives will need to be developed specifically for each product or service. But, in general there are said to be four basic products strategies for growth in volume and profit:

- ✓ **Market penetration:** the most frequently used strategy is to take the existing product in the existing market and try to obtain improved penetration of that market (Kotler P and Armstrong G, 2010, .pp. 29-30).
- ✓ **Product development:** this involves a relatively major modification of the product or service, such as quality, style, performance, variety and so on (ibid, pp. 31-32).
- ✓ **Market development:** this depends on finding new uses for the existing product or service by taking it in to entirely new markets (ibid, pp. 33-34).
- ✓ **Diversification:** this quantum leap to a new product and market, involves more risk, and is more normally undertaken by organization which find themselves in markets which have limited, often potential (ibid , pp. 35).

2.2.3 Why Some Products Fail and Others Succeed

According to Kurtz and Boone (2007) pp. 75, states that in general, consumer products fail more often than business products.

Products fail for a variety of reasons:

- One of the most common reasons a product fails is failure to match product offerings to customer needs.
- Ineffective or inconsistent branding has also been blamed for product failures.
- New products sometimes fail because of poor timing, technical or design problems, overestimation of market size, poor promotion, or insufficient distribution.

When examining the problem of product failure, it is important to distinguish the degree of failure.

- *Absolute failure*:-occurs when an organization loses money on a new product because it is unable to recover development, production, and marketing costs; therefore, the product is usually deleted.
- *Relative product failure*:-occurs when a product returns a profit, but does not meet a company's profit or market share objectives; repositioning or improving the product might make this product a success.

Therefore, for a new product to be successful, it must provide a significant and perceivable benefit to a sizable number of customers. Effective planning and management are also critical to launch a new product that will be successful.

Today successful product management is more important than ever before. Good product decisions are more critical than ever. Technology is changing rapidly. Products are developed, get adopted, and are replaced by better products at a fast pace. In addition, competition in the global marketplace makes it essential for firms to continuously offer new choices for consumers if they are to remain competitive with companies all around the world.

2.2.4. Branding, Packaging and Labeling

When conceiving, developing and managing its products, a firm needs to make and enact a variety of decisions regarding the brand, package and labels used with each item.

❖ Branding

A brand is a name, term, design, symbol, or other features that identifies the goods and services of one seller from those of other sellers (Armstrong, 2009, pp. 21). Marketers should realize that the more customers equate quality with their brands, the more they will buy. Consumers simply do not purchase brands that they either do not recognize or do not trust, no matter how much promotional activity is put behind them (Engle,2004,pp.29-31). Therefore, managers need to brand their products in the best way possible to gain brand awareness by uses in a better way than competitors.

❖ Packaging

Packaging is the activity of designing and producing the container or wrapper for a product (McDonald, 2004:90). Since in recent times, packaging has become a potential marketing tool, a company needs to design the package for the safety of the product, to make the product identifiable, and to make it more appealing so as to increase profit.

❖ Labeling

A label is a tag or sticker attached to a container or package that provides information about the seller or the manufacture (McDonald, 2004: 203-204).

Labeling performs several functions:

- It identifies the product or brand and might also grade the product.
- It also convey such information as who made it, where it was made, when it was made, what it contains, how is it to be used, and how to use it safety . But one thing what we have to know is that misleading information is illegal action. Therefore, careful labeling should be necessary for the factory.

2.3 The price System

As mentioned earlier price is the second marketing mix element and probably the single most important decision in marketing is that of price. This is partly because price may have an impact on sales volumes.

According to Jean F, (2004) if the price is too high, and the market is competitive, sales may be correspondingly reduced. Indeed many economists would see price as the main determinants of sales volume. “On the other hand, many of the most sophisticated marketers have found ways to reduce the impact of price (Kurtz and Boone, 2007:87). Therefore, you need to balance the costs of producing a product with competition and the perception of your target customers to select the right product price. That is the reason why pricing takes creativity, time, research, good record keeping and flexibility.

2.3.1. Pricing objectives, strategy and methods

Pricing objectives and strategy

Many pricing objectives are available for careful consideration. The one you select will guide your choice of pricing strategy. You will need to have a firm understanding of product attributes and the market to decide which pricing objectives to employ. Your choice of an objective does not tie you to it for all time. As business and market conditions change, adjusting your pricing objective may be necessary or appropriate.

The most important elements of an effective market strategy are the ability to maximize and protect the price of the product. Since price is the final measure of customer value and competitive advantage.

Methods for price your product

A. Cost based pricing

To calculate products cost you need to include the cost of production, promotion and distribution. Add the profit level you want from the business to the product cost subtotal to determine your product price. The amount of profit you add to the product cost subtotal can be set according to three different methods (a profit percentage with product cost, add a percentage to an unknown product cost and blend of total profit and product costs). Each of the three costs based pricing methods described begin with a product cost subtotal (Kotler, 1996 pp, 96). There for, the company designs what it considers being a good product, totals the cost of making the product, and sets a price that covers costs plus a target profit.

B. Competition based pricing

Consumers will base their judgments of a products value on the prices that competitors charge for similar products (Kotler, 1996: pp 99). The big advantage of competition based pricing is that you are focused on your industry and therefore your competition. An industry focus looks closely

at the types of existing and emerging competition. Once you know what your competitors are doing, you can better decide how you will manage your business.

C. Customer based pricing

Most business owners want to know “at what price do my customers think my product offers good value?” knowing your customers ensures you take a market focus with your business. You need to find out how your customer feels about various product prices and what they would do if the price changed. Customers change their buying habits according to product price. As a seller you need to find out how your target customers view your product and customer attitudes towards various prices or a price change (Kotler, 1996 pp 105). As a result, pricing begins with analyzing consumer needs and value perceptions, and price is set to match consumers’ perceived value.

2.3.2. Discount and Allowance pricing

Having set the overall price, the suppliers then has the option of offering different prices (usually on the bases of a discount) to cover different circumstances. The types of discounts and allowances most often offered are:

- ✓ **Trade Discount-** Members of supplier’s distribution chain (for example retailers and wholesalers) will demand and payment for their services (Kotler and Armstrong, 2010, .pp. 29-30).
- ✓ **Quantity Discount-**these who offer to buy larger quantities of the product or service are frequently given incentives). Sellers use the quantity discount to encourage buyers to buy more. This in turn can help the seller to reduce their own production costs, which can help reduce price for the buyers (Kotler and Armstrong, 2010, .pp. 31).
- ✓ **Cash Discount-** Where credit is offered, it is sometimes decided to offer an incentive for cash payment or for prompt payment (Kotler and Armstrong, 2010, .pp. 32-33).
- ✓ **Seasonal Discount-** Suppliers to markets which are highly seasonal (such as holiday market) will often price their product or service to match the day and with the highest prices at peak demand (Kotler and Armstrong, 2010, .pp. 35-36).

- ✓ **Trade Allowances** -In the durable goods market suppliers often attempt to persuade consumers to buy a new pieces of equipment by offering allowance against trade-in of their old one(Kotler and Armstrong, 2010, .pp. 40-41). Generally speaking, these are simply hidden discounts targeted at a group of existing competitive users.
- ✓ **During Holiday seasons**-simply the holidays is an annual festive period that surrounds Christmas and various other holidays (Kotler and Armstrong, 2010, .pp. 45-46).
- ✓ **Defective products are among those purchased products**- are also one of the seasons that price discount takes place.

From the above different types of discounts and allowances we can conclude that, discounts and allowances are reductions to the selling price of goods or services, they can be applied anywhere in the distribution channel between the manufactures, middlemen distributors, whole sellers, or retailers, and retail customer. Typically, they are used to promote sales, reduce inventory, and reward or encourage behavior that benefit the issuer of the discount and allowance.

Thus, the company should focus the above price discount of seasons in order to serve and satisfy those customers in the best way and then in the long term the company achieving high profit from these price discounts.

2.4 Promotion

Promotion in the third marketing mix elements that disseminating information about a product, product line, brand or company. According to Keller (2005) before a business can be successful, it must attract people in buying its goods or services. Even though the product is available or where it can be purchased, customers will not usually know what the product does or how it is performing than other products they are currently using (ibid, pp. 43).

Thus, particularly a business uses a produce promotion in order to convince prospects to select its products or services instead of competitors. If the marketer effectively combines the four elements of the marketing mix, the more customers are satisfied and stay loyal, and as a result the more profitable sale of the product should result (ibid, pp. 98).

Therefore, promotion is necessary for the success in serving customers. Consumers also benefit from promotion because it is through this process that they determine which product or service will satisfy their needs.

2.4.1. The Promotional Mix

Promotions encompasses the five forms of promotional mix-advertising, personal selling, sales promotion, publicity and public relations, which are available to marketing managers who are trying to influence the behavior and attitudes of existing and potential customers towards the marketer's company product and brands.

These elements, in addition to attracting a new customer, can also be used to maintain customers and satisfy them on the purchase decision that they have made (Palmer, 2000:414).

The above-mentioned forms of promotion are interdependent. This means the success of the promotion is dependent up on the success of each form of promotion. Advertising will not succeed unless good personnel selling and sales promotion support it.

Marketers must work hard to communicate openly and honestly with consumers and resellers. Consumers base their expectations on information they receive from marketers, friends and any other sources. If the marketer exaggerates the product performance through its promotional tools, consumer expectations will not be met, and dissatisfaction will result.

This suggests that marketers should make product claims that faithfully represent the product's performance so that buyers are satisfied.

Finally, promotion goes beyond afore-mentioned promotional tools. The product design, its price, the shape, color of its package and the stores that sell it. Thus, although the promotion mix is the company's primary communication activity, the entire marketing mix-promotion and product, price, and place must be coordinated for greatest impact (Harker, 2009:pp.36).

2.4.2. Types of Promotional tools

Communication is essential nowadays; we communicate with friends, relatives, family, colleagues etc. The media communication is very important in our society. Through media, we can be influenced. Media can make a person drink a certain juice or alcohol or go to a certain store. Commercials and constant attention and interest in something in particular, in the end, make others follow it or try it (McGraw, 2004).

Some of a few types of media communication as depicted bellow:

- ❖ **Televisions**-Television news usually tells fewer stories in few worlds. And the producer decides which stories to include in news casts, how long they should be and in what order they appeal.
- ❖ **Radio**- radio stations can be great for reaching a wide audience their news departments usually covers news with the smallest staffs, in the shortest time for each story, and with the most frequent deadlines.
- ❖ **Magazine and other publication**- are a way to read a very specific audience with a story. These publications are typically organized around an interest group such as business, health care or higher education.
- ❖ **Newspaper**-It is the most simple and cheap way to find out latest news.

To support the above idea, communication through the media indicates the public and the information we gather and sent to the public. The mass media can influence an entire nation very easily. Therefore, the company using these media should care in transferring their products.

2.5 Distribution System

It is one of the four marketing mix elements. It can be described as a set of interdependent organizations involved in the process of making a product or service available for consumption (Anderson and Vince, 2004:7). As Engle, (2009, pp.: 189) states that the marketer must choose distributors that reach its customers most effectively and other intermediaries that add value to the distributive process.

To support the above-concepts, it is the fact that the objectives of distribution channel is to make the products effectively available to the greatest possible number of users at the lowest possible distribution and selling cost.

The field of distribution is made up of two distinct branches: channel of distribution and physical distribution that will be discussed as follow.

2.5.1. Channel of Distribution

Channel of distribution consists of a network of intermediaries those managers that manage the flow of goods and services from the producer to the final customer. The distribution system consists of channel intermediaries that provide a link between producers and final consumers. The idea that marketing system uses channels that maximizes efficiency and effectiveness, minimizes costs, and delivers the greatest customer satisfaction (Kotler and Armstrong, 2010: pp.: 87).

- Merchant middlemen: include merchant wholesalers and retailers who take title to and resell the goods.
- Agent middlemen: include agents, brokers and manufacturer's sales branches and offices who do not take title to the goods involved. They rather negotiate purchase, sales or both.

The longest most indirect channel includes producer, one or more wholesalers or agents, retailers and consumers. This channel is the most appropriate when the producer's objective is to achieve maximum market penetration with intensive distribution.

The shortest channel, from producer to consumers, offers the most direct and quickest distribution route because no intermediaries are involved. It is easiest to manage and control (Anderson and Vince, 2000:280-282).

2.5.1.1. Selecting Channel of Distribution

Some basic criteria must be established for selecting each channel intermediary. According to Engle (2009:190), four factors dominate the criteria including a channel member in to the company's distribution structure:

Market Coverage-channel intermediaries should be selected for their ability to achieve the company's distribution objective of reaching the greatest number of potential customers with the fewest transaction.

Degree of control desired- there is a potential loss of control when channel intermediaries are used. Thus, the marketer must make decisions concerning the degree of control desired over the marketing of the firm's products.

Costs and other economic criteria- the cost of achieving desired market coverage must be consistent with distribution strategy objectives and should not be greater than the benefits to the company and its customers.

Flexibility/Adaptability- the manufacturer must be able to respond to change in the market or the company.

So a channel of distribution involves an agreement of exchange relationships that create value for buyers and sellers through the acquisition of goods and services.

2.5.2. Physical Distribution

Physical distribution involves planning, implementing, and controlling the physical flows of materials and final goods from points of origin to points of use to meet customer needs at a profit (Engle, 2009: pp. 196).

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

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

Order processing

Physical distribution begins with a customer order. The order department prepares multi copy invoice and dispatches them to various departments. Items out of stock are back ordered.

Shipped items are accompanied by shipping and billing documents with copies going to various departments.

Ware Housing

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

Inventory

Inventory level represents another physical-distribution decision affecting customer satisfaction. Marketers would like their companies to carry enough stock to fill all customer orders immediately. The intent of inventory management is to provide a continuous flow of goods and to match the quantity of goods in inventory as closely as possible with sales demand.

Transportation

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

2.6. Definition and Concepts of Customer Satisfaction

In any business, customers are the most important aspect of a successful company and the customers must be looked after managed properly. The definition of customer satisfaction has been widely debated as organizations increasingly attempt to measure it. Customer satisfaction can be experienced in a variety of situations and connected to both goods and services. It is a highly personal assessment that is greatly affected by customer expectations.

Satisfaction also is based on the customer's experience of both contact with the organization (the "moment of truth" as it is called in business literature) and personal outcomes.

Customer satisfaction measures how well a company's products or services meet or exceed customer expectations. These expectations often reflect many aspects of the company's business activities including the actual product, service, company, and how the company operates in the global environment. Customer satisfaction measures are an overall psychological evaluation that is based on the customer's lifetime of product and service experience.

Customer satisfaction differs depending on the situation and the product or service. A customer may be satisfied with a product or service, an experience, a purchase decision, a salesperson, store, service provider, or an attribute or any of these (Kurtz and Boone: pp. 176).

To add some basic ideas from the above concept, customers are satisfied when their expectation is met and delighted when their expectation is exceeded. Satisfied customers remain loyal longer, buy more, are less sensitive and talk favorably about company. To be known, customer satisfaction has to be measured and there are several established ways of doing this. Therefore, the company should care about their customer's satisfaction, because if you do not truly care about your customer's you are not a good marketer.

The following are some famous definition of customer satisfaction.

- Customer satisfaction generally means that customer reaction to the state of fulfillment, and customer judgment of the fulfilled state (Soulsby, 2004: pp. 11).
- Customer satisfaction is a person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance or outcome in relation to his or her expectations(Harker,2009:pp,21).

Customer satisfaction is the state in which customer needs, wants and expectation throughout the product or service's life are met or exceeded resulting in repeat purchase, locality and favorable worth-of-mouth (Kotler & Armstrong, 2010:pp,111).

2.7. Why Organizations Focus on Customer Satisfaction

Businesses monitor customer satisfactions in order to determine how to increase their customer base, customer loyalty, revenue, profits, market share and survival. Although greater profit is the

primary driver, exemplary businesses focus on the customer and his/her experience with the organization. They work to make their customers happy and see customer satisfaction as the key to survival and profit. Customer satisfaction in turn hinges on the quality and effects of their experiences and the goods or services they receive (McGraw, 2004). Thus the reason that why customer satisfaction is so important is that effective marketing focuses on two activities: retaining existing customers and adding new customers. Customer satisfaction measures are critical to any product or service company because customer satisfaction is a strong predictor of customer retention, customer loyalty and product repurchase.

2.8. How to Measure Customer Satisfaction: Overall Measures of Satisfactions

Measuring satisfaction and building a satisfaction survey requires at least a basic knowledge of the satisfaction measurement literature, combined with your own customer satisfaction experiences.

Satisfaction measures involve four psychological elements for evaluation of the product or service experience: cognitive (thinking/evaluation), affective (emotional-feeling/like-dislike) and behavioral (current/future actions) and expectation elements (Kurtz and Boone: pp. 123-127).

A. Satisfaction Measurement: Affective Measures of Customer Satisfaction

A consumer's attitude (liking/disliking) towards a product can result from any product information or experience whether perceived or real. Again, it is meaningful to measure attitudes towards a product or service that a consumer has never used, but not satisfaction.

B. Satisfaction Measurement: Cognitive Measures of Customer Satisfaction

A cognitive element is defined as an appraisal or conclusion that the product was useful (or not useful), fit the situation (or did not fit), exceeded the requirements of the problem/situation (or did not exceed). Cognitive responses are specific to the situation for which the product was purchased and specific to the consumer's intended use of the product, regardless if that use is correct or incorrect.

C. Satisfaction Measurement: Behavioral Measures of Customer Satisfaction

It is sometimes believed that dissatisfaction is synonymous with regret or disappointment while satisfaction is linked to ideas such as, "it was a good choice" or "I am glad that I bought it." When phrased in behavioral response terms, consumers indicate that "purchasing this product would be a good choice" or "I would be glad to purchase this product." Often, behavioral measures reflect the consumer's experience individuals associated with the product (i.e. customer service representatives) and the intention to repeat that experience.

D. Satisfaction Measurement: Expectations Measures

Customer satisfaction is largely a reflection of the expectations and experiences that the customer has with a product or service. However expectations also reflect that influences the evaluation of the product or service. When we make major purchases, we research the product or service and gain information from the advertising, salespersons, and word-of-mouth from friends and associates. This information influences our expectations and ability to evaluate quality, value, and the ability of the product or service to meet our needs.

2.9. Key Performance Indicators of Customer Satisfaction

Since my study consist of basically two variables (the dependent and Independent variables). Customer satisfaction is the dependent variable (the outcome) and that of marketing mix elements are the independent variables. Therefore, the degree of customer satisfaction is dependent up on the quality of marketing mix elements services. When the factory provides or exercise, better marketing mix elements service (when the customer satisfactions requirements are met), customers are satisfied. On the other hand, when the customer requirements are not met, customers are dissatisfied. One important thing what we have to know is that the factory should deliver more than the customer's requirements and generate additional perceived benefits (i.e. the factory develops and exercises one of the best customer requirements called delightful)in addition to expected and normal customer requirements.

The Kano model is a theory of product development and customer's satisfaction developed in the 1980s by Professor Noriaki Kano, who is a member of the Japanese union of scientists and engineers, the sponsors of the Deming prize.

This model of customer requirements directs the product or service provider to pay attention to two dimensions and three types of requirements. The first dimension is need fulfillment. Measure the degree to which the customers' requirements are fulfilled.

The dimension ranges, naturally from completely unfulfilled to completely fulfill. The second dimension is the customers' subjective response to the first dimension. It is the dependent variable of customer satisfaction. This model of customer satisfaction predicts that the degree of customer satisfaction is dependent up on the degree of fulfillment, is for different for different types of customer expectations.

1. Expected

Expected requirements are those that are so obvious to the customer that they do not state requirements overtly. They are normally very obviously essential to the customer that stating these requirements is a bit silly. When these requirements are not met, the customer says nothing, and probably doesn't even notice. When these features services are not present, the customer complains. Continuing improving on meeting these kinds of needs will not elicit customer loyalty or delight.

2. Normal

Sometimes referred to as "Fundamental" quality customers overtly state these needs and are quite cognizant of them when these needs are met, customers are satisfied, when they are not met, and customers are dissatisfied. For many types of requirements in this category, it is possible to deliver more than customer requirements and generate additional perceived benefit.

3. Delightful

Customers have needs that they are not aware of these are referred to as "latent" needs. They real but,not yet in the customers awareness. If these needs are met by a provider, there is no customer response.

They are not dissatisfied, because the need is unknown to them if a provider understands such a need and fulfills it; the customer is rapidly delighted ((Philip Kotler & Gary Armstrong, 2010: pp, 36).

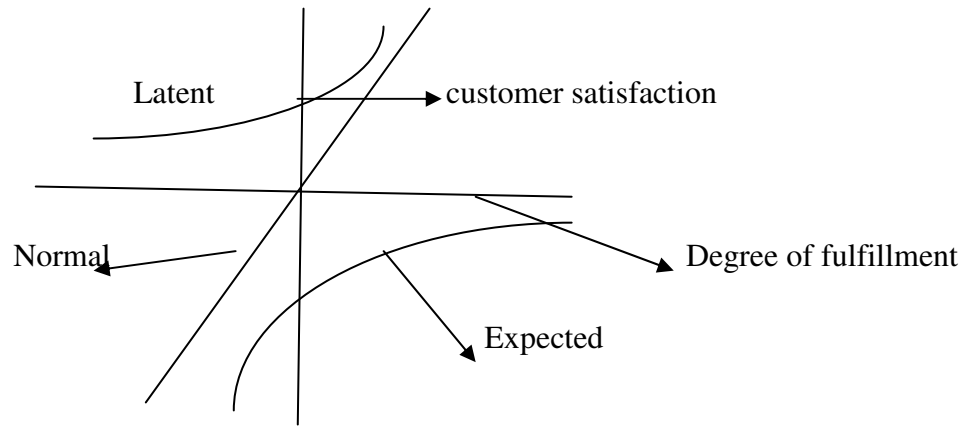


Figure 2.1: Kano's model of customer's satisfaction as a function of need fulfillment.

Then, the researcher have been used this model to know the level of customer satisfaction from the factory products and companies uses this information to improve customer service levels and make changes based up on what customers want.

CHAPTER THREE

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter contains brief description of National Alcohol and Liquors Factory and its customer's satisfaction level with regard to the 4p's of marketing mix namely: Product, price, promotion and place (distribution). The information presented in this chapter is obtained through both primary and secondary sources of data. For the primary data both interview and questionnaires distributed to some selected customers of the factory have been employed. 80 questionnaires were distributed to these customers and out of which 76 were returned.

3.1. Marketing Mix's

Under this chapter the results of the data obtained on the 4p's of marketing mix (product, price, promotion and place/distribution) will be presented in the following way

3.3.1. Product

Enterprises should be keen enough to keep their customers satisfied through their product strategy because the most important asset for the organization is the buyers themselves. However, the strategy should focus on keeping customers happy with the products they purchased and with the ways they are sold to them. Good product strategy can build good brand image which keeps loyal customers happy.

It is also known that effective marketing requires a clear understanding of the customer's characteristics. National Alcohol and Liquors factory has been supplying its products to various types of customers throughout the country. When planning to develop a new product or modify existing product, the decision of which product and design to manufacture or modify needs to be based on research. When the demand for existing products is on the downturn, the possibility of changing or modifying the design, size features, or color becomes necessary in order to maintain sales (Kurtz and Boone, 2007.120).

In an interview made with the marketing manager, Ato Ayele in addition to those products currently offered by the company, it has been found that detailed marketing research has been conducted to expand the size of the product lines by adding some additional products.

According to the marketing department head, loyal customers often take advantages. Since most of the time the company provides them with credit facilities.

To satisfy customers and to conserve its good image, the company transports ordered products with its own transportation facilities till the customer's premises. Besides, the company offers free gift products to keep its customers loyal.

Critics about the products are also welcomed by the company. The marketing department head revealed that very few customers encountered damaged products after reporting the situation to the company, they were well compensated and they were promised that such types of problems would not occur again.

Customers were asked with regard to products of factory in the following way

Table 1: Customers response regarding products

No	Item	Respondents in	
		No	%
1	On average, the quality of the factory product is grouped in which category?	27	35.53
	A. Very good	18	23.68
	B. Good	13	17.11
	C. Medium	11	14.47
	D. Poor	7	9.21
	E. Very poor		
	Total	76	100
2	Which type of the factory product do you consume mostly?		
	A. Pure Alcohol	16	21.05
	B. Denatured Alcohol	20	26.32
	C. Different Liquors	40	52.63
	Total	76	100

3	How often do you consume the products of the factory?		
	A. Always	50	65.79
	B. Rarely	24	31.59
	C. Not at all	2	2.62
	Total	76	100
4	Have you ever quit buying and using of the factory products and switch to other brands?		
	A. Yes	49	64.47
	B. No	27	35.53
	Total	76	100
5	If your answer for item no 4 is yes, the reason may be:		
	A. Low price	21	42.86
	B. Better promotion	17	34.69
	C. Better quality	7	14.28
	D. Better distribution channel	4	8.16
	Total	49	100
6	Do you like the way the factory product is packaged?		
	A. Yes	11	14.47
	B. No	65	85.53
	Total	76	100

Source: questionnaires analysis, 2011

From item number 1, majority of the respondents, 35.53% and 23.68% says that the quality of the factory product is in a very good as well as in a good manner respectively. However, some of them say that the quality of the factory products is groped under in medium (17.11%), poor (14.47%) and very poor (9.21%) manner.

As depicted from table 1(item number 2), more than half (52.63%) of the respondents agree that the types of products that uses the customers is different liquors. In addition to this, 26.32% of

the respondents agree that the type the product that uses the customer is that of Denatured Alcohol. However, only 21.05% of the respondents respond that the type of the product that uses the customer is Pure Alcohol.

According to item number 3, customers were requested how often they take the products of the factory. Above half (65.79%) of the respondents replied they always take the product while 31.59% of them replied rarely. Only 2.62% of the respondents said none at all.

With reference to item number 4, this inquired whether the customers have quit consumptions (buying and using) of the factory products and switch to other brands. 64.47% of them replied positively where as 35.53% of them responded negatively. Since the brand is a name, term, design, symbol or other features that identifies the goods and services of one seller from those of other sellers. Therefore, the reason of switching of other brand may be because of higher prices as well as less promotional practices of the factory.

As per item number 5, customers were asked to mention the reason why they switch to other brands. As it can see from the table above, most of the respondents switch to other brands because of higher price and less promotional activities of the factory. Providing quality products or services means buying a guarantee ticket to bring your customers in to your hands. An owner of quality or services has something worth winning at hand when he/she enters the market competition. Quality should be the heart of every business. It is quality what matters in the assessment of the efficiency of competitiveness (Quality & Standards Authority of Ethiopia, 2003, volume no 4: pp.: 19).

Finally, the researcher was able to find out that the customer's response regarding the package of the product. Packaging includes the activity of designing and producing the container (wrapper) for a product. A company needs to design the package to make it more appealing so as to increase profit as well as to create value to the customers. The customer's response regarding this indicated that 85.53% of the respondents have not strongly favored it. While, only 14.47% of the respondents have favored it.

3.3.2. Pricing

The basic principle in pricing is that the relationship between the price of a product and the value it gives to customers has to be fair and proper. Also, the pricing decision of a factory must be coordinated with product design, distribution and promotion decisions to form a consistent and effective marketing program.

According to the interview made with the marketing department head, the objective of the pricing strategy of the company is to sale the products with a price that could be affordable to the customers and to keep a healthily profit margin (after setting affordable price to the customers the factory achieves a profit in the long run).

Customer's responses with regard to the factory's products prices have been summarized bellow

Table 2: Customers response regarding price

No	Item	Respondents in	
		No	%
1.	Is the price charged for the factory products reasonable?		
	A. Yes	28	36.84
	B. No	48	63.16
	C. Others	0	0
	Total	76	100
2.	Does the factory provide price discount?		
	A. Yes	45	
	B. No	31	59.21
			40.79
	Total	76	100
3.	If your answer for item no 2 is yes, on which season does the factory provide price discount?		
	A. During holidays	7	15.56
	B. During purchase of huge(many) products	15	33.33
	C. During defective products among those purchased products	8	17

	D. Cash payments	7	15.56
	E. Trade allowance	5	11
	F. Others	3	6.6
	Total	45	100

Source: questionnaires analysis, 2011

According to item number 1, customers were inquired to suggest if the price charged for the factory product is reasonable. As can be seen from the above table, only 36.84% of the respondents answered positively. But 63.16% of them said the charge is unreasonable (expensive) and none of the respondents said others. From the response given above, we can infer that many customers are not satisfied with regard to the price charged for the products. In order for the firm to attract large number of potential customers and in order for it to increase the consumption rates by the existing customers and to attain large market share the firm has to reduce the price charged for its products by maintaining the quality of the products.

As depicted from reference number 2 & 3, 59.21% of the respondents says that the factory provides a price discount during holidays, purchase of huge(many) products, when there is defective products among those purchased products, cash payment, trade allowance as well as 6.6% of the respondents respond that the factory provide a price discount during trade discount.

Customer's response regarding price (cont...d)

No	Item	Respondents in	
		No	%
4	Does the factory provide credit sales in order to encourage the customers?		
	A. Yes	47	61.84
	B. No	29	38.16
	Total	76	100
5	If your answer for item no 4 is yes how long the factory can provide credit sales guarantee?		
	A. Up to 3 months	16	34
	B. 3-6 months	9	19
	C. 7-9 months	12	25.55
	D. 10-12 months	8	17
	E. More than 1 year	2	4.45
	Total	47	100
6	If your answer for item no 4 is yes, how much are you satisfied with the credit services?		
	A. Highly satisfied	15	32
	B. Somewhat satisfied	20	42.55
	C. Poorly satisfied	9	19.15
	D. Not satisfied	3	6.30
	Total	47	100

Source: questionnaire analysis, 2011

As depicted from reference number 5, 34%, 19 %, 25.55% and 17% of the respondents responded that the factory provided its credit sales guarantee up to 3 months, 3-6 months, 7-9 months and 10- 12 months respectively. However, only 4.45% of the respondent says that the factory provided its credit sales guarantee more than 1 year. Since, from this result the factory exercises poor credit sales guarantee to those customers. Therefore the factory should develop such activity in order to satisfy and encourage customers by providing best and long credit sales guarantee

From the above table (item number 4 & 6 majority of the respondents (61.84%) response that the factory provides its credit sales to the customers. However, some respondents (38.16%) responded that the factory does not provide its credit sales to their customers. 42.55%, 32%, 19.15% agree that the satisfaction of the customer with the factory credit sales is somewhat satisfied, highly satisfied and poorly satisfied out of the 47 respondents respond that the factory provides its credit sales to the customers respectively. However only, 6.30 % of the respondents agree that there is no customer satisfactions in this activity at all out of the 47 respondents respond that the factory provides its credit sales to the customers.

3.3.3. Promotion

Promotion, in recent times, has become the life birth of the modern business. It is a device for gaining and maintaining a competitive advantage in the market by communicating the benefits of products of a factory to a large number of people, which in turn facilitates sales to achieve long-run profitability performance. The promotional message should be carefully designed in such a way that it can easily be understood to the potential and target customers.

According to the interview made, the company's promotional strategy is to arouse customer's awareness, to create brand preferences and to maintain the existing customers of the company. The company carries out its promotional campaign using different promotional tools and mechanisms.

Advertising is one of the promotional tools intensively utilized by the company. Because through it the company believes that it can reach more audience than other promotional tool.

Personal selling is the other promotional tools used by the company in its promotional mix. It involves direct relationship between the sellers and the customers. In addition to the above two

promotional tools the company does its promotional activity through television, radio, magazine, newspaper, participation special sponsorship programs, meeting participants as a promotion etc.

Customers were inquired about the factory's promotional activity

Table 3: Customer's response regarding promotion

No	Item	Respondents in	
		No	%
1	Have you ever seen or heard the products being promoted on any medium?		
	A. Yes	54	71.05
	B. No	22	28.95
	Total	76	100
2	If your answer for item no 1 is yes, on which media of communication (promotion) about the factory products?		
	A. Radio	0	0
	B. Television	18	33.33
	C. Magazine	11	20.37
	D. Newspaper	11	20.37
	E. Calendar	15	27.23
	F. Others	0	0
	Total	54	100
3	Have you ever been initiated towards purchased by the promotions made by the factory?		
	A. Yes	35	64.81
	B. No	19	35.19
	Total	54	100

4	How would you evaluate the promotions made for the factory with its quality?		
	A. Very compatible	14	26
	B. Compatible	26	48
	C. Less compatible	14	26
	Total	54	100

Source: questionnaire analysis, 2011

As can be see above from responses given in table 3, for item number 1 & 2, in order to promote its products the factory relies on TV (33.33 %) and followed by calendar (27.23 %), magazine and newspapers (20.37 %) respectively. However, it is possible to infer that from the result the factory does not have the experience to advertise its products through Radio at all. But compared to other media, through Radio advertisement it is possible to reach more customers (has the advantage of mass use, high geographic and demographic selectivity).

Based on the response given for item number 3, above 64% of the factory customers have been initiated towards purchase by the promotions made for the factory. The rest of the respondents (35.19 %) replied that they purchased the products not because of promotion. From this we can that the factory has to design its promotional programs in a way that it attracts large number of potential customers.

According to item number 4, customers were asked how they evaluate the promotions made for the factory with its quality. 26 %, 48 % and 26 % of the respondents found it very compatible, compatible and less compatible respectively. Because usually consumers base their expectations on information they receive from sellers and if the product's performance was found to be bellowing the consumer's expectations, the consumers would become dissatisfied. In order to keep its customers satisfied, the marketer should make the product claims on the exact performance of the products.

3.3.4. Place (distribution)

The Place (distribution) is the most important marketing decision in a factory can make. The design of an organization's distribution system is a key factor in creating customer value and in differentiating one company's offering from that of another.

In an interview made with the head of the marketing department, the distribution system of the factory has the primary objective of satisfying its customers' needs by making available best quality products to the market at a fair price.

With the objective above, the company uses door-door retailing distribution strategy, in which personal contact between a sales person and an individual prospect occurs at the prospective customer's businesses. The researcher was able to contact some of the factory agents at the factory's premises. Despite the factory's well treatment given to them during their stay at the factory's premises, they didn't want to deny from revealing the fact that they spent longer hours at the factory premises. Many times they couldn't get the actual quantity of the product up on request.

Customers were requested using questionnaires and their response have been listed below in the following table.

Table 4: Customers Response Regarding Place (distribution)

No	Item	Respondents in	
		No	%
1	Is the product available at your neighborhood (the area near to a particular place)?		
	A. Yes	61	80.26
	B. No	15	19.74
	Total	76	100

2	Do you get the actual quantity of the product on your request?		
	A. Yes	65	85.52
	B. No	11	14.48
	Total	76	100
3	If your answer for item no 2 is yes, who is responsible for the transport (delivery) system?		
	A. Yourself(customers)	27	41.54
	B. The factory	11	16.92
	C. Another party	27	41.54
	Total	65	100

Source: questionnaires analysis, 2011

As table 4 shows, 61 out of 76 respondents involved in the study revealed that the product is available at their neighborhood. This is amounted to 80.26 %of the respondents. 15 out of 76 included in the study said that the product is not available at their neighborhood.

With regard to item number 2, 85.52 % and 14.48% of respondents answered positively and negatively respectively whether they get the actual quantity of the factory products on request.

As depicted from item number 3, 83.08 % of the respondents state that the customers and another party are responsible for the transport or delivery systems. However, 16.92% of them respond that the factory is responsible for the transport or delivery system.

No.	Item	Respondents in	
		No	%
4	To what extent are you satisfied with the distribution system of the factory?		
	A. Highly satisfied	3	27.28
	B. Somewhat satisfied	4	36.34
	C. Poorly satisfied	3	27.28
	D. Never satisfied	1	9.10
	Total	11	100
5	Are you satisfied with the service or product that is provided in general?		
	A. Yes	48	63.16
	B. No	28	36.84
	Total	76	100

Source: questionnaire analysis, 2011

From table 4 (item no 4), 36.36 % of customers are highly satisfied and never satisfied with the distribution system of the factory with equal proportion. Majority of the respondent's 36.36 % and 27.28 % of them are somewhat satisfied and poorly satisfied with the distribution system of the factory.

To summarize the above table(from item number 5),the study has shown that 63.16% of customers are generally satisfied with the service or product that is provided in general while complaining the price charged is high.

CHAPTER FOUR

4. SUMMARY, CONCLUSION AND RECOMMENDATION

4.1. Summary

The summary of the findings are indicated in the following paragraphs:

- ❖ The overall level of customer satisfaction with regard to the quality of the factory is positive. Majority of the respondents (76.32%) respond that customers are satisfied with the products of the factory. Only 23.68% of them say that the level of customer satisfaction is in poor and very poor manner (dissatisfied). Knowing customers intimately and being able to respond quirkily their specific and special needs, and by providing the customer with reliable product and offering customers innovative products that enhance the customer's utility and satisfaction.
- ❖ The overall level of customer satisfaction with regard to the price of the factory is negative. 63.16% of the respondent are dissatisfied in the pricing practices. However, 36.84% of they are satisfied. Since he price set by the factory is not based on the customer's perception of the product value (high price is charged for the product).
- ❖ Majority of the respondents are dissatisfied with the communication efforts to build and maintain good public image and relationship with customers and the public (it does not have the experience to advert its product through radio). However, some of them are satisfied with the promotional practices. Promotion has become necessary to day as selling has become too complex because products are more technical and customers are more sophisticated and competition has become intense.
- ❖ In assessing the satisfaction of customers with the distribution system of the factory products, majority of the respondents (62.62%) are satisfied with the distribution practices. On the other hand, 36.38% of them are dissatisfied with the distribution of the factory products. The dissatisfaction of customers with the distribution service indicates that the factories are not choosing the correct way or channel to distribute their products to large number of customers in the more geographical area.

4.2. Conclusions

In this paper the researcher attempted to study the customer's satisfaction level with regard to the products of the National Alcohol and Liquors Factory. In doing so, primary data obtained through interview and questionnaires, distributed to selected customers of the factory's product; have been employed. The following conclusion can be inferred from the study.

- ✓ Satisfied customers with regard to the marketing mix elements are those who come up with diversified products meeting their needs, having good quality, reasonable price charges, and appropriate quantities at the right time, and attracting and entertaining promotions.
- ✓ The study showed that the products marketed by the factory are of high quality. But the factory doesn't seem to be in a better position to take the advantage of their quality through the use of more promotional activities to reach more segments of the market.
- ✓ The price set by the factory is not based on the customer's perception of the product value. i.e. the prices charged for the products is higher, by which more of the existing customers are unhappy and also is not able to attract potential customers(price is set equivalent with the quality of the product or at the same time the quality of the product is greater than the price in order to attract their customers).
- ✓ Most customers respond that the National Alcohol and Liquors Factory provides customer sales as well as provides price discount during holidays, purchase of huge(many) products, when there is defective products among those purchased products, trade allowance, cash payment and trade discount. However, some respondents say that the factory does not provide price discount.
- ✓ With regard to promotion, the factory relies more on advertising and personal selling and also the factory does not have the experience to advertise its products through Radio. But compared to other media it is possible to reach more customers through radio advertisement.
- ✓ The channel members are somewhat effective in making the products available to the market. However, more remains to be done by the company in design its distribution

system and selecting channel intermediaries to reach large number of customers in a more geographical area.

- ✓ To conclude the study, customers are satisfied with the quality of the products and the distribution (place) systems of the factory yet they are not satisfied with the price and that of the promotional practices of the factory.

4.3. Recommendations

On the basis of the data collected and analyzed, the researcher forwards the following recommendations to overcome the problems related to the subject matter of the study.

- To succeed in business the company has to focus on satisfying its customers and gradually increase the level of its customer's satisfaction through having a clear cut marketing strategies and integrating its various marketing activities. The factory must assure the quality of its products in order to win customers' satisfaction and consequently achieve a competitive advantage and long run survival."Because a company that attains good reputation for the quality of its products and able to build the confidence of its customers and attracts them not only earns personal satisfaction and benefit but also contributes to the country's economic development"(Quality and Standards Authority of Ethiopia,Dec,2003 Vol.4.No 5,pp-29).
- The factory should continue by providing credit on sales in order to encourage customers by satisfying more. During holidays, purchase of huge (many) products, when there is defective products among those purchased products, trade allowance, cash payment and trade discounts the factory should provide such type of discounts in order to minimize the risk of their customers.
- In order to alleviate the problems in the pricing of the products, the factory should set its pricing technique based on the analysis of the customer's perception of the product value. Moreover, the prices has to be set to attract more customers and to increase their level of satisfaction by developing good relationship with suppliers of raw materials to maintain the lowest possible price structure throughout the whole process.

- Note that the elements of the marketing mix should be integrated because each element of the mix usually has some impact, direct or indirect on the three. For example, if the company modifies its product, it probably has to change the price because it costs more to produce. The customer doesn't make up his mind to purchase a particular product merely on the basis of price. There are many other factors which affect this decision such as communications made about the advantages or benefits of the products. Thus, the factory should try to be effective in its promotional activity to communicate the benefits offered by its products and initiates customers towards purchase.
- The factory must choose distributors that reach its customers most effectively and other intermediaries that add value to the distributive process. The factory has to do more to expand its local market coverage and increase its market share by selling the products even in rural areas. Thus effective management of the distributive systems delivers the most customer value and satisfaction.
- Finally the more customers are satisfied with regard to the 4p's of marketing mix, the higher the rewards for the business. Highly satisfied customers buy additional products overtime as the factory introduces related products or improvements. Above all, satisfied customers talk favorably to others about the factory and its products. This favorable talk, in turn, requires new customers to the factory. Thus, the National Alcohol and Liquors Factory should effectively manipulate these marketing mix elements for they strongly determine the long run survival of the factories.

References

1. Armstrong G, (2009). Marketing in the innovative firm, London.
2. Anderson and Vince, (2000). Principles of marketing, 1st Ed, Oxford University press New York.
3. Creswell J, (2003). Research Design; Qualitative Quantitative and Mixed Methods Approaches. London.
4. Engle F, (2009). Brand management: research, theory and practices, Rout edge.
5. Hansen T, (2009). Marketing management. Pearson Prentice-Hall.
6. Harker M, (2009). Marketing: An introductory, Business and Economics. Prentice Hall.
7. Hart, S.et.al, (2004). Navigates the new product development process, industrial management, London.
8. Hilebrand, B. and Biemans, W, (2004). Links between internal and external cooperation in productive development: an explanatory study, journal of product development management.
9. Jean F, (2004). Quality, Available at <http://www.The times 100.co.uk/theory> Accessed on march 15, 2011.
10. Johansson J, (2000). Global Marketing; Foreign Entry, Local Marketing and Global management, Oxford University press New York.
11. Keller K, (2008). Strategic brand management. Prentice Hall.
12. Kotler P, (1996). Principles of Marketing, 7th Ed, Prentice- Hall.
13. Kotler P and Armstrong G, (2010). Principles of marketing; Pearson Prentice Hall, 13th Ed. New Jersey, NJ.
14. Kurtz and Boone, (2007). Principles of marketing. Central Learning India Pvt. Ltd.

15. McDonald, (2007). Marketing plan: How to prepare them, how to use them.6th Ed, Oxford printing press.
16. Mc Graw.Hillconcise Encyclopedia of engineering, 2004, Product Quality, Available at http://www.en.wikipedia.org/wiki/customer_satisfaction accessed on march21, 2011.
17. Palmer A, (2000). Principles of Marketing, 1st Ed, Oxford Press.
18. Quality and Standards Authority of Ethiopia, December-2003 volume.4 No 5
19. Soulsby.D. (2004), Products are launched with consumer research. Prentice-Hall.

Appendix

Appendix A

Addis Ababa University

Collage of management, information and economic science

School of Business and Public Administration

Department of management

MBA program

Questionnaire

The purpose of this study is to find out the level of customer satisfaction with regard to the price quality, price charged, the distribution mechanism and promotion utilized by the factory. It may be beneficial to those who are interested to make further study on the subject area. Thus, your free will and cooperation in giving the reliable information is very important. Filling out, these questionnaires may not take that much of your time. Any information provided will only be used for academic purpose. As a result it will be kept confidential and utmost anonymity.

General instruction

1. Please do not write your name in the questionnaires
2. Your participation is voluntary .i.e., there is no penalty if you do not participate.
3. Please simply circle on the appropriate choices to the closed-ended questions or give an explanation to the open-ended questions.

Thank you in advance for
your cooperation

1. On average, the quality the factory product is grouped in which category?
 - A. Excellent
 - B. Very good
 - C. Good
 - D. Medium
 - E. Poor
2. Which type of the factory product do you consume mostly?
 - A. Pure Alcohol
 - B. Denatured Alcohol
 - C. Different Liquors
3. How often do you consume products of the factory?
 - A. Always
 - B. Rarely
 - C. Not at all
4. Have you ever quit consumption (buying and selling) of the factory products and switch to other brands?
 - A. Yes
 - B. No
5. If your answer for item no 4 is yes, the reason may be:
 - A. Low price
 - B. Better promotion
 - C. Better quality
 - D. Better distribution channel
6. Do you like the way the factory product is packaged?
 - A. Yes
 - B. No

7. Specify the reason for your answer in item no 6 above:-----

8. Is the price charged for the factory products reasonable?

- A. Yes
- B. No

If any specify :

.....
.....
.....

9. Does the factory provide price discount?

- A. Yes
- B. No

10. If your answer for item no 9 is yes, on which season does the factory provide price discount?

- A. During holidays
- B. During purchase of huge(many) products
- C. During defective products among those purchased products.
- D. Cash payment
- E. Trade allowance

If any others specify-----

15. If your answer for item no 14 is yes, on which medium of communication (promotion) about the factory products?

- A. Radio
- B. Television
- C. Magazine
- D. Newspaper
- E. Calendar

If any specify.....
.....

16. Have you ever been initiated towards purchased by the promotions made by the factory?

- A. Yes
- B. No

17. If your answer for item no 16 is yes, the reason may be:-----

18. How would you evaluate the promotions made for the factory with its quality?

- A. Very compatible
- B. Compatible
- C. Less compatible

19. Is the product available at your neighborhood (the area near to a particular place)?

- A. Yes
- B. No

20. Do you get the actual quantity of the product on your request?

- A. Yes
- B. No

21. If your answer for item no 20 is yes, who is responsible for the transport (delivery) system?

- A. Yourself(customers)
- B. The factory
- C. Another party

22. To what extent are you satisfied with the distribution system of the factory?

- A. Highly satisfied
- B. Somewhat satisfied
- C. Poorly satisfied
- D. Never satisfied

23. Are you satisfied with the service or product that is provided in general?

- A. Yes
- B. No

24. If your answer for item no 23 is yes, the reason may be:

.....
.....

25. If your answer for item no 23 is no, the reason may be:

.....
.....

26. In general, suggest some ideas that the factory has to do to increase your level of satisfaction.....

.....
.....

Appendix B

Interview Questions

This interview aims at the assessment of marketing mix in prompting customer satisfaction and focus on the following points.

1. Explain the brief history of the factory?
2. What problems do you encounter in modifying your product?
3. What factors do you consider in setting price?
4. What problems are encountered in the distribution system?
5. What promotional tools does the factory use?
6. How does the factory handle its customers?
7. What is your future plan proposed to make things smooth for the survival of the business?

Appendix C

Frequency table for the respondents regarding marketing mix elements

Table 1: Customers response regarding products

1. The quality the factory product

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	7	9.2	9.2	9.2
	2.00	11	14.5	14.5	23.7
	3.00	18	23.7	23.7	47.4
	4.00	27	35.5	35.5	82.9
	5.00	13	17.1	17.1	100.0
	Total	76	100.0	100.0	

2. The type of the factory product do you consume mostly

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	16	21.1	21.1	21.1
	2.00	20	26.3	26.3	47.4
	3.00	40	52.6	52.6	100.0
	Total	76	100.0	100.0	

3. How often do you consume products of the factory

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	50	65.8	65.8	65.8
	2.00	24	31.6	31.6	97.4
	3.00	2	2.6	2.6	100.0
	Total	76	100.0	100.0	

4. Switching of customers to other brands

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	49	64.5	64.5	64.5
	2.00	27	35.5	35.5	100.0
	Total	76	100.0	100.0	

5. The Reason of switching of customers to other brands may be

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	33	43.4	43.4	43.4
	2.00	27	35.5	35.5	78.9
	3.00	11	14.5	14.5	93.4
	4.00	5	6.6	6.6	100.0
	Total	76	100.0	100.0	

6. The way that the factory product is packaged

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	65	85.5	85.5	85.5
	2.00	11	14.5	14.5	100.0
	Total	76	100.0	100.0	

Table 2: customer's response regarding price

1. Price charged for the factory products

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	28	36.8	36.8	36.8
	2.00	48	63.2	63.2	100.0
	Total	76	100.0	100.0	

2. The factory provide price discount

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	45	59.2	59.2	59.2
	2.00	31	40.8	40.8	100.0
	Total	76	100.0	100.0	

3. Seasons that the factory provide price discount

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	18	23.7	23.7	23.7
	2.00	37	48.7	48.7	72.4
	3.00	21	27.6	27.6	100.0
	Total	76	100.0	100.0	

4. The factory credit sales in order to encourage those customers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	47	61.8	61.8	61.8
	2.00	29	38.2	38.2	100.0
	Total	76	100.0	100.0	

5. Level of customer satisfaction with the credit services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	24	31.6	31.6	31.6
	2.00	33	43.4	43.4	75.0
	3.00	14	18.4	18.4	93.4
	4.00	5	6.6	6.6	100.0
	Total	76	100.0	100.0	

Table 3: customer's response regarding promotion

1. The factory products being promoted on any medium

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	54	71.1	71.1	71.1
	2.00	22	28.9	28.9	100.0
	Total	76	100.0	100.0	

2. Medium of communication about the factory products

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2.00	25	32.9	32.9	32.9
	3.00	16	21.1	21.1	53.9
	4.00	16	21.1	21.1	75.0
	5.00	19	25.0	25.0	100.0
	Total	76	100.0	100.0	

3. Customers initiation towards purchased by the promotion made to the factory

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	49	64.5	64.5	64.5
	2.00	27	35.5	35.5	100.0
	Total	76	100.0	100.0	

4. Evaluating the promotion made for the factory with its quality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	19	25.0	25.0	25.0
	2.00	38	50.0	50.0	75.0
	3.00	19	25.0	25.0	100.0
	Total	76	100.0	100.0	

Table 4: customer's response regarding distribution

1. The factory products available at your neighborhood(the area near to a particular place)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	61	80.3	80.3	80.3
	2.00	15	19.7	19.7	100.0
	Total	76	100.0	100.0	

2. Getting the actual quantity of the product on your request

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	61	80.3	80.3	80.3
	2.00	15	19.7	19.7	100.0
	Total	76	100.0	100.0	

3. Responsible to transport the product

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	32	42.1	42.1	42.1
	2.00	12	15.8	15.8	57.9
	3.00	32	42.1	42.1	100.0
	Total	76	100.0	100.0	

4. The extent to which customers are satisfied with the distribution system of the factory

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	17	22.4	22.4	22.4
	2.00	29	38.2	38.2	60.5
	3.00	21	27.6	27.6	88.2
	4.00	9	11.8	11.8	100.0
	Total	76	100.0	100.0	

The Assessment of Marketing Mix in Prompting Customer Satisfaction

(A case study on the National Alcohol and Liquors Factory)

By: Zelalem Anley

Approved by the board of examiners:

1. _____
Advisor Signature Date

2. _____
Examiner Signature Date

ADDIS ABABA UNIVERSITY

COLLAGE OF MANAGEMENT, INFORMATION AND ECONOMIC SCIENCE

SCHOOL OF BUSINESS AND PUBLIC ADMINISTRATION

DEPARTMENT OF MANAGEMENT

MBA PROGRAM

Declaration

I declare that this thesis is my original work, has not been presented for a degree in any another university and that all sources of materials used for the thesis has been duly acknowledge.

Name: _____

Signature: _____

Date: _____

This thesis has been submitted for the examination with my approval as Addis Ababa University advisor.

Name: _____

Signature: _____

Date: _____