



SCHOOL OF GRADUATE STUDIES

**THE EFFECTS OF PROMOTIONAL MIX ON BRAND LOYALTY:
AN EMPRICAL STUDY OF THE BREWERY INDUSTRY IN ETHIOPIA**

**BY
YOHANNES WORKU WOLDEGIORGIS**

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**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
FACULTY OF BUSINESS**

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Mulugeta G/Medhin, Ph.D. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institutions for the purpose of earning my degree.

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JANUARY, 2019

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

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JANUARY, 2019

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LIST OF ACRONYMS AND ABBREVIATIONS

<i>BL</i>	<i>Brand Loyalty</i>
<i>TV</i>	<i>Television</i>
<i>MC</i>	<i>Marketing Communication</i>
<i>IMC</i>	<i>Integrated marketing communication</i>
<i>UPS</i>	<i>United parcels Association</i>
<i>AMA</i>	<i>American Marketing Association</i>
<i>CBA</i>	<i>Customer based Approach</i>
<i>CBBE</i>	<i>Customer based brand loyalty</i>
<i>FDI</i>	<i>Foreign Direct Investment</i>
<i>USA</i>	<i>United States of America</i>
<i>AMA</i>	<i>American Marketing Association</i>

ABSTRACT

In the modern marketing, promotion is the most familiar strategy used by the various business organizations to fascinate the customer. Nowadays the Ethiopian beer industry is composed of recently privatized breweries are in stiff competition against each other to dominate the market. However, resource allocation based on identification of which promotional mix has the critical influence on the overall brand loyalty has still been overlooked. Promotional mix is a critical approach to enhance the brand loyalty as companies try to do some more attractive, influencing promotion through various media. The prime motive of the study is evaluating the promotional mix to consumer based brand loyalty of the Ethiopian beer industry. The study adopted both descriptive and explanatory research methods. A total of 315 sample respondents participated in this study was selected from 5 hotels and 18 bar & Restaurants in three sub-cities namely Arada, Bole and Kirkos by stratified random sampling method. Primary data were collected using self-administered questionnaires and the data were analyzed using Statistical computer software SPSS and MS Excel.

The result endorses that promotional mix component such as advertising, sales promotion and personal selling have significant effect on brand loyalty but direct marketing and public relations were found to be insignificant to enhance the brand loyalty. The integrated promotional mix can contribute higher influence of promoting the brand value of respective breweries. Thus, they should integrate advertising message with direct marketing and public relations in order to enhance the effect of promotional mix on overall brand loyalty.

Keywords: Promotion Mix, Brand loyalty, Ethiopian Breweries.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

To compete and sustain in a fierce competitive market, companies need efficient marketing tools for attracting, preserving, and increasing consumers (Keller, 1993). Building a powerful brand loyalty is one of the most prominent marketing strategies used by various businesses to survive in the market for longer. Among them, promotional mix is a critical approach to build a strong brand and fascinate customers to enhance sales performance of the organization through various media. It is a blend of communications tools used by a firm to carry out the promotion process and to communicate direct by with target markets. These tools include: advertising, direct marketing, sales promotion, public relations and personal selling have a significant influence on brand loyalty to gain competitive advantages.

The Brand loyalty is the assets which pay to the organization for the extended period which help to remain in the competitive market. So, the question arises how the brand loyalty can be created? Aaker (1991) represents that customer-based brand loyalty must comprise four degrees specifically brand awareness, brand association, perceived quality and brand loyalty. Higher brand loyalty, premium pricing of product, advertising, and trade advantage help to increase higher brand loyalty which contributes to the organization to make more profitable.

For the grand success of business in the competitive environment, there are some marketing and promotional strategies engaged today. It is the marketing strategy which persuades a customer to act into purchasing the goods and services. Promotion is the core mantra of the marketing mix which disseminates information to consumers that help to persuade or recall of goods and services in the market. It is the prime factor which alters consumer purchase decision. The ultimate familiar promotional tools are social media, customer referral, sales promotion and discount, sponsorship the events and advertisement. The prime objective of every organization diffuses the information to increase the sale volume (Kwon, 2009). The promotion is the tools which boost the sale and increase the profit. Product awareness through the various promotions encourages purchasing which lead to higher sales and profit. So, promotion plays a significant role to persuade the consumer.

In the present Ethiopian brewery industry, there is the dense competition in the market, and every beer brand is struggling to stable their position in the market and brand loyalty is the assets or strategy which can help them sustain in the market. Brand loyalty is a powerful tool to continue or remain in the market, and it can be enhanced through the promotion mix element then breweries must focus on the element of the promotion mix.

Currently, Ethiopia's beer industry has seen much activity in recent years, beer production has risen from a level of just 3.1 billion hectoliters by 2008 to nearly 6.3 million hectoliters in 2017, giving an estimated average growth of around 24 percent per year (Access Capital, 2018). In Ethiopia, growth in beer consumption has been a surprisingly 24% annually (Access Capital, 2018), roughly double the average annual growth rate in real gross domestic product. This is propelled by economic recovery, expanding population, rising disposable income, improvement in beer quality and improving distribution systems. A gradual shift is taking place away from home brewed beer or other traditional drinks towards commercially produced brews, reflecting aggressive advertising campaigns by major brewers, rising urbanization and the growing prevalence of drinking society activity (Access Capital, 2010).

This rapidly growing market will make the competition among companies stiffer than before. In this competitive environment, the way by which companies win the competition is through differentiation, building strong brand. To build a strong brand understanding what consumers expect from a certain beer brand or what factors they consider to choose a brand of beer is important. Then, promoting their differentiated products/ services through appropriate promotional mixes is inevitable.

Although, many studies have been conducted in various product categories, literature on the effect of promotional mix on building strong brand loyalty is relatively insignificant. Thus, keeping in view the importance of understanding promotional mix, the present study is conducted with the objective of identifying the various factors responsible for determining the brand loyalty among local beer brands.

1.2 Statement of the Problem

Today, achieving the stable competitive advantage is the main important tools in the business world, creating and using powerful brand loyalty is one of them. Consumer Based Brand loyalty (CBBE) is the difference in consumer choice between the focal branded product and an unbranded product given the same level of product features (Yoo, 2000). High brand loyalty implies that consumers have a stronger association with the brand, perceive the brand to be of higher quality and are more loyal towards the brand. From a behavioral viewpoint, brand loyalty is critically important to make points of differentiation that lead to competitive advantages based on non-price competition (Aaker, 1991).

There is stiff competition among the beer companies for the fact that recently most government owned companies have been privatized and those who acquired them are very known huge international companies with ample business experience. Moreover, due to several market opportunities for beer business in Ethiopia like, being a home of more than 85 million populations with majority of young age, high urbanization rates and relatively high GDP growth reflecting there is money to be made which makes the beer companies to engage in all out-beer war to claim the largest market share of the market. Each company have investing in loads of advertising, new product development, sponsorships, the occasional free beer; and bars & hotels in town are plastered with one of the major companies' logos and glassware to help win over additional market share and to establish one's beers as the best. Even though they are making a huge effort and a lot of investment on promotion activities the major challenge is to select the right mix of promotional activities to suit their particular business at a particular time and to then use it correctly to achieve a result.

Different marketing activities are sources for developing and enhancing brand loyalty , especially promotion activities because they provide information regarding the brand since power of a brand lies in what customers have learned, felt, seen, and heard about the brand i.e., the customer mindset (Yoo, 2000). Kotler (2008) also insisted that promotional activities with long-term goals can provide brand loyalty through creating effective link between customers and the brand which in turn provides powerful, desired and unique connections. The challenges faced by these companies in building brand loyalty can be mitigated by promoting the brand to be noticed, to be remembered, to change perceptions, to reinforce attitudes, and to create deep

customer relationships. In this regard, the development of promotion activities primarily focused on building and enhancing brand loyalty plays significant role in Ethiopian beer market.

Almost all of the studies especially those (Aaker, 1996; Yoo, 2000; and others) considered as milestone for this particular subject are focused on western consumers. In other words, in developing countries particularly in Ethiopia where huge customer markets are emerging, the importance of brand loyalty researches has been overlooked. Few researches have been made in the area but they were limited on evaluating the sources or factors determining brand loyalty or promotional mix alone (Bietadel, 2015; Haleb, 2016; Bethelhem, 2016). This study investigated specifically the effect of detailed promotional activities on customer-based brand loyalty using the Ethiopian beer market.

1.3 Objectives of the Study

1.3.1 General objective

The main objective of this study was to investigate the effect of promotion activities on brand loyalty both theoretically and empirically.

1.3.2 Specific Objectives

- Determine the effect of Advertising on brand loyalty of Ethiopian breweries
- Evaluate the effect of Personal selling on brand loyalty of Ethiopian breweries
- Evaluate the effect of Direct marketing on brand loyalty of Ethiopian breweries
- Determine the effect of Public Relations on brand loyalty of Ethiopian breweries
- Determine the effect of Sales promotion on brand loyalty of Ethiopian breweries

1.4 Significance of the study

The economic liberalization of the market laid a foundation for the privatization, formation and expansion of private breweries in Ethiopia. This coupled with rapid technological advancement and improved communication systems, have contributed to the increasing integration and resemblance amongst beer factories in the brewery industry. As a result, breweries are now faced with very high and intense competition. Thus, the findings of this research may contribute in terms of providing initial clues on how the existing beer producers' strategic decisions should align or develop their marketing strategies to build positive brand image in their customers' mind through well designed marketing communications in integrated manner so as to get trustworthiness as well as increase their market share as a result. Second, the output from the research will help both the existing and new emerging breweries to take some remedial actions

or corrective measures on the gaps identified in the research. Third, it will be used as a reference by other researchers who want to conduct further study on the effects of integrated marketing communications on corporate image in the context of other manufacturing or service industries.

1.5 Scope of the Study

To fulfill the intended purpose of the research, a number of delimitations have been made that reinforce and facilitate our investigations. First, there are different factors that affect brand loyalty but it only considers the marketing communications' aspect. Second, based on recent literature within MCField, assessment will be made on the positive relation between MC and Brand loyalty from a customer-based brand loyalty perspective. Third, investigation is limited on focusing one particular industry (breweries) as MC outcomes found to be mediated by industry affiliation. Finally, the last delimitation is made on evaluating the brand response for a single stakeholder (registered manufacturing companies) group. Stakeholder theory is a frequently used concept in relation to MC, and the company can be seen as having a responsibility towards several different groups of stakeholders. The study, thus, was limited to assessing Ethiopian breweries' promotional mixes impacts on brand loyalty from the perspectives of manufacturing companies based in Addis Ababa. Other business organizations weren't included in this study as they are out of the scope of this study.

1.5.1 Limitation of the Study

Different theoretical models and stakeholders could be considered for brand loyalty and promotional activities, but this study was premised with a promotional mix practice. However, where possible other perspectives should be considered with the aim of building a holistic view. Since this paper was carried out to assess Ethiopian brewery's marketing communications' practices and their impact on brand loyalty, concerned marketing managers were reluctant to disclose their strategy for the sake of marketing/ commercial confidentiality. On the other hand, managements in the manufacturing sector may have difficulty of well-developed information on the area and lack of respondents understanding on promotional mix imposed their own flaws on the accuracy of the study to some extent.

1.5.2 Definitions of Technical Terms

Brand: Brands are intangible assets, assets that produce added benefits for the business. (Kapferer, 2008)

- Brand loyalty** Brand loyalty is the value of consumers associate with a brand, as reflected in the dimensions of brand awareness, brand associations, perceived quality, brand loyalty and another proprietor brand asset. Kapferer (2008)
- Marketing Communication:** It can be defined as marketer-originated messages, placed in various media, their purpose being to sell the brand by showing it, saying things about it, or both, in a manner that establishes the marketer's desired position for the brand in the minds of target customers. (Rossiter and Bellman, 2005)
- Advertising** Advertising is a one way, non-personal and planned paid promotion or message aimed at influencing the attitude and behavior of a broad audience about a product or a service (Frey & Rudloff, 2010).
- Sales Promotion** Sales promotion refers to marketing and communication activities that change the price/value relationship of a product or service perceived by the target, there by generating immediate sales and alters long term value (Schultz, Robinson &Petrison, 1998).
- Public Relations** Public Relations is a proactive and reactive management function used to evaluate public attitudes, identify the policies and procedures of an individual or organization with the intention of executing a program of action to earn public understanding and acceptance (Johnston, 2009).
- Personal Selling** Personal selling is defined as a form of person-to-person communication in which a seller attempts to assist and/or persuade prospective buyers to purchase the company's product or service or to act on an idea. Unlike advertising, personal selling involves direct contact between buyer and seller, either face-to-face or through some form of telecommunications such as telephone sales. Belch and Belch (2013)
- Direct Marketing** It involves activities like direct mail, telemarketing, database management, direct response ads through the direct mail, the internet and various broadcast and print media (Belch, 2003, Hesse et. al, 2007).

1.6 ORGANIZATION OF THE STUDY

The chapters of this study are structured as the first chapter refers the introductory part which includes background of the study, research problems and aim of the research. In addition, it discusses the importance of after-sales services, describes a research gap that has led to the basic objective followed by limitation. Hypothesis, significance and Scope of the study also provided. The second chapter represents the related literature review with specific prominence to theoretical, methodological and empirical aspects. The third chapter describes the methodology and data collection techniques used. The fourth chapter comprises discussion and analysis of the data collected. Finally, the fifth chapter concludes the overall work and discusses the results followed by the contribution of the study, suggestions for the company, reflection of the study and future work.

CHAPTER TWO

LITERATURE REVIEW

The review of the related literature part is composed of definition of Marketing Communications, brand and brand loyalty , various theoretical models available in the literature to measure marketing communications and brand loyalty , empirical studies, conceptual framework, formulated hypotheses and an over view of beer brands in Ethiopian breweries industry.

2.1 THEORETICAL FRAMEWORK

2.1.1 Marketing Communications

One of the most widely used definitions of marketing communication (MC) was developed by Rossiter and Bellman (2005) who defined it as “marketer-originated messages, placed in various media, their purpose being to sell the brand by showing it, saying things about it, or both, in a manner that establishes the marketer’s desired position for the brand in the minds of target customers. The above definition brings out the idea that messages sent by the marketer are controlled and developed by the marketer using various channels of communication.

Mass communication was at the heart of marketing communications from the Industrial Revolution through until the last quarter of the twentieth century (Egan, 2007). As Egan enlightened, mass communication was challenged because marketers become more interested in employing the one-to-one marketing as two major changes of direction are in effect. These changes were development of relational marketing and the advancement of technology that aided marketers to analyze and target individual consumers. This led us to realize the importance of understanding the relationship between digital communication and traditional communication in the old media; for example, TV, radio, newspapers, magazines and billboard ads, the communication model was and is one-to-many compared to the one-to-one or many-to-many communication model in digital media, like blogs, social networks, wikis and every form of viral marketing campaign (Frey and Rudloff, 2010).

The best consideration nowadays for a company-to-customer communication is the one-to-one or the one-to-many model (Hoffmann and Novak, 1996). These models speak of a monologue in the old media and a dialog in the new media, because of the interactivity of social-network and forum users. Resulting from this, the goal in traditional media was branding by convincing the customer of a strong brand. In contrast the digital media is about communication with the

potential customer or user in a dialog to create interest by using a pull strategy. In addition, it can be said that it is a supply-side thinking communication in the old media compared to a demand side thinking in the digital media, where “customer pull becomes more important” (Chaffey, 2009). Besides this, in old media communication, the customer is a target in comparison to the digital media communication where the customer is a partner, by answering surveys and product rankings” (Chaffey, 2009). It has to be noted as well that mass communication (one-to-many model) is not completely dead as many big companies are still effectively applying mass advertisement. Both types of communications have their own qualities and drawbacks and marketers employ them whenever they are appropriate.

2.1.2 Dimensions of Marketing Communications

The Marketing communication mix consists of five diverse fields of communication channel: advertising, personal selling, public relations, direct marketing and Sales promotion

2.1.2.1 Advertising

Advertising is a one way, non-personal and planned paid promotion or message aimed at influencing the attitude and behavior of a broad audience about a product or a service (Frey & Rudloff, 2010). Advertising is the tool within the marketing communications mix with the largest reach. It includes all types of media like television, radio, print, online advertising and any kind of ad which is meant to stimulate visual or verbal senses of the target audience. Advertising has almost no geographical boundaries and therefore reaches the largest number of customers while generating the lowest per-head costs in the MC. But also, other sources of advertising in public places like billboards, public transportation vehicles or even restrooms are used as advertising space. Even the most unlikely places are used as a space for placing ads in order to make the customers aware of the brand, company, or a certain product. However, since it is a one-to-many type of communication, biased and low in credibility, consumers have lost trust in it. According to Mangold & Faulds (2009), consumers have become more educated and want to control messages they receive. This has led to the current shaking up of the advertising industry.

2.1.2.2 Personal Selling

Belch and Belch (2013) defined personal selling as a form of person-to-person communication in which a seller attempts to assist and/or persuade prospective buyers to purchase the company's product or service or to act on an idea. Unlike advertising, personal selling involves direct contact between buyer and seller, either face-to-face or through some form of telecommunications such as telephone sales. Personal Selling differ from most other forms of marketing communication because the message moves directly from the marketer to an individual member of the target audience, providing an opportunity for interaction and modification of the basic message to address specific target audience concerns (Percy, 2008).

Personal selling provides extraordinarily good support in order to inform customers about new products/ services as well as a close connection between the company represented by the company representative and the customer. On the other hand, personal selling is the most expensive segment of the MCMix and the most formidable form of marketing communication. Being able, as a company to sell personally to customers and improve the relationship between the company and the customers will generate a large benefit for the company regarding the customer relationship management. The reason for business to perform is to satisfy the needs of customers and therefore each company has to evaluate the future needs and desires of its target customers. The best solution for evaluating the needs is via personal contact with the customers, because through performing like this, companies get the necessary information from the source, which actually creates the demand. Within personal selling there is one top priority, which should be the attitude for each company performing this kind of marketing communication. This attitude is "the customer comes first". This means the company is adapting its products/services according to the demand created by the customer and does not try to create demand for the customer by selling them products the company thinks the market demands.

2.1.2.3 Public Relations

Public Relations is a proactive and reactive management function used to evaluate public attitudes, identify the policies and procedures of an individual or organization with the intention of executing a program of action to earn public understanding and acceptance (Johnston, 2009).

PR is an essential part of the marketing communication and has high importance in bigger organizations than small companies (Frey, 2010). Kunczik,2002 indicated that companies can

communicate PR via different channels, like sponsorship, interviews, charitable events, financial reports to shareholders, factory tours or lobbying just to mention a few. PR will help companies get closer to their customer by providing additional information and revealing more information than the company actually has to.

2.1.2.4 Direct Marketing

Direct marketing is a management concept, a multi-level communication and distribution tool (Hesse, 2007). It is accountable, interactive and used to ensure direct response from customers (Percy, 2008). A Direct Marketing campaign accesses huge recorded database to build profiles of potential customers and provide valuable marketing information for effective direct targeting. It involves activities like direct mail, telemarketing, database management, direct response ads through the direct mail, the internet and various broadcast and print media (Belch, 2003, Hesse et. al, 2007). Direct Marketing is divided into two elements, namely building a quality database over a long period and cost monitoring and controlling. The controlling elements indicate that there is much control given to the marketer as opposed to Social Media which puts control in the hands of the consumers. Scholars suggest that the main aim of direct marketing is to stimulate the targeted audience to take a now action, and create an individualized customer relationship (Hesse, et al., 2007).

The difference between direct marketing and advertising is that the company reaches out for their target customers without any intermediary channels as they are used and required in advertising in order to get into contact with customers. The different components of promotional tools used in direct marketing can be split up into direct mailing, catalogues, inserts and coupons, online marketing as well as telemarketing. If performed correctly direct marketing is seen as one of the most effective marketing communication tools, because the company creates in the long run valuable relationships with its customers, who are always well informed about changes or additional products/services in the portfolio of the company.

The objective of direct marketing is to support the customer in a purchase decision by making them aware of new products or just to remind them about a demand, which is not yet distinct. On the other hand, there is also a negative side to direct marketing as a marketing communication tool. It is an unsolicited advertisement, which is now a day often seen as annoying by the general public. The same holds for telemarketing and direct marketing via e-mail, which is seen as spam

or an invasion of privacy and often has the contrary effect for the company. Therefore, companies should handle the direct marketing tools with caution in order not to upset their customers and weaken the relationship between the company and the customers (Mullin, 2002).

2.1.2.5 Sales Promotion

Sales promotion refers to marketing and communication activities that change the price/value relationship of a product or service perceived by the target, thereby generating immediate sales and alters long term value (Schultz, Robinson & Petrison, 1998). To initiate instant sales or specific purchase, sales force and consumers are given incentives that result in tangible and non-tangible benefits (Belch & Belch, 2003; Percy, 2008; Mullin & Cummins, 2008). However, Schultz et al., (1998) posit that one disadvantage of sales promotion is that it does not change the opinion of the buyer about the product but rather initiates immediate or short-term results. Marketer's however misuse sales promotion in Social Media through posting promotions and not engaging with customers.

Sales promotion is one of the simpler tools within the MCMix and is an essential part of the marketing communication for all types of companies. The objective of sales promotion is to deliver an incentive for the customer to buy the product. This incentive is normally delivered by providing free goods, gifts, discounts, coupons or samples. Everything that adds additional value to the actually purchased products is seen by the customer as a benefit and therefore appreciated by the customer. Customers have shown that they are willing to pay a premium for real value and service, which can easily be influenced by sales promotion. ((Belch & Belch, 2003)

Belch and Belch (2013) alleged that the marketing mix is now considered to be six as interactive media is becoming one of the major promotional-mix elements that modern day marketers use to communicate with their target markets. Interactive/Internet marketing is becoming imminent as technology advances in the communication technology and it led to the growth of interactive media particularly internet. Interactive media allow for a back-and-forth flow of information whereby users can participate in and modify the form and content of the information they receive in real time. The Interactive media allowed users to perform a variety of functions such as receive and alter information and images, make inquiries, respond to questions, and, of course, make purchases. Internet has changed not only the ways companies design and implement their entire business and marketing strategies, it is also affecting their marketing communications

programs. Companies develop their own websites to promote their products and services. Moreover, because of its interactive nature, Internet is a very effective way of communicating with customers. Many companies recognize the advantages of communicating via the Internet as it will allow direct interaction with customers (Belch and Belch, 2013).

The development of modern marketing communications has led to a shift towards an integrated communications approach which is assimilating different promotional tools rather than separately planning on each tool. Integrated marketing Communications (IMC), which will be discussed further in the next topic, is a unified way of using promotional tools to create a communications' synergy (Semenik, 2002).

2.1.2.6 Integrated Marketing communications

A taskforce from the American Association of Advertising Agencies (the "4As") (cited in Belch & Belch, 2003) developed one of the first definitions of integrated marketing communications: a concept of marketing communications planning that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines for example, general advertising, direct response, sales promotion, and public relations and combines these disciplines to provide clarity, consistency, and maximum communications impact. Marketing communications must become more integrated the various elements of promotion devoted to informing, persuading and inducing action from a range of target audiences must be studied, analyzed, planned and implemented in a coordinated and effective manner.

The fundamental principle of IMC is that it takes a holistic approach to communications and drives an organization to consider the total impact of all of their communications activities at any one time (Egan, 2007). Schultz and others note that the process of integrated marketing communications calls for a "big-picture" approach to planning marketing and promotion programs and coordinating the various communication functions. It requires that firms develop a total marketing communications strategy that recognizes how all of a firm's marketing activities, not just promotion, communicate with its customers (Belch and Belch, 2003). Many companies have adopted this broader perspective of IMC. They see it as a way to coordinate and manage their marketing communications programs to ensure that they give customers a consistent message about the company and/or its brands. For these companies, the IMC approach represents

an improvement over the traditional method of treating the various marketing and communications elements as virtually separate activities.

Belch (2003) emphasized on the importance of IMC by outlining the very relevance of integrating promotional tools. They noted that by coordinating the marketing communications efforts of a company, one can avoid duplication, take advantage of synergy among promotional tools, and develop more efficient and effective marketing communications programs. By doing so, a company can maximize the return on its investment in marketing and promotion. They also believe that the move to integrated marketing communications reflects an adaptation by marketers to a changing environment, in terms of consumers, technology, and media.

2.1.3 BRAND AND BRAND LOYALTY

2.1.3.1 Definition of Brand

It is hard in marketing literature to find a single and concise definition of both brand and brand loyalty. L.Rogers, Bernd H. Schimtt and David (2008) believed that term ‘brand’ is used broadly to refer to a “branded product (for example, Diet Coke), service (for example, UPS), retailer (for example, Gap Kids), company (for example, IBM), person (for example, a politician, celebrity), organization (for example, the Boy Scouts), group (for example, a sports team), or place (for example, a city brand)”.

According to Kapferer (2008) brands are intangible assets, assets that produce added benefits for the business. This definition tried to see brands as valuable to the firms mainly from financial perspective. Brands will result in higher returns to the business since premium price can be set and claimed by the business of a product with brand than with a generic brand. These notions further strengthen by Keller (2003) on a product, but one added other dimension that differentiate it in some way from other products designed to satisfy the same need”.

A legal protection and the added value point view of the brand also further forwarded by PhilipKotler and Armstrong (2012) in the following definition: A brand is a name, term, sign, symbol, or design, or a combination of these, that identifies the maker or seller of a product or service. Consumers view a brand as an important part of a product, and branding can add value to a product. Customers attach meanings to brands and develop brand relationships. Brands have meaning well beyond a product’s physical attributes.

Similarly, Aaker (1991) defines brand in a perspective of identification and differentiation product/service by the customer from the competitor. For a brand is a portion of an intangible asset that offer a sustainable competitive advantage over the competitor. In addition, brands are built now for the purpose of earning a long-term benefit. In the context of total experience of the consumer towards a given brand, Schmitt (2003) defined brand as the sum of all association's customers have with a certain product or service

In connection with this, Kapferer (2008) presented the benefits of brands both for final and Business consumer as one entity and the firm as another entity. To the final consumer's brands offer the recognition, expediency, assurance, optimization, symbol, continuity, and hedonistic benefits. For distributors a brand is a promise of recognition signal, Practicality of choice, optimization of choice, pleasure for different categories of brands. The firm (manufacturer) also obtains a number of benefits. To mention a few, brand avoids risk, increase the likelihood of setting high price stability of future sales. In support of this, For Dyson brand is mental relationship that will be developed with final user or industrial users Dyson and Hollis (1996).

Andreas Buchholz (2001) stated that successful brands build on the establishment of five portals in the brains of the consumers. The five portals are represented by factors such as product features and promises, norms and values, perceptions and programs, identity and self-expression, and emotions and love. Some gurus are arguing that as business environments are changed so brands do change. As per Philip Iwan (2010) the forces that change the business landscape are three and indicated by Kotler as "the age of participation", "the age of globalization paradox" and "the age of creative society". As a result, recently brands are broader than an association of customers with certain product and service.

In other words, the scope of branding is so widening and includes the role of consumer and stakeholders than the sole brand ownership claimed by firms. Brands here, must address multiple audiences, brand values must be lived from within and brands are currently built on via interactive relationship with the customer due to information communication technology developments. Asper Vallaster, Dr Claudia Fisher-Buttinger and Dr Christine (2008) a brand is the sum total of relationships among stakeholders, or the medium through which stakeholders interact and exchange with each other. According to Kermally, Sultan (2003) a brand is considered to be a legal instrument, a logo, a company, an identity, a consumer perception, a

personality, or a relationship. It, therefore, has many perspectives. According to Ellwood, Iain (2003) Brands acts as a kind of flag, waving to consumers, creating awareness of the product and differentiating it from other competitors.

A broader definition of brands is forwarded by Tilde Heding, Charlotte F. Knudtzen and Mogens Bjerre (2009) from 7 different approaches. The seven approaches are:

The economic approach: the brand as part of the traditional marketing mix. This approach assumed that, the consumers to make primarily rational decisions and the interactions with the consumer are standalone isolated rather than ongoing relationship. These premises make the utility attributes as the brand has to offer judged against its price relative to competitors, level of awareness and recognition, and the accessibility of brand. The attributes related to the four Ps are the main mechanisms behind the creation and management of brand loyalty.

The identity approach: the brand as linked to corporate identity. It brings into focus the creation of a unified visual and behavioral identity. It is assumed that consumers attribute theory. Identity characteristics to companies and that people form images of companies based on total experience of the company. This places the corporation and its employees at the center of brand loyalty creation.

The Consumer-Based Approach (CBA): the brand as linked to consumer associations. In this approach the brand is analyzed as a cognitive construal. The two primary approaches the internal formation strategy in contrary CBA introduces an outside- is approach to a brand management. Brand value creation talks place by molding the brand associations held in the consumers' minds, understanding the consumer is hence central in this take on brand value creation; but it is important to notice that the approach implies a specific view on the consumer. The consumer is analyzed by means of theories adopted from cognitive psychology and the information processing theory of consumer choice.

The personality approach: the brand as a human-like character. This approach in brand management focuses on how and why people choose brands with certain personalities and how imbuing brands with personality thus can be a powerful tool to create and enhance brand loyalty.

The relational approach: the brand as a viable relationship partner. The brand relationship theory is based on a 'dyadic' brand–consumer relationship, implying an equal exchange between brand and consumer. Both parties contribute to brand value creation, which takes place in an ongoing meaning-based exchange.

The community approach: the brand as the pivotal point of social interaction. Consumers form communities around brands. In brand communities a brand is a focal point of social interaction among passionate consumers. These consumers use the community to share their brand experience and brand stories. The brand approaches of the 1990s (the CBB approach, the personality approach and the relational approach) dealt with the exchange between one marketer and one consumer. Marketers can benefit from a brand community in many ways. The marketer can reap benefits either by observing brand communities and extracting brand meaning or by facilitating consumer's interaction through a brand community.

The cultural approach: This approach emphasizes the cultural forces in society and how these can be used to build iconic brands as well as the impact of branding practices on the globalized culture and market place.

2.1.3.2 Definition of Brand loyalty

What Is Brand Loyalty? Brand loyalty is the positive association consumers attach to a particular product or brand. Customers that exhibit brand loyalty are devoted to a product or service, which is demonstrated by their repeat purchases despite competitor's efforts to lure them away. Corporations invest significant amounts of money on customer service and marketing to create and maintain brand loyalty for an established product. Coca-Cola Company is an example of an iconic brand that has resulted in customers demonstrating brand loyalty over the years despite Pepsi's products and marketing efforts.

2.1.4 Dimensions of Brand loyalty

Loyal customers are the ones who will purchase the same brand regardless of convenience or price. These loyal customers have found a product that meets their needs, and they're not interested in experimenting with another brand.

Most established brand name products exist in a highly competitive market overwhelmed with new and old competing products, many of them barely distinguishable. As a result, companies employ many tactics to create and maintain brand loyalty. They spend their advertising budgets on messages targeted at the segment of the market that includes their loyal customers and like-

minded people who could become loyal customers. Dimensions of brand loyalty are classified as:

2.1.4.1 Brand Awareness

Brand awareness is the ability of a potential buyer to recognize or recall that a brand is a member of certain product category. It is related to the strength of the brand node or trace in memory as reflected by consumer's ability to identify the brand under different conditions. It consists of brand recognition and brand recall performance. Brand recognition relates to customers' ability to confirm prior exposure to the brand when given the brand as a cue. Brand recall relates to consumers' ability to retrieve the brand from memory when given the product category, the needs fulfilled by the category or a purchase or usage situation as a cue (Aaker, 1996), (Keller, 2003). Aaker posited the awareness pyramid where unaware of the brand as the lowest and goes up to brand recognition, brand recall and top of mind awareness. Keller (2003) brand recognition is based on the aided recall test. Respondents, perhaps in a telephone survey, are given a set of brand names for a given product class and asked to identify those that had heard of before. Thus, although there needs to be a link between the brand and the product class, it need not be strong. Brand recognition is a minimal level of brand awareness. It is particularly important when a buyer chooses a brand at the point of purchase.

Keller (2003) putted as the next level of brand recognitions is brand recall. It is based upon asking Person to name a brand in a product class; it is termed "unaided recall" because, unlike as in the recognition task, the respondent is not aided by having the names provided. Unaided recall is a substantially more difficult task than recognition, and is associated with a stronger brand position. A person can recall many more items on an aided recall basis than then unaided.

The first-named brand in an unaided recall task has achieved top-of-mind awareness, a special position. In a very real sense, it is ahead of the other brands in a person's mind. (Of course, there may be another brand close behind). Brand awareness according to (Aaker, 1991) creates value in different aspects. It creates value via anchoring to which other associations can be attached, familiarity then liking can be obtained, signal of substance commitment and brand to be considered in purchase decision.

A brand carefully installed in the minds of the customer its brand awareness can be an asset that is durable and sustainable. Many studies conducted in how much consumers are familiar with the

brands supported these claims. Keller. (2003) the implication is that the establishment of a strong name anchored by high recognition creates an enormous asset. Furthermore, the assets become stronger and stronger over the years as the number of exposures and experience grew. This will make difficult for others to compete with this memory of the consumer. (Aaker, 1992)

2.1.4.2 Associations

Keller (2003) Brand associations are the other informational nodes linked to the brand node in memory and contain the meaning of the brand for consumers. Associations come in all forms and may reflect characteristics of the product or aspects independent of the product itself. It is anything that is directly or indirectly linked in memory to a brand. In addition to product attributes and customer benefit association's brands gain strategic position by association with use or application, product users, celebrity, life style & feelings, product class, symbol, country of origin, other brands, and events and so on.

According to Chen (2001) Brand associations can be categorized into two: product associations and organizational associations. Product associations include the functional attributes like performance characteristics, consumers used to link when evaluating the brand. (Keller, 2003) Non-functional attributes like social image, trustworthiness, perceived value, differentiation and country of the origin to the brand. Social image is about consumer's perception of the esteem in which consumers' social group holds the brand. It includes the attributes a consumer makes and consumer thinks that others make to the typical user of the brand. Chieng Fayrene Y.L. Goi Chai Lee (2011) as quoted (Lassar, 1995) Trustworthiness is a nonfunctional association. It is the confidence a consumer places in the firm and the firm's communications and as to whether the firm's action would be in the consumer's interest.

Consumers put high value in the brands they trust. Chen (2001) stated organizational associations include corporate ability associations via discharging societal obligations. Aaker (1991, 1992, and 1996) delineated brand associations as assets that can provide value for companies in several ways. First, brands association can provide an important basis for differentiation. Associating the brand name can provide a unique and distinguishable attribute that will stand the brand differently. Second, brand association can represent a basis for purchase decision and brand loyalty by providing product attributes or customer benefits that provides specific reason to buy and use a brand. Third, it can also influence purchase decision by

ascribing credibility & confidence to a brand by stimulating positive feeling that are transferred to a brand. Aaker (1991, 1992, 1996) fourth, brand association create value through creating a positive feeling during the use experience, serving to transform a product into something different than what it might otherwise be. Finally, it provides the basis for an extension and associations can serve to summarize a set of facts and specification that otherwise would be difficult for the customer to process and access, and expensive for the firm to communicate.

2.1.4.3 Brand Loyalty

Aaker (1991, 1992) labeled brand loyalty is prime enduring dimension of brand loyalty. Contrary to the brand awareness and brand association brand loyalty may resulted from a perpetual purchase of the brands by the same consumer over time. Brand loyalty is resistance to switch the brand, rather, consumers continue to buy the brand even in the face of competitors with superior features, and price, and convenience, substantial value exists in the brand and perhaps in its symbol and slogans. Brand loyalty is at the of heart brand loyalty. According to Aaker's brand loyalty model Aaker (1991) brand loyalty reduce marketing costs, boost trade leverage, attract new customers and offer time to respond to competitive threats.

It is evident in different studies that attracting new customer is costlier than retaining new customers Aaker (1992). First, new customers may lack initiation to change their brand and shift to the new one. Second, customers may have high shifting cost to move from one brand to another brand. Third, it will be still costly to contact new customers because they are not interested to go for searching new substitutable brands. On the other hand, the competitor brand may obtain sometime to react to the company offer. Thus, it is advisable for any company, which is customer focused, to die hard to minimize the outflow of loyal customer by addressing their issue at different contexts. Lancaster (2009) believed that trade leverage is another value obtained from loyal customers. Strong loyalty will create a pressure up on traders to display or avail the brands that the loyal customers are intended to purchase. This commands brand owners to distribute easily and command shelf space for the existing brands up on traders. In addition to this, the command may also go on even when the company introduces new sizes, new varieties, variations, or brand extensions.

Aaker (1991) described loyal customer as a base also create value for the brand via attracting new customers. New customer perceived risk will be minimized because their colleague or other

customer already experienced/ bought ideas, services or products that the new ones are trying to acquire especially for high involvement products. On top of this, personal observation, the loyal customer may act as an opinion leader and able to influence others in their sphere to buy/experience the brand that they consumed. Moreover, a relatively large satisfied customer base provides a base of an image of the brand as an accepted, successful product which will be around and will be able to afford service back up and product improvements.

Aaker identified different levels of loyalty (Aaker, 1992) the level of loyalty of customers may vary and may imply different meaning for marketers about a given brand. The level will go up from the lowest of switchers/price sensitive, those are indifferent-no brand loyalty, then to satisfied/habitual buyer but with no reason to change, to satisfied buyer with switching costs, to those who like brand and considers it a friend and finally a committed buyer. Loyalty Status Marketers usually envision four groups based on brand loyalty status.

Kotler and Keller (2012) classified loyal customers in to four. One, hard-core loyalist, consumers who buy only one brand all the time. Second, split loyalist, consumers who are loyal to two or three brands. Third, shifting loyalist are consumers who shift loyalty from one brand to another. Finally, switchers are consumers who show no loyalty to any brand.

2.1.4.4 Perceived Quality

Keller (2003), Aaker (1991) defined perceived quality as customers' perception of the overall quality or superiority of a product or service relative to relevant alternatives and with respect to its intended purpose. In the long run, the most important single factor affecting a business unit's performance is the perceived quality of its products and services related to those of competitors. Gronroos (1996) stated that the customer perceived quality is basically a function of the customer perceptions of two dimensions: the impact of the outcome or the technical solution (what the customer receives), and an additional impact based on the customer's perception of the various interactions with the firm (how the so called "moments of truth" are perceived). The former quality dimension is sometimes called the technical quality of the outcome or solution, whereas the latter dimension is called the functional quality of the Interaction process. The product quality dimensions may include the performance, durability, conformance to specifications, features, reliability, serviceability, fit and finish. The service quality dimensions on the other hand include tangibles, reliability, responsiveness, competence, empathy.

Lancaster (2009) delineated that the quality of any brand is a key to build, sustain measure and revitalize the brand loyalty over time. In other words, perceived quality is one of the critical dimensions of brand loyalty. The fighting of maintaining brand loyalty, store versus manufacturer depends on the perceived quality of the brand. There may be a number of reasons/bases for such perceived superiority, e.g. superior quality, better delivery and after-sales services, the availability of credit, or some combination of these or other factors. In discussing possible reasons for brand/supplier loyalty, we enter the realms of motives, perceptions, attitudes, etc., and more complex behavioral areas. Different authors agree that perceived quality will help to create positive and strong brand image. Strong brand image in turn plays a significant role increasing brand loyalty (Lancaster, 2009).

2.2 EMPIRICAL LITERATURE

Isabel, Lesly and Eva (2010), conducted a research based on 411 consumers in the UK the authors chose four diverse product categories: soft drinks, sportswear, consumer electronics and cars. The research explored the relationship between two marketing mix elements-advertising and sales promotion and brand loyalty creation. In particular, the study focused on advertising from a qualitative and quantitative perspective. Similarly, the study investigated the effects of two kinds of promotion, that is, monetary and nonmonetary promotions. The findings showed that the content of advertising play a key role in influencing brand loyalty dimensions, whereas, advertising spending improves brand awareness but it is not enough to positively influence brand associations. The researcher finds distinctive effects of monetary and non-monetary promotions on brand loyalty.

Ebru,Inci and Eva (2007) investigated the effects of selected marketing mix strategies on equity of brands performing in mobile phone sector. Perceived price, intensity of distribution, advertising campaigns and sponsorships activities conducted for the brand were proposed to be positively effective on the building of brand loyalty , and perceived intensity of price deals performed for that brand was proposed to be negatively effective on brand loyalty.

Hua (2005) studied the effect of marketing mix on brand loyalty. This study is done in three classification, razor, soap and orange juice in Australia market to show brand loyalty criteria and also to examine the proposed effects. Advertising in some media are found with positive effect on brand loyalty and TV advertising have more effect on providing brand loyalty in comparison

with publishing advertising. The effect of promotion on brand loyalty was complicated and only large promotion with negative effect on brand loyalty is found.

Wasihun (2014) the study was about measuring consumer based brand loyalty by empirically investigating the source of brand loyalty in the beer across different brands on Addis Ababa beer market among CBBE models the researcher Aaker's CBBE model and tested using SEM by considering 305 respondents, the findings showed that brand loyalty is being positively and significantly influenced by brand loyalty dimensions in the beer market of Ethiopia.

In the same manner Beidemariam (2014), the study entitles —Measuring customer-based brand loyalty in the Ethiopian beer industryl this study aimed to assess the determinants of CBBE in the Ethiopian beer market the study found that the major dimension which affects the CBBE in Ethiopian beer industry is perceived quality. Even though the others four variables did not strongly influence the overall brand loyalty.

2.3 CONCEPTUAL FRAMEWORK AND HYPOTHESES

2.3.1 Hypothesis of the study

The following hypothesis are formulated after a critical examination of various literatures had been performed, all mentioned hypothesis will be tested in order to achieve the targeted main and specific objective of this study. In the hypothesis brand loyalty is the dependent variable manifested by Brand awareness, Brand association, perceived quality and Brand loyalty. Whereas, marketing communication, the independent variable, demonstrated by advertising, personal selling, direct marketing, public relations and sales promotion. The intended hypotheses have been formulated as follows:

H₀₁ – Advertising has a significant effect on brand loyalty

H₀₂ – Personal selling has a significant effect on brand loyalty

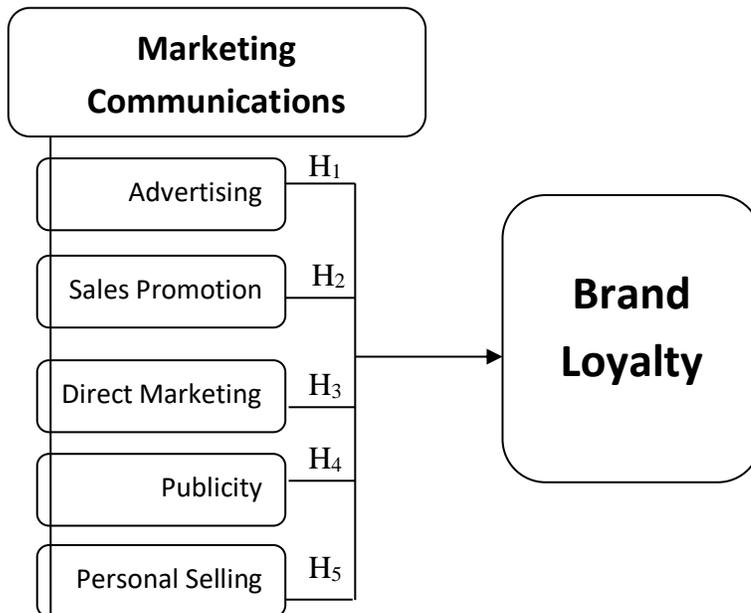
H₀₃ – Sales promotion has a significant effect on brand loyalty

H₀₄ – Direct marketing has a significant effect on brand loyalty

H₀₅ – Public relations has a significant effect on brand loyalty

Based on Asker's (1991) and Keller's (1993) conceptualizations, are the first to develop a psychometrically sound measure of consumer-based brand loyalty. Yoo, Donthu, and Lee (2000) created the Brand loyalty Creation Process Model to systematically examine the relationship

among marketing efforts, brand loyalty dimensions, and brand loyalty. Their model was an extension of Aaker's proposal that indicated marketing activities have significant effects on brand loyalty dimensions which in turn create and strengthen the equity.



(Source: Yoo and Donthu, 2000)

Figure 2.1 Conceptual Framework

Thus, the relationship between marketing activities and brand loyalty is mediated by these dimensions. It was also assumed that significant relations exist among the dimensions themselves. Yoo at al.'s model was built based on the following conceptual framework of brand loyalty. As one of the first studies of its kind, their framework provides a good starting point for further research on the linkage between marketing activities and brand loyalty. Brand loyalty Creation Process Model (2000) was modified and empirically tested for this study, instead of generalized marketing mix activities more detailed promotional activities examined in order to provide more insightful suggestions for marketers. Thus, the study examines their effect of marketing communication on brand loyalty of beer brands. The conceptual framework would give a glimpse on the structure of the intended study. It comprises of independent variable (marketing communication), and dependent variable (brand loyalty). In addition, the figure may

show the hypotheses developed in order to test its relevance in the beer market of Ethiopia (more specific of Addis Ababa) diagrammatically.

In the study, it is hypothesized that dimensions of marketing communication mixes are believed to have significant effect on the sales performance of breweries in Ethiopia have been discussed below. The independent variable is marketing communication mix composed of five variables such as advertising, sales promotion, direct marketing, personal selling and publicity; whereas the dependent variable, brand loyalty, has four attributes namely brand awareness, brand knowledge, perceived quality and brand loyalty. The hypotheses are depicted as follows:

- **Advertising**

Advertising is a powerful way of communicating a brand's functional and emotional values (Chernatony, 2006). It defined as any paid form of non-personal communication about an organization, product, service or idea by an identified sponsor (Keller, 2008). Many advertising researchers found advertising is successful in generating brand loyalty (Boulding, Lee, and Staelin 1994). Simon and Sullivan (1993) found a positive effect of advertising spending on brand loyalty. Cobb-Walgren, Beal, and Donthu (1995) find that the dollar amount spent on advertising has positive effects on brand loyalty and its dimensions.

The advertisements' expenditures indicate the amount of the investment of the firm or company in its own brand loyalty and the consumer holds a positive connection between the advertisements' expenditures and the quality of the brand loyalty (Gil et al, 2007). This indicates that the higher the advertising spends, the higher the awareness levels are likely to be. Favorable, strong and unique brand associations can also be created by advertising (Keller, 2007) like brand awareness, brand associations arise from consumer-brand contact. As a result, advertising can contribute to brand associations through its ability to create, modify or reinforce associations with each new contact. Hence, the higher the advertising spend of a brand, the stronger and more numerous will be the associations in the consumer's mind. These positive relationships between advertising spend perceived by the consumer and perceived quality, brand awareness and brand associations have been empirically supported by Yoo et al. (2000), Villarejo (2002), Bravo et al. (2007) and others. Thus, the following hypothesis between advertising and brand loyalty has been proposed:

- **H₁–Advertising has significant effect on brand loyalty of brewery industry in Ethiopia**

- **Sales Promotion**

According to Keller (2008) Sales promotion can be defined as short term incentives to encourage trial or usage of a product or service. While Kotler (2002) provides various reasons for sales promotions, he says that sales promotions to end-customers increase short term sales and help building long term relationships, while trade promotions aimed on distributors and retailers so they buy large volumes and advertise the product more. Similarly, According to American Marketing Association, “sales promotion refers to those activities other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness, such as – display shows and exhibitions, demonstrations, and various other non-recurrent selling efforts not in ordinary routine.”

In short, the frequent use of price promotions has a negative impact on perceived quality and brand association dimensions because this tool leads consumers to think primarily about price, and not about the brand (Yoo et al. 2000). On the other hand, researchers show that non-price promotions can differentiate brands and communicate distinctive brand attributes, contributing to the development and reinforcement of brand loyalty (Chu and Keh, 2006). While price promotions are primarily related to utilitarian benefits, non-monetary promotions are more related to hedonic benefits (Chandon, Wansink and Laurent, 2000). These benefits, such as entertainment and exploration, are related to experiential emotions, pleasure and self-esteem. Therefore, Non-price promotions can evoke more associations related to brand personality, enjoyable experience, feelings and emotions. Furthermore, they link more favorable and positive brand associations to the brand (Palazón and Delgado, 2005). Thus, the following hypothesis between sales promotion and brand loyalty has been proposed:

- **H₂ – Sales promotion has significant effect on brand loyalty of brewery industry in Ethiopia**

- **Personal Selling**

According to scholars who have previously worked on personal selling, it is defined as oral, person-to-person communication between a receiver and a communicator whom the receiver perceives as non-commercial, regarding a brand, product or service (Brit, 1966; Arndt, 1967; Bayus, 1985; Bolfiging, 1989). Researches indicated that personal selling is different from other information sources, such as advertisement in two areas, one is because of people usually thinks

of personal selling as more credible and trustworthy when compared to others, and the other one is that social networks usually accept personal selling more willingly (Liu, 2006).

Herr, et al, (1991) have suggested that the effectiveness of personal selling information could be explained by the fact that the information is received in a face-to-face manner and this information is more accessible to the memory, rather than information received from a less vivid format, like mass media. Other researcher has further suggested that the effectiveness of personal selling can be attributed to the confidence and perceived credibility the receiver has in the information received. Often the information is sought out from people in whose opinions the receiver has extreme confidence (Kapferer, 1990). In addition, Escalas (2003) in their work stated that reference groups are a strong source of brand awareness as they are linked to one's mental representation of self to meet self-verification or enhancement goals.

Furthermore, Sheth (1971) emphasized that personal selling is more important than advertising in raising awareness of an innovation and in securing the decision to try the product. Similarly, in line with this idea Chen (2010) were mentioned that positive personal selling also affects the evaluation of a brand product because it implies that customers have a favorable and clear brand awareness of a product, strong association with it, high quality perception, and are loyal to it. Thus the following hypothesis between marketing communications and brand loyalty has been proposed:

- **H3 – Personal selling has significant effect on brand loyalty of brewery industry in Ethiopia**
 - **Direct Marketing**

One of the fastest-growing sectors directs marketing, in which organizations communicate directly with target customers to generate a response and/or a transaction. Traditionally, direct marketing has not been considered an element of the promotional mix. However, because it has become such an integral part of the IMC program of many organizations and often involves separate objectives, budgets, and strategies, we view direct marketing as a component of the promotional mix.

Direct marketing is much more than direct mail and mail order catalogs. It involves a variety of activities, including database management, direct selling, telemarketing, and direct response ads through direct mail, the Internet, and various broadcast and print media. One of the major tools of direct marketing is direct response advertising, whereby a product is promoted through an ad that encourages the consumer to purchase directly from the manufacturer. Traditionally, direct mail has been the primary medium for direct-response advertising, although television and magazines have become increasingly important media. Direct-response advertising and other forms of direct marketing have become very popular over the past two decades, owing primarily to changing lifestyles, particularly the increase in two-income households. This has meant more discretionary income but less time for in-store shopping. The availability of credit cards and toll-free phone numbers has also facilitated the purchase of products from direct-response ads. More recently, the rapid growth of the Internet is fueling the growth of direct marketing. The convenience of shopping through catalogs or on a company's website and placing orders by mail, by phone, or online has led the tremendous growth of direct marketing. Direct-marketing tools and techniques are also being used by companies that distribute their products through traditional distribution channels or have their own sales force.

Direct marketing plays a big role in the integrated marketing communications (IMC) programs of consumer-product companies and business-to-business marketers. These companies spend large amounts of money each year developing and maintaining databases containing the addresses and/or phone numbers of present and prospective customers. They use telemarketing to call customers directly and attempt to sell those products and services or qualify them as sales leads. Marketers also send out direct mail pieces ranging from simple letters and flyers to detailed brochures, catalogs, and videotapes to give potential customers information about their products or services. In the course of selling their products, direct marketing plays a substantial role in promoting companies' image or products' brand to their respective prospects and customers as well. Thus, the relationship between direct marketing and brand loyalty has been proposed:

H4 – Direct marketing has significant effect on brand loyalty of brewery industry in Ethiopia

- **Publicity/ Public Relations**

The company or organization attempts to get the media to cover or run a favorable story on a product, service, cause, or event to affect awareness, knowledge, opinions, and/or behavior. Techniques used to gain publicity include news releases, press conferences, feature articles, photographs, films, and videotapes. An advantage of publicity over other forms of promotion is its credibility. Consumers generally tend to be less skeptical toward favorable information about a product or service when it comes from a source they perceive as unbiased.

It is important to recognize the distinction between publicity and public relations. When an organization systematically plans and distributes information in an attempt to control and manage its image and the nature of the publicity it receives, it is really engaging in a function known as public relations. Public relation is defined as “the management function which evaluates public attitudes, identifies the policies and procedures of an individual or organization with the public interest, and executes a program of action to earn public understanding and acceptance.” Public relations generally have a broader objective than publicity, as its purpose is to establish and maintain a positive image of the company among its various publics. Thus, the following hypothesis between marketing communications and brand loyalty has been proposed:

H5 – Publicity/ PR/ has significant effect on brand loyalty of brewery industry in Ethiopia

2.4 OVERVIEW OF ETHIOPIAN BREWERY INDUSTRY

In Ethiopia, growth in beer consumption has been a surprisingly 24 percent per year according to Access Capital estimates, roughly double the average annual growth rate in real GDP. This is propelled by economic recovery, expanding population, rising disposable income, improvement in beer quality and improving distribution systems. A gradual shift is taking place away from home brewed beer or other traditional drinks towards commercially produced brews, reflecting aggressive advertising campaigns by major brewers, rising urbanization and the growing prevalence of drinking society activity. Ethiopia’s beer industry has seen much activity in recent years, from a level of just 1.0 million hectoliters in 2003/2004; beer production has risen to nearly 3.1 billion hectoliters by 2008/2009, giving an estimated average growth of around 24 percent per year (Access Capital: 2017).

Looking ahead, beer demand is without doubt expected to continue its rapid growth, in line with population levels, favorable demographics, continued economic growth, and a gradual

convergence of national consumption levels towards those of neighboring countries. According to Access Capital projection (2017), beer consumption in Ethiopia will rise by around 15 percent per year in the coming years, a volume growth that can comfortably support several new beer producing factories in the next five-year period even after accounting for the expansion plans of existing firms. The major breweries currently operating in the Ethiopian beer industry are: BGI Ethiopia, Dashen, Meta, Harar and Bedele.

Ethiopia's oldest brewery Saint George, founded in 1922 is located in central Addis Ababa. The brewery was set up with modest premises to produce the country's first bottled beer. It is situated near the Mexico Square, Addis Ababa, and occupies an area of 20,000 Sq. meters of land (Ethiopian Trade Journal, 1960). According to addismap.com (2018), the factory is now owned by BGI, a company owned by French investors, an internationally acclaimed Brewing Company that operates in many countries. It has excellent reputation in producing quality beer and brought St. George to the same standard. Ever since it became privatized, and along with the opening of a sister company in Kombolcha, the brewery has played an important role to improve the supply of the beer and promote modern marketing in the country. In addition to St. George bottled and draught beer, the company produces Amber bottled beer and Castel bottled and draught beer. By far BGI Ethiopia/Castel Group is the largest supplier of beer in Ethiopian beer market. Its current production is around 1.5 million hectoliters, reflecting two large plants in Addis Ababa and Kombolcha with capacity of 1.0 million and 0.5 million hectoliters respectively.

The brewery, named after RasDashen (Dejen), elevation 4,523 meters, in the Simien Mountains located near one of the historical towns of northern Ethiopia, Gondar, consumed an initial investment of 340 million Birr when it was built on an 8.5-hectare plot, 10km out of Gondar on the highway to Addis Ababa. It was established with a registered capital of 41 million Br in August 1995 (Tiret, 2012). According to precise consult international (2014), Dashen Brewery has undergone a massive expansion since then, after its short-lived partnership with the French-owned BGI, which had bought 40 percent of the company, was signed. That agreement has since been nullified, leaving the two in direct competition with each other. The company, one of the subsidiaries of Tiret Endowment Investment Organization, has been granted 20 hectors of plot by the DebreBerhan's administration. The brewery will have the capacity to produce an annual

219,000 hectoliters, increasing its annual brewing capacity to close to one million hectoliters from its current 750,000 hectoliters (Precise Consult International, 2014).

The brewery is now entering into a new partnership with a London assets manager, Duet Group, and Vasari Global, another London-based company, after both foreign firms agreed to inject 90 million dollars to boost its production and distribution. If they succeed, this agreement will mark the largest private equity investment in Ethiopia to date. In addition, the company has a plan to open malt production in DebreBerhan city. If this back-ward integration is successful, it would enable the company to supply one of the major inputs for its production (Ventures, 2017). Meta Abo is located in the town of Sebata, 27 km from Addis Ababa. The brewery was established in 1963 by the Ethiopian Government and Ethiopian private nationals as a share company with a starting capital base of 2 million Birr.

It is the only brewery which gets water from a big reserve of soft spring water (locally known as holy water of St. Ambo). The spring water meets the international brew standard to be used without any treatment. The brewery produces bottled and draught beer (Access Capital, 2017). Bottled beer (Meta Abo, Meta Premium) is supplied to all markets in the country, while draught beer is supplied to the city of Addis Ababa and the towns located within 120 km from Addis Ababa. The brewery has a liaison office and distribution center in Addis Ababa.

The Ethiopian beer industry added another internationally recognized company, Diageo, which acquired the state-owned Meta Brewery for USD 225 million. This brought the total Foreign Direct Investment (FDI) to the sector in Ethiopia to above half a billion dollars. Diageo is the world's largest spirits producer apart from its beer and wine brands. The company is registered in the London stock exchange with around 80 retailing outlets in countries around the world. It is the owner of well-known brands like Johnnie Walker Scotch whisky, Smirnoff vodka, and Guinness beer amongst others. In 1998, Meta Abo Brewery produced and sold 365,000 hectoliters of bottled and draught beer worth Birr 195 million. In the same year, it made a profit of Birr 39.74 million. The brewery supplies 55% of its product to distributors and 45% to retailers. Distribution outside Addis Ababa is made through agents. The brewery distributes draught and bottled beer to Addis Ababa using its own truck fleet.

Bedele Brewery is located 483 km from Addis Ababa in South Western Ethiopia, in Ilubabor, SNNP Administrative Region. The construction of the factory started in June 1988 and production began in November 1993. Total area of land allotted for the establishment of the factory is 250,000 m². The Brewery was designed to produce 250,000 hectoliters of beer which can be sold as a bottled or draught beer. Heineken, Dutch Brewery purchased Bedele paying USD 85 million along with Harar for USD 78 million and invested another USD 100 million on expansion projects on both the plants. Currently it produces two brands of bottled beer “Bedele special and “Bedele”

Harar Brewery is located in the outskirts of the historic town of Harar in eastern Ethiopia, the fourth holiest Islamic city. The brewery is well known for the popular taste of its beer and the diversity of its products. The Harar brewery markets a Pilsner to compete with Bedele, St. George, and Meta, but also produces an increasingly-popular beer, "Harar" and a non-alcoholic beverage, "Harar Sofi" that appeals to the large Muslim population in the region and throughout Ethiopia. Genela spring, from which Harar beer is brewed, is within the factory's compound and supplementary water supply has been made available from the Finkile deep-well and Alemaya Pump Station. The installed capacity of the brewery is 200,000 hectoliters per annum. Under normal conditions, the daily capacity is four brewing cycles, each consisting of 200 hectoliters. With slight changes in the brewing-house, the daily capacity could be raised to five cycles.

In the bottling section, the general production rate reaches 20,000 bottles per hour. Recently, the factory replaced its old labeling machines with new machinery suitable for front and back labeling, neck labeling, foiling and date printing. There is also a new keg filling plant for draught beer, with washing and filling stations. Harar Beer is sold almost everywhere in the country. In the early years of its operation, the brewery exported large quantities of beer to the USA, Canada and Djibouti. This was interrupted in early 1990s, but has now been revived adding the Netherlands to the list of export markets. The sales activity is carried out partly by the brewery itself and partly by sales agents. The direct sale by the brewery covers some 46% of the total volume. Branch offices in Dire Dawa, Shashemene and Addis Ababa promote the sales activity

CHAPTER THREE

METHODOLOGY

This chapter presents the practical method of the thesis. The research design and strategy will be discussed, followed by study design, data collection and sample selection methods; and then continues with a questionnaire design and reliability/ validity test. Further, a chosen analytical data will be presented. The ethical considerations of the study will wind up the chapter.

3.1 RESEARCH APPROACH

There are three types of research approach namely exploratory, descriptive and explanatory research. The goal of exploratory research is to discover ideas and in-sights while descriptive research is usually concerned with describing a population with respect to important variables. Explanatory research is used to establish cause-and-effect relationships between variables and causal analysis is concerned with the study of how one or more variables affect changes in another variable. It is thus a study of functional relationships existing between two or more variables (Kothari, 2004). This paper follows both the descriptive and explanatory research design as it describes the variables of interest in the marketing communication and brand loyalty measurement and determine the relationship between the constructs.

3.2 RESEARCH DESIGN

There are three types of research design. The first one is qualitative research which involves studies that do not attempt to quantify their results through statistical summary or analysis. In a way it seeks to describe various aspects about behavior and other factors studied in the social sciences and humanities. In qualitative research data are often in the form of descriptions, not numbers. The second one is quantitative research which engages in systematic and scientific investigation of quantitative properties and phenomena and other relationships. The objective of quantitative research is to develop and employ mathematical models, theories and hypothesis pertain the natural phenomena. The process of measurement is central to quantitative research because it provides their fundamental connection between empirical observation and mathematical expression of an attribute (Abiy, 2009). The third one is mixed which consisted of both quantitative and qualitative approach.

The type of research design intended to employ in this study is quantitative research approach method for the fact that it involves generation of data in quantitative form for analysis. Data will

be quantified and statistical methods are used in the data analysis to seek evidence about a characteristic or a relationship between the stated variables.

3.3 SAMPLING METHOD AND PROCEDURE

3.3.1 Population

According to Addis Ababa's city administration, the total population is estimated about six million out of which about 3.85 million (64.1%) falls under the age category of 18 – 70 years old. Since the aim of this study is to assess the effect of MC on BE of Ethiopian brewery industry. The targeted population includes all the consumers of locally produced beers in 10 sub-cities of Addis Ababa as a unit with heterogeneous population within but homogenous population with other sub-cities. The ten sub-cities are: Bole, Arada, Gulele, Akaki-Kality, Nefas Silk Lafto, Lideta, Yeka, Addis Ketema, Kirkos and Kolfe Keranio. Three sub cities have been selected randomly. In the lottery probability method, Bole, Arada and Kirkos sub-cities were selected. The study also targeted the marketing and corporate managers as well as sales staffs from beer factories and their respective beer consumers.

3.3.2 Sample Size

In addition to deciding how to select the samples for the qualitative and quantitative components of a study, researchers should also determine appropriate sample sizes for each phase. The choice of sample size is as important as is the choice of sampling scheme because it also determines the extent to which the researcher can make statistical and/or analytic generalizations. This research focuses on beer consumers' preferences and attitudes towards their respective beer brands in relation to the firms' promotional practices of respective breweries. Thus, hotels and Bar & Restaurants located in Addis Ababa are targeted as study population for the reason that they are the place where substantially high alcoholic drinks are consumed. According to Addis Ababa city administration trade and tourism bureau, there are a total of 1,358 legally registered and active hotels and Bar & Restaurants located in the selected three sub cities (Bole, Arada and Kirkos). However, the respondents are large and dispersed all over the city as well as their exact number is not known. According to Cochran (1963) as cited by Israel (2009), a large population's sample size can be calculated by using the formula:

$$n = \frac{z^2 \times p \times q}{e^2} = \frac{(1.96^2 \times (0.5) \times (0.5))}{(0.05)^2} = 384.5 \cong \underline{\underline{385}} \text{ Respondents}$$

Where:

P – Estimated proportions of an attribute

Q – (1 - P)

Z – 95% confidence interval (1.96)

e – Sampling error (5%)

Many researchers commonly add 10% to the sample size to compensate for persons that the researcher is unable to contact or collect completely filled questionnaire. The estimated sample size is determined to be a total of 424 respondents (a total of 385 calculated sample size plus 10% of non-response rate). Since the targeted respondents will be contacted at hotels, bars and restaurants, the risks of dealing with people having alcoholic drinks aggravates the non-response rate but still 10% is within acceptable range (Sekaran, 2003). Besides, an average of 20 respondents is allocated per stratum.

Table 3.1 Sample Distribution

Sub City	No. of Hotels			No. of Bars & Restaurants			Total	
	Qty. (%)	Sample (approx.)		Qty. (%)	Sample		Qty. (%)	Resp.
		Hotel*	Resp.		Hotel*	Resp.		
Arada	68 (5.01)	1	21	356 (26.2)	6	110	424 (31.2)	131
Bole	112 (8.26)	2	35	407 (29.9)	7	126	519 (38.2)	161
Kirkos	91 (6.70)	2	28	324 (24.6)	5	104	415 (30.6)	132
Total	271	5	84	1087	18	342	1358	424

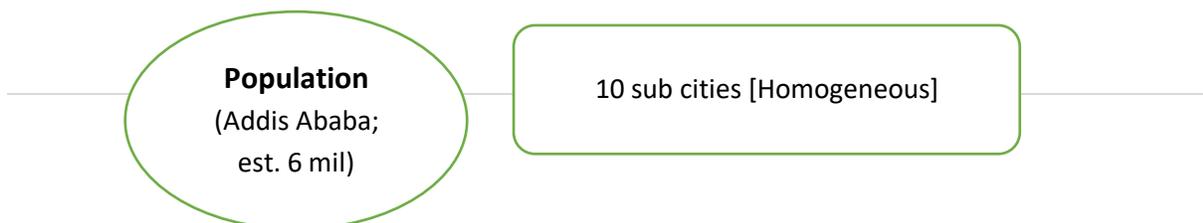
Hotel* [424*(%)]/20

3.4 SAMPLING METHOD

Actions towards branding and the respective marketing practices have been considered in many companies, but it is not clear how consumers perceive those activities. To answer the research hypotheses, appropriate to use probabilistic sampling method to determine representative sample frame from the target population. Sampling in the social and behavioral sciences has so many well-defined and specified qualitative and quantitative techniques that combine probability and purposive sampling techniques in certain unique prescribed manners. The researcher, however,

preferred procedures that focus on generating representative samples especially when addressing a quantitative strand of a study.

Firstly, to answer the research question of this study, an appropriate sample and research field is chosen. The hotel and bar & restaurants where the questionnaires were handed out to the guests/ customers, were located in randomly selected three metropolitan sub cities namely Bole, Arada and Kirkos in Addis Ababa. A multistage probability (random) sampling was conducted in this research, which is the most basic form of probability sample. With random sampling every target group/ cluster (sub city) has an equal probability of being chosen in the sample (Bryman & Bell, 2011). The randomized clusters (3 out of 10 sub cities) chosen for this study consisted of adult beer consumers (+18 years). Then, allotted respondents from each hotel and bar & restaurants will be selected by implementing in which every fifth customer entering the main entrance of the hotel or bar & restaurant would be selected and approached to fill in a questionnaire. Sudman (1980) suggests it provides an unbiased sample by sampling at public gathering areas. In addition, personally administering questionnaires when face-to-face has many benefits, including, ability to build rapport, provide clarifications to any questions asked by participants and collecting surveys directly after completion (Cavana, 2001). Participants can also remain anonymous when questionnaires are used. It may increase the veracity of the answers. The number of the respondents of the study is a total of 424 respondents from randomly selected 5 hotels and 18 bars and restaurants serving all brands of local beer.



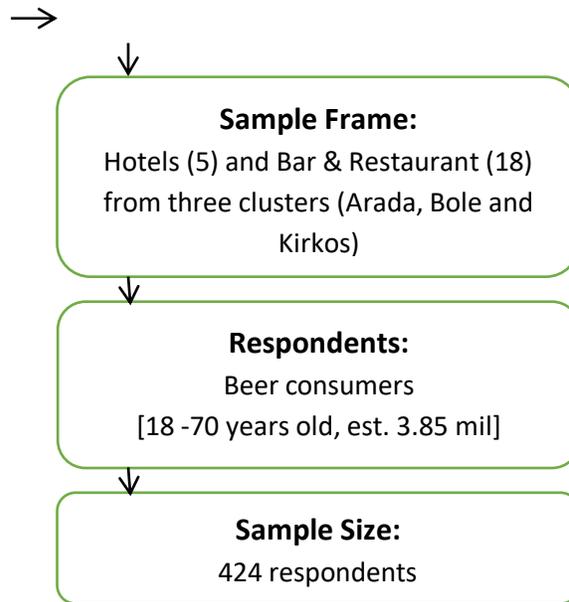


Figure 3.1 Sampling procedure

3.5 METHODS OF DATA COLLECTION

To answer the research question, it is important to choose an accurate collection method. This study collected primary data to answer the research question. Primary data were gathered through observations, questionnaires and focus interviews. Since the aim of this study was to measure and analyze different elements of customer's experience of promotional mix and its effect on brand loyalty, a questionnaire is the most suitable method. The questionnaire included the chosen dimensions of promotional mix and brand loyalty which are segmented down into relevant questions to measure these components. The most common type of questionnaires is surveys, which is used in this study. More specifically the type of questionnaire conducted is a self-administrated questionnaire; surveys are handed out among the customers entertaining at selected hotels, bars and restaurants (Saunders et al., 2009).

3.5.1 Questionnaire Design and Scale Measurement

Questionnaire design describes the scales of measurement for promotional mix and Brand loyalty; and explains the pretesting process for the questionnaire. The data will be collected is based on each main construct for both study variables namely Brand loyalty (the dependent variable) and the attributes of MC (the independent variables). A Five-point Likert scale is used to answer questions under each section of MC and BE. The five attributes of MC practices are originally

defined as advertising, personal selling, direct marketing, sales promotion and publicity. Whereas, regarding BE, the attributes are brand awareness, brand knowledge, perceived quality and brand loyalty. The questionnaire consists of three parts. The first part of the questionnaire comprises the four dimensions of BE; second part takes the five MC measurement constructs; and the third one refers the demographic characteristics of the respondents, which is commonly called general information. Then, the questionnaire will be translated into Amharic by the researcher and to check its proper translation, it will be retranslated into English by two different licensed translators.

3.5.2 Reliability and Validity of the Instruments

In the study the items/constructs are adopted from (Aaker, 1991 and Keller, 2001) in that the reliability and validity of the study should be checked. The quality and credibility of a research is measured by its reliability and validity. It is important to take the issues of research quality seriously to consider it credible and to be able to maintain consistency (Saunders et al., 2009). Validity is concerned with the accuracy and truthfulness of the findings, while reliability measures how consistent the findings would be if they were to be repeated on another occasion or replicated by a different researcher.

The research must also be fully transparent and objective so that the readers can interpret the text (Bryman and Bell, 2011; Saunders, 2009). Saunders (2009) names three threats to reliability: participant error, participant bias and researcher error. Participant error considers the effect of the timing of the questionnaire, for example, a respondent might be less receptive to participate in a survey questionnaire after a long day at work. The second threat is called participant bias, where the respondents tend to answer in a way that is biased by someone else, for example, by the interviewer in a qualitative research. The third threat is the researcher error, where factors such as mood can affect the researcher's interpretation. The final error is called researcher bias, which is errors caused by the researcher's own values and beliefs (Saunders, 2009). A strong validity increases the generalizability of the study (Descombe, 2011).

As mentioned earlier, a quantitative study is objective, measurable and enables a broad and comprehensive coverage. To measure what is supposed to be measured a theoretical model was developed (see literature review). The dimensions were operational to help find specific survey

questions relevant to the dimensions of MC which increase the internal validity: questionnaires represent the reality of what is measured (Saunders et al., 2009).

The theoretical model was developed from established frameworks; therefore, the industries using similar MC strategies as beer industry can apply the findings of this study to their business. Use and operation of established models also increases the measurement validity (Bryman & Bell, 2011). This means an extended external validity which the study can be generalized to other relevant businesses (Saunders et al., 2009). Furthermore, by using Cronbach's alpha test, this study will increase the internal validity of this research. The test indicates how related the different components are. The internal validity refers to how well the conclusions drawn from the relationship between two or more variables hold (Bell, 2011). These factors increase the validity of the research and its objectivity, hence, a stronger credibility.

3.6 METHODS OF DATA ANALYSIS AND PRESENTATION

Descriptive statistics such as mean, percentage, correlation and multi-regression analysis were used in analyzing the quantitative data and exploratory approach to analyze respondent's perception and interview results. Further, a regression model was applied to analyze the quantitative data, checked the association of variables and predicted the dependent variable. The model was used by Ayanda (2010) to measure the effect of MC on overall BE in the public organizations in Nigeria. Since it is customizable to this study, the researcher utilized it with modifications of variables and indicators. Jones (2005) in the cyclic model of brand loyalty states that the brand loyalty results from creative relationship between brand and its customers, i.e. more realization of customers' expectations, higher worth of brand loyalty. The promotional activities are as one means of providing realistic information to the users' expectation.

3.7 ETHICAL CONSIDERATIONS

It is important to consider ethical principles when conducting a business research. Ethical issues are categorized into four different types: harm to participants, lack of informed consent, invasion of privacy and deception. (Bryman and Bell, 2011) The risk of harming a participant refers to both respondents and the company that the questionnaire conducted on (Bryman and Bell, 2011). The risk of harming the respondents in this study has been minimized by making the survey questionnaire anonymous and by maintaining the surveys confidentially.

In this study, there are descriptive questions about the respondent's' age and gender but this information is not enough to identify the person. The second ethical principle to consider is the lack of informed consent. The potential participant should receive as much information needed to decide whether to participate or not. In this study the survey contained information about the research and conduct details for further questions. The third ethical principle concerns the invasion of privacy. The respondent might find some questions too private and do not wish to make the answer public. In this study the respondent has the opportunity to skip a question if it is judged sensitive. Furthermore, this study is not of a sensitive nature which enhances the respondents' willingness to answer. The fourth ethical principle refers to deception which occurs if respondents are led to believe that a research is about something else that what is. In this research the survey contains a clear description of the purpose and both researcher of this study and his assistant will be situated on the hotel, bars & restaurants to answer the respondents' questions whenever needed. Recording or observation techniques were not used in this study. After taking these ethical principles into considerations and fully lived up to the requirements, this study can be classified as ethical.

CHAPTER FOUR

DATA PRESENTATION, ANALYSES AND INTERPRETATIONS

This chapter includes the data analysis and presentation of the results from the study. SPSS 20.0 is used to organize and prepare the collected data for analysis; assess the measurement validity and reliability; and analyze the multi-regression model enables researchers to test a set of factors simultaneously. Finally, the proposed research hypotheses were tested according to the results from the regression model analysis. Findings are described and discussed for each hypothesis.

4.1 Results

A total of 384 questionnaires were distributed to the targeted respondents, of which only 346 responses were collected, making a valid response rate of 90.1%. Further screened for missing data, eliminated outlier contamination because they were not completed or showed certain systemic response patterns. Thus, it was found 315 valid responses and used for analysis.

4.1.1 Demographic Characteristics of the Respondents

The first part of the questionnaire consists of the demographic characteristics of respondents. This part of the questionnaire requested a limited amount of information related to personal and demographic status of the respondents. Accordingly, the following variables about the respondents were summarized and described in the subsequent table. These variables include; gender, age and educational background of the respondents.

From the total respondents, the male beer consumers constituted the highest percentage (75.2%) while their female counterparts only constituted (24.8%) of the total respondents. Regarding the age group, majority (50.7%) was found to be within the age range of 26 – 40 years while 32.7% in the range between 41 – 55 years but the rest 12.1% and 4.44% were belonged to 18 – 25 years and more than 55 years old respectively. Regarding the educational background of the respondents, the majority (56.2%) has first degree and (19.4%) Masters' degree but Ph.D. holders found the least (3.49%). Diploma and other qualification holders also took 20.9% share of the total respondents. This implies that the majority of the respondents were educated young males beer consumers.

Table 4.1 Summary of Demographic Characteristics

Characteristics	Category	Frequency	Percent (%)
Sex	Male	237	75.2
	Female	78	24.8
Age	18 -25 years	38	12.1
	26 – 40 years	160	50.7
	41 – 55 years	103	32.7
	Above 55 years	14	4.44
Education	High School	50	15.9
	Degree	177	56.2
	Masters	61	19.4
	Ph.D.	11	3.5
	Other	16	5.1
	Total		315

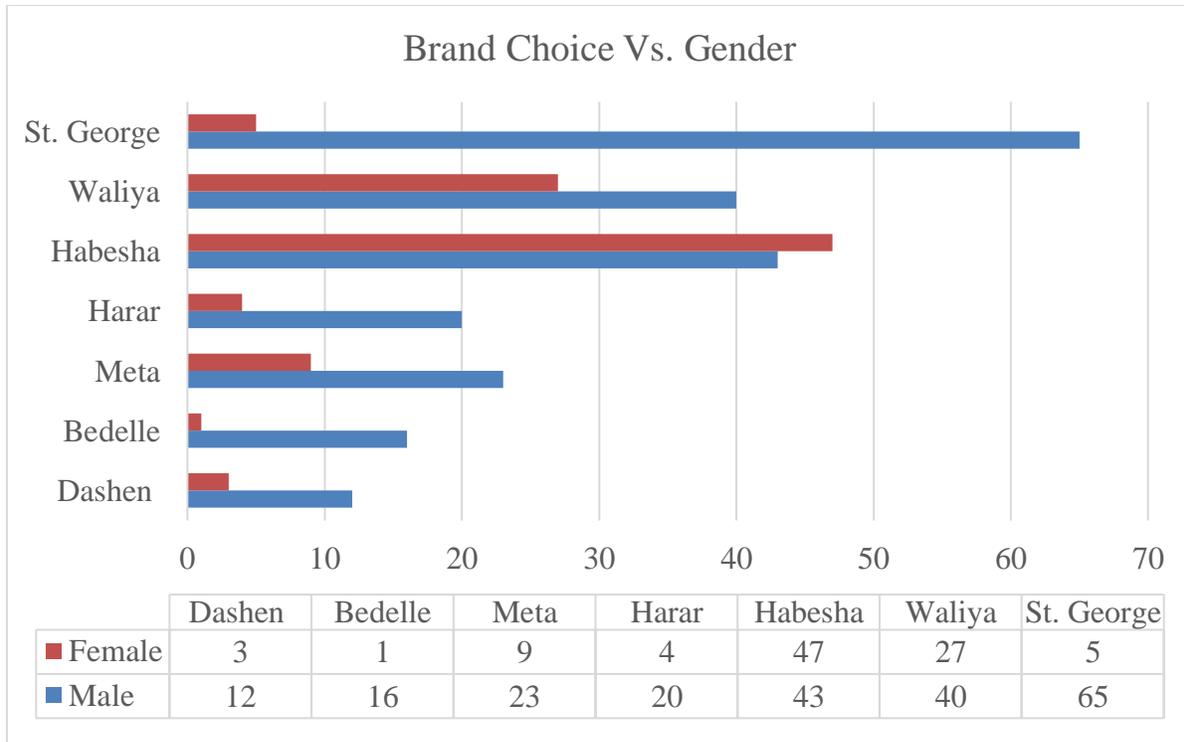
[Source: Own Survey, 2019]

4.1.2 Brand Preference

Brand preference of respondents based on demographic characteristics such as gender and age as well as general preferences are presented below. However, it is noteworthy to mention that out of the total 10 breweries, no respondents showed their preference to three brands such as Zebidar, Bati and Raya. Thus, the research neglected them for their irrelevance.

4.1.2.1 Brand Choice Vs. Gender of Respondents

In male category, St. George beer was found to be the popular brand which accounted for 27.4%; meanwhile, Habesha and Waliya beer brands took the second and third places with a share of 18.1% and 16.9% respectively. Whereas in female category, Habesha beer took relatively the highest percentage (60.3%); and Waliya and Meta were rated second and third places with a share of 34.6% and 11.5% respectively. Female respondents' preference towards St. George was ranked at fourth place (6.4%). This shows that the majority of the beer consumers preferred to drink the Habesha beer to other competing brands. [Figure 4.1]

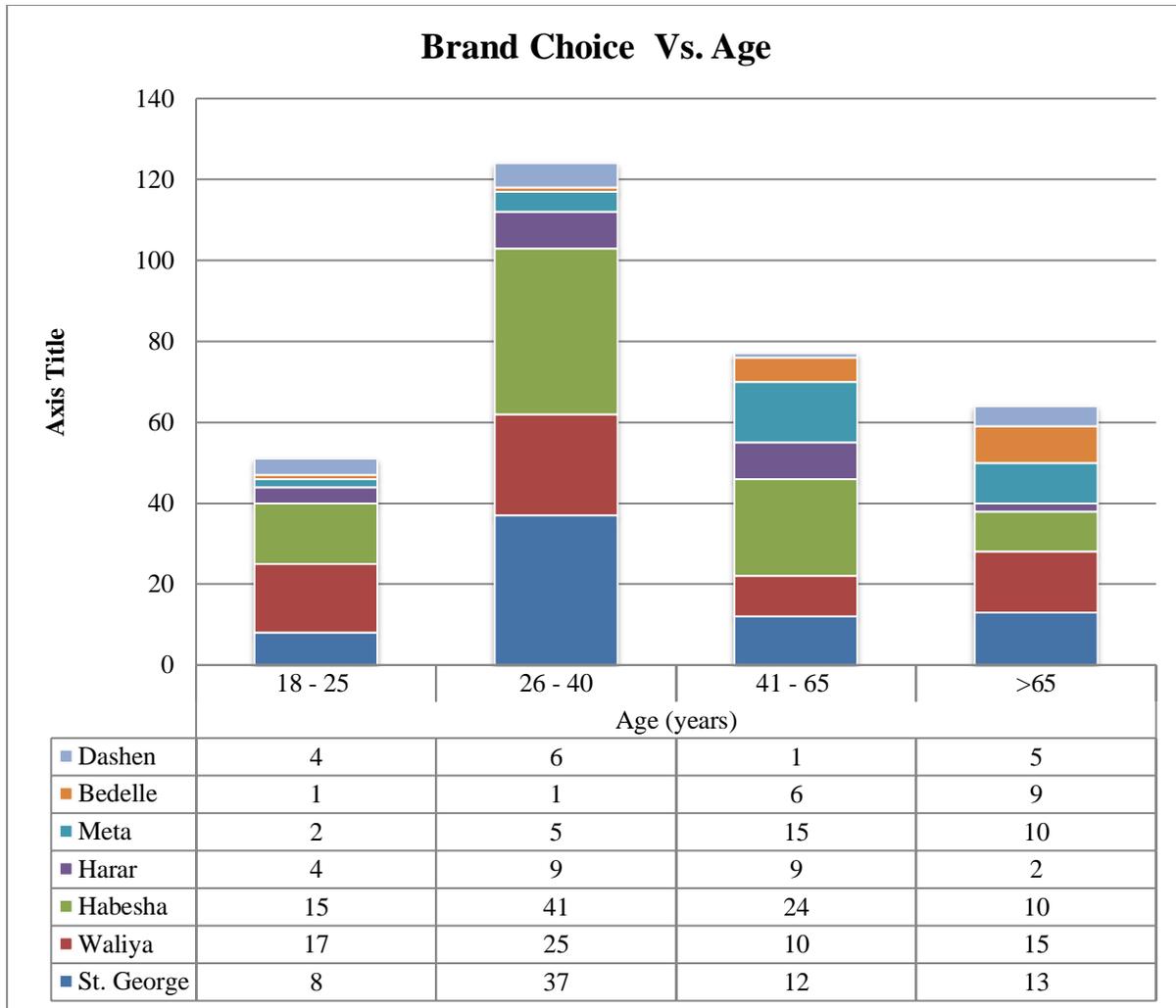


[Source: Own Survey, 2017]

Figure 4.1 Brand Choices of Respondents based on Gender

4.1.2.2 Brand Choices Vs. Age

The study also revealed that with regards to age, consumption levels with age groups have different or unpattern trend. But the result revealed that majority of the beer consumers (39.4%) were in the age range of 26 – 40 years followed by respondents within 41 – 65 years range (24.4%). Elders over 65 years also comprised of 64 (20.3%). Young consumers in the age range 18 – 25 years were found the least in sharing percentage of 16.2%, but it’s an implication that the sector has a potential for growth as consumers show substantial interest in consumption alcoholic drinks. [Figure 4.2]

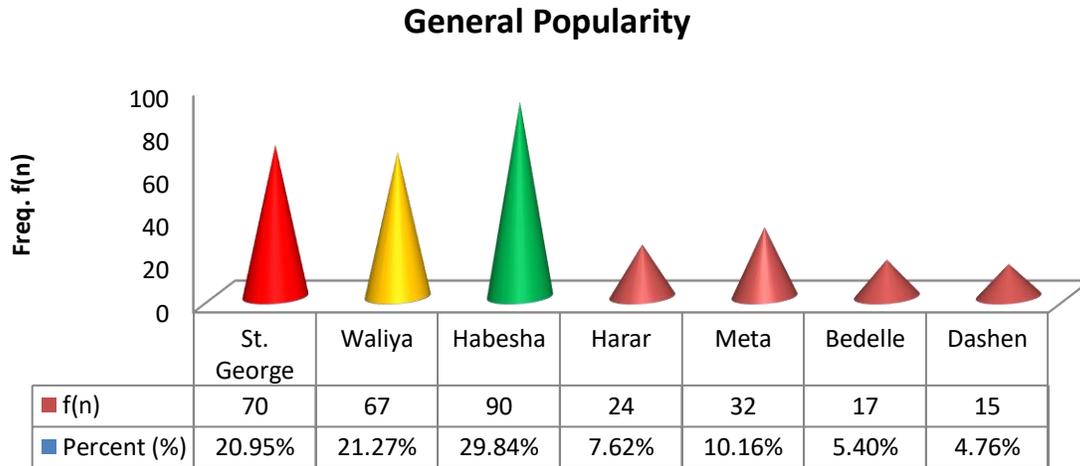


[Source: Own Survey, 2019]

Figure 4.2 Brand Choices of respondents based on Age

4.1.2.3 Brand Popularity

When comparing the popularity of the brands based on the overall consumers' perception, Habesha beer was found to be the most popular as brand accounted for the highest share(29.8%). Even though majority preferred Habesha brand on average, the preference pattern was found different in different age groups. Referring the result from both age groups, 26 – 40 years and 41 – 65 years, it reveals that the popularity of St. George and Waliya doesn't have significant differences. The same is true for Waliya and Habesha in the youngster age group.



[Source: Own Survey, 2017]

Figure 4.3 Brand Popularity based on Respondent's Preference

4.1.2.4 Beer Consumption Habit

Results of the study showed that out of the total respondents, 38.4% of them took beer only on weekends (once in a week) while 30.5% of them drink beer once or twice a week. The more avid drinkers who drink more than three days in a week and who drink everyday constituted 24.1% and 7% of the total respondents.

When seeing the consumption rate from the gender perspective, 61.3% of female drinks beer only on weekends while only 31.3% of their male counter parts did the same but 29.2% of men had beer more than three days in a week while only 8% of the females had beer more than three days in a week which shows that men show a higher tendency of beer consumption than females.

The study also revealed that with regards to age all age groups have similar consumption levels with the majority of the drinking beer only on weekends. But for the age groups 18-25, they have a more tendency to drink beer once or twice a week and the age group of above 55 which had the highest tendency to drink beer every day.

4.1.3 Descriptive Statistics of Study Variables

The study investigated the promotional mix that affects the brand loyalty of breweries. Based on consumers' perception, the practices of marketing communication (such as advertising, public relation, direct marketing, personal selling and sales promotion), primary data were collected and analyzed. The results of the analyses are presented as follows.

4.1.3.1 Advertising

Advertising is a method of presenting message to persuade an audience to purchase or take some action upon products, ideals, or services (Keller, 1991). In this case, any paid form of non-personal presentation of ideas about the products in the media by their respective breweries. Referring this perspective, the respondents' perception is analyzed as shown on Table xx.

Majority of the respondents strongly agreed on advertising of beer products made them recognize brands easily (mean 4.39) and frequent advertisement of beer brands stimulated them to repurchase (mean 4.08); and also agreed on the influence of advertising campaign to rise respondents' product awareness (mean 3.94) but indifferent regarding it made them associate themselves with other consumers (mean 3.42). Overall advertising practices of breweries (grand mean score 4.01) increase consumer awareness to recognize beer brands that persuade them repurchase the brand again. This implies that advertising played the major role of promoting brand recognition, brand awareness and brand loyalty.

Table 4.2 Summary of Respondents' Perception on Advertisement

Dimension – Advertising	N	Mean	S. Dev.
Beer brand “X” advertisement made me recognize the brand easily from other competitors	315	4.39	0.816
Advertising of beer brand “x” increased my awareness about the product	315	3.94	0.622
Frequent advertisement of beer brand “x” persuaded me purchase again	315	4.28	0.917
The advertisement of beer brand “x” made me associate with other consumers	315	3.52	0.551
Total	315	4.03	0.733

(Source: Own Survey, 2019)

4.1.3.2 Direct Marketing

Organizations communicate directly with target customers to generate a response and/or a transaction. It involves a variety of activities, including database management, direct selling, telemarketing, and direct response ads through direct mail, internet, and various broadcast and print media. Due to the limited communication channels, the respondents were asked to show their degree of agreement on a limited avail media. Thus, the result is analyzed as follows.

Direct marketing of breweries was perceived negatively as majority of the respondents strongly disagreed on their commitment of updating consumers through their personal email account (mean 1.14); using social medias to remind customers about new product innovation (mean 1.99); contacting customers directly to fell valuable (mean 1.66); and also disagreed on company's effort on facilitating convenient sales outlets (mean 2.29). The overall perception of customers on breweries' direct marketing practices depicted a strong disagreement (Mean, 1.77) which indicates that breweries failed to create a one-on-one interactive communication channel with the customer that reminded them the products of which a given firm is offering.

Table 4.3 Summary of Respondents' Perception on Direct Marketing

Dimension - Direct Marketing	N	Mean	S. Dev.
Beer brand "x" updates me through my personal email accounts	315	1.14	0.463
Beer brand "x" uses social media to remind me about new product innovation	315	1.99	0.713
Beer brand "x" facilitates the purchase of its products at convenient outlets	315	2.29	1.421
Beer brand "x" directly contacts me to feel I am valuable customer	315	1.66	0.735
Total	315	1.77	0.833

(Source: Own Survey, 2019)

4.1.3.3 Personal Selling

Personal selling is a form of person-to-person communication in which a seller attempts to assist and/or persuade prospective buyers to purchase the company's product/ service or to act on an idea. The personal, individualized communication in personal selling allows the seller to tailor the message to the customer's specific needs or situation. In this perspective, the analysis of the data collected on personal selling practices o breweries are presented as below.

The overall mean scored value (2.83) of breweries' personal selling practices was perceived negatively by consumers for the fact that respondents were disagreed on salespersons'

competency in terms of providing up to date detailing (mean 2.14); lack of frequent visit to influence the consumers to recognize the brand among other competitive brands easily (mean 2.89); and sincerity of sales staffs to influence customers to repurchase the product again (mean 2.38). However, frequent demonstration of sample gifts such as free beers (mean 3.91) made them recognize the brand easily. The results were an implication that breweries' personal selling practices should be improved substantially so as to enhance the contact between customers and suppliers through respective sales executives.

Table 4.4 Summary of Respondents' Perception on Personal Selling

Dimension - Personal Selling	N	Mean	S. Dev.
Beer brand "x" sales staffs provide me up to date detailing of their products	315	2.14	1.611
Frequent visit of sales staffs influences me to recognize beer brand "x" easily	315	2.89	0.903
Sales staffs demonstrate free drinks frequently to recognize its product easily	315	3.91	0.685
Sincerity of beer brand "x" sales staffs influences me to repurchase to the brand again	315	2.38	1.047
	Total 315	2.83	1.062

(Source: Own Survey, 2019)

4.1.3.4 Public Relations

Public Relation is considered as the management function which evaluates public attitudes, identifies the policies and procedures of an individual or organization with the public interest, and executes a program of action to earn public understanding and acceptance. In this regard, the responses of customers were analyzed and presented as follows.

The results revealed that majority of the respondents were strongly agreed (mean 4.40) that breweries participate in social responsibility activities to promote their respective brands. Meanwhile, they also agreed on breweries' frequent contact to promote consumer's preference (mean 3.71) but showed their indifference on disseminating reliable information regarding their respective product's quality (mean 3.35). On the other hand, they disagreed that company's promotion through printed materials like magazines to create brand awareness (mean 2.74). The overall public relations implemented by breweries were perceived by the respondents positively as the grand mean scored value was found to be 3.55. This implies that breweries usually participate in social responsibility activities like sponsoring specifically on especial events like holiday festivities and funded some philanthropic organizations working on disadvantaged

community members. However, the concerned managements were not implementing PR in the direction that would result into positive impact to their respective organizations.

Table 4.5 Summary of Respondent’s Perception on Public Relation

Dimension - Public Relation	N	Mean	S. Dev.
Beer brand “x” publications (magazines) increases my brand awareness	315	2.74	0.715
Beer brand “x” participation in social responsibilities made me recognize the brand easily	315	4.40	0.983
Regarding product quality, brand beer “x” public relations disseminates reliable information	315	3.35	1.007
Frequent contacts of beer brand “x” influenced me to prefer its product among other competitors	315	3.71	0.881
	Total 315	3.55	0.897

(Source: Own Survey, 2019)

4.1.3.5 Sales Promotion

The last variable in the promotional mix is sales promotion, which is generally defined as those marketing activities that provide extra value or incentives to the sales force, the distributors, or the ultimate consumer and can stimulate immediate sales. In this regard, the perception of the respondents on breweries’ sales promotion is described as follows.

The result showed that majority of the respondents strongly agreed on low-cost gifts motivated consumers to repurchase (mean 4.01); rewards or lottery prizes differentiated brands (mean 4.34); and event organizations increases consumer’s awareness (mean 4.10). But they slightly agreed on uniqueness of sales promotion (mean 3.561). The overall sales promotion practices of breweries were perceived positively as a grand mean scored value was found to be 4.02. It implies that breweries aggressively working on sales promotion but not in different ways.

Table 4.6 Summary of Respondent’s Perception on Sales Promotion

Dimension –Sales Promotion	N	Mean	S. Dev.
Low cost gifts from beer brand “x” motivated me to repurchase the product	315	4.01	0.715
Rewards of beer brand “x” differentiates it from other competitors	315	4.34	0.983
Event-organization of beer brand “x” creates awareness regarding the quality of the product	315	4.10	1.007
Sales promotion activities of beer rand “x” is unique	315	3.61	0.881
Total	315	3.55	0.897

(Source: Own Survey, 2019)

4.1.3.6 Overall Brand loyalty

In order to test the respondents’ level of perception on overall brand loyalty of breweries, four items were given for them to answer. Table 4.7 shows the analysis regarding the overall brand loyalty of the respondents. As can be seen, the respondents gave a low mean scored value of 2.72 reflecting that they weren’t influenced to be loyal to the brand by overall promotional activities of beer brands. They also slightly agreed (mean 3.57) that they have changed their perception of the product quality through beer brand promotions. However, it enhanced their brand recognition relatively higher (mean 4.09) and made them associated with themselves with the consumers of same brand (mean 3.86). The overall respondents’ perception (mean 3.56) can be taken as an implication of beer brands failure in promoting their respective brands through effective promotional activities. The concerned managements should act proactively to increase the value of their brands to ripe the fruits of brand loyalty.

Table 4.7 Summary of Overall Brand loyalty

Dimension –Brand loyalty	N	Mean	S. Dev.
Overall promotional activities of beer “x” made me recognize it easily	315	4.09	0.820
As beer “x” promotions, I have associated myself with the brand more	315	3.86	0.995
Promotions of beer brand “x” influenced me to be loyal to the product	315	2.72	0.844
Overall promotional activities of beer brand “x” have changed my perception on product positively	315	3.57	0.781
Total	315	3.56	0.860

(Source: Own Survey, 2019)

4.2 Measurement Scale

Hair (1998) shows that a summated scale can be formed through the combination of several individual variables into a single composite measure. In simple terms, all of the variables are combined, and the total or, more commonly average score of the variable issued as a replacement variable. However, the content validity and reliability of the measure must be assessed before the creation of a summated scale. The following section reviews the content validity and, reliability of the measure.

4.2.1 Content Validity

Content validity, also known as face validity, is the assessment of the correspondence of the variables to be included into a summated scale and its conceptual definition (Hair,1998). All variables (items) were inspected by the researcher and three marketing and brand experts to ensure that they were an adequate and a thorough representation of the construct under investigation. To test the questionnaire for clarity and to provide a coherent research questionnaire, a thorough review was accurately performed. Some items were added, based on their valuable recommendations. Some others were reformulated to become more accurate and clearer, and this was required for the purpose of enhancing the research instrument.

4.2.2 Reliability Test

Cronbach's Alpha measures the relationship and the reliability of the statements in the questionnaire survey. When using multiple indicator measurements, such as Likert scales, it is important to measure the internal consistency. A multiple item measure consists of several statements that form an overall score to capture a specific element of a concept. The internal consistency, reliability, refers to the coherence between the statements in the various elements and can be tested by using Cronbach's alpha (Bell, 2011). When doing a Cronbach's alpha test, the minimum acceptable level is 0.5 (Bosque, 2013). The results of all dimensions were found within 0.701 – 0.844. The overall Promotional mix with Brand loyalty statements had a value of Cronbach's Alpha 0.844 which indicates that there is higher internal consistency of Brand loyalty. The results of the Cronbach's Alpha test are presented in Table 4.8.

Table 4.8 Cronbach's Alpha Test Results

Constructs	No. of Items	Cronbach's Alpha
Advertising	4	0.723
Personal Selling	4	0.791
Sales Promotion	4	0.803
Direct Marketing	4	0.701
Public Relations	4	0.771
Overall Brand loyalty	4	0.755
Promotional Mix with Brand loyalty	24	0.757

[Source: Own Survey, 2017]

4.3 Correlation Analysis

This study employs correlation analysis, which investigates the strength of the relationships between the studied variables. Pearson correlation analysis was used to provide evidence of convergent validity. Pearson correlation coefficients reveal magnitude and direction of relationships (either positive or negative) and the intensity of the relationship (-1.0 + 1.0). Correlations are perhaps the most basic and most useful measure of association between two or more variables (Marczyk, Dematteo and Festinger, 2005).

General guidelines of correlations of .01 to .03 are considered small, correlations of 0.3 to 0.7 are considered moderate, correlations of 0.7 to 0.9 are considered large and correlations of 0.9 to 1.00 are considered to be very large (Marczyk, Dematteo and Festinger, 2005). Depending on these assumptions, all basic constructs were included into the correlation analysis and a bivariate two tailed correlation analysis was done.

Table 4.9 below shows the correlation between the five dimensions of promotional mix and overall brand loyalty. The results of the relation test show that there is a positive relationship between the variables. However, the relation between Advertising and public relations ($r = 0.192$); and direct marketing with sales promotion and overall brand loyalty ($r = 0.104$; and $r = 0.144$ respectively) have weak relationships. Whereas sales promotion with public relations ($r = 0.701$) and overall brand loyalty with personal selling ($r = 0.691$) dimensions have relatively stronger relationship.

Table 4.9 Relationships between Promotional Mix and Brand loyalty

Dimensions	Ads	PS	SP	DM	PRs	OBL
Advertising [ADs]	1.00					
Personal Selling [PS]	0.417	1.00				
Sales Promotion [SP]	0.360	0.504	1.00			
Direct Marketing [DM]	0.681	0.381	0.104	1.00		
Public Relations [PRs]	0.192	0.283	0.701	0.405	1.00	
Overall Brand loyalty [OBL]	0.577	0.691	0.674	0.144	0.427	1.00

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

In summary, the relationship between promotional mix and overall Brand loyalty has a positive direction ($r = 0.819$) and are considered to be positive strong relationship.

Table 3.8 Relationships between Overall B.L and CSR

Correlation	Mean	Std. Dev.	Sig (2-Tailed) Overall B.L*	Sig. (2-tailed) CSR	Spearman's correlation	Spearman's correlation
Promotional Mix	3.24	0.880	.000 <i>P-value</i>		.819**	
Overall B.L.	3.56	0.860		.000 <i>P-value</i>		.819**

** Correlation is significant at the $p > 0.05$ level (2-tailed)

*B.L. is Brand loyalty

Inferential Statistics

Finally, a multiple regression analysis is presented in this subchapter. The regression analysis is the final step to disclose the information about the unique contribution of each promotional mix dimensions and its' effects on brand loyalty. The regression includes one dependent variable (brand loyalty) and five independent variables (advertising, sales promotion, direct marketing personal selling and public relations dimension). The dependent variable is a variable which is dependent on independent variables (Pallant, 2005).

A multiple regression analysis explores the inter relationship between several variables and provides information about what variable that best predict a specific outcome. For example, the test uncovers information about the unique contribution of each variable that the theoretical CSR model consists of. In this study a standard multiple regression analysis will be conducted. This

means that one dependent variable (brand loyalty) and all the independent variables (the promotional mix dimensions) will be entered in to the regression equation at once instead of entering them step by step. The result of this regression is also generalizable (repeatable), due to the sample size of 315 respondents, which increases the reliability of the study (Pallant, 2005).

4.4 Assumption Test for Regression Analysis

Meeting the assumptions of regression analysis is necessary to confirm that the obtained data truly represented the sample and that researcher has obtained the best results (Hair, 1998). Two assumptions for regression analysis used in this study is discussed forth individual variables: multi-collinearity and linearity (Hair, 1998). In the following paragraphs, each assumption is explained.

4.4.1 Multi-Collinearity Test

Before entering the variables in the regression model, tests were made to assure that statistical assumptions were not violated. For the independent variables to be accepted, the correlation between the variables must not exceed a value of 0.7. One of the methods to inspect if the independent variables are relevant to include in the regression model is to look at the correlation values. If the correlation is too high, the independent variables must be modified (Pallant, 2005). Table 4.9 shows that none of the independent variables exceed the recommended value of 0.7.

4.4.2 Normality Test

According to Bagozzi and Yi (1998), one of the first things that should be done in the evaluation of regression analysis is assessment of the adequacy of input data and statistical assumption underlying any estimation methods used in analysis. The estimation of multi-regression model requires continuous data with normal distribution. A common rule-of-thumb test for normality is to run descriptive statistics to get skewness and kurtosis. Both Skew and Kurtosis should be within the +2 to -2 range when the data are normally distributed (Hair, 1998).

Normality analysis for six variables was conducted with SPSS 20.0. As a result, all six variables in this study are within +2 to -2 range. That means they are normally distributed.

Table 4.10 Normality Test Results

<i>Constructs</i>	<i>Skewness</i>	<i>Kurtosis</i>
<i>Advertising</i>	-1.59	2.00

<i>Personal Selling</i>	-1.02	1.34
<i>Sales Promotion</i>	-0.67	0.35
<i>Direct Marketing</i>	-1.06	1.22
<i>Public Relations</i>	-0.69	-0.39
<i>Overall Brand loyalty</i>	-0.41	1.07

4.5 Regression Analysis

The data which is collect from questionnaire were coded and recorded variables on Statistical package social science (SPSS) program. Based on descriptive data analysis techniques frequency, percentage, mean, standard deviation and graphic representation was made. Furthermore, by using correlation analysis the interdependence between the variables was tested. Finally, hypothesis tests were performed using regression analysis.

The mean value for all variables ranges from 4.03 to 1.77 with grand mean value of 3.24. It indicates that most respondents' response or preferred the category of "Neutral". The standard deviation, on the other hand, is the measure of variability in data set where it ranges from 1.062 and 0.73 which indicates the data has less variability. Based on the conceptual framework as indicated in chapter two, this data analysis was done by inferential analysis of Advertising, Personal Selling, Sales Promotion, Direct Marketing and Public Relations as independent variables of the component of Promotion mix variables and Brand loyalty as dependent variable. As indicated on Table 4.10a, the promotional mix variables explain 67.1% of brand loyalty variation. The rest 32.9% are explained by other factors out of this model. This result also indicates that the variable selected as independent had an effect on Brand loyalty.

Table 4.10a Regression Model Summary

Model Summary				
Model	R^a	R²	Adjusted R²	Std. Error of the Estimate
1	0.819	0.671	0.659	0.894

a. Predictors: (constant), Advertising, Personal Selling, Sales Promotion, Direct Marketing and Public Relations

Table 4.10b, the ANOVA test, it is noticed that F value of 281.19 is significant at 0.000 level. Therefore, from the result, it can be concluded that with 67.1% of the variance (R²) in

promotional mix has significant effect on brand loyalty and the model adopted appropriately measure the constructs (Pallant, 2005).

Table 4.10b ANOVA Table

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	61.21	4	15.30	281.19	0.000 ^b
	Residual	16.87	310	0.05		
	Total	178.08	314			

a. Dependent Variable: Brand loyalty

b. Predictors: (constant), Advertising, Personal Selling, Sales Promotion, Direct Marketing and Public Relations

The unstandardized coefficient refers to the direction of the relationship and the amount of change that the different independent variables contribute to brand image given that one unit change in the value of the independent variable. Table 4.10c shows that, for instance, the effect of advertising would increase the brand loyalty value with $\beta=1.35$ units, given that all other variables in the model are constant. Meanwhile, the sales promotion dimension contributes at the rate of $\beta = 1.12$. The direct marketing ($\beta=0.34$) and public relations ($\beta=0.74$) dimensions have relatively less contribution to the brand loyalty than the personal selling dimension). This means that the direct marketing and the personal selling dimensions are less important factors to enhance the brand loyalty.

Table 4.10c Coefficients

Coefficients^a

Model	Unstandardized Coefficients		Standardized coefficients	t	Sig.	Hypothesis	
	β	Std. Error	β				
1	(Constant)	0.637	0.115		5.539	0.000	Accepted
	Advertising	1.35	0.391	1.31	3.453	0.001	Accepted
	Personal Selling	0.86	1.26	0.86	0.683	0.000	Accepted
	Sales Promotion	1.12	0.661	1.09	1.689	0.000	Accepted
	Direct Marketing	0.34	0.873	0.87	0.389	0.061	Rejected
	Public Relations	0.74	0.912	0.72	0.811	0.111	Rejected

a. Dependent Variable: Brand loyalty

The standardized coefficient, in contrast to the unstandardized, explains how much each independent variable uniquely contributes to the regression model. In this case the Advertising dimension has the largest beta coefficient of 1.31, which means that it contributes the most to the model compared to the other independent variables while personal selling dimension has relatively lower but significant effect on brand loyalty ($\beta = 0.86$ at $p < 0.05$). On the other hand, the direct marketing and public relations have low and insignificant effect on brand loyalty as their p-values are greater than 5%.

4.6 Hypotheses Testing

Furthermore, Table 3.10 also presents the unique contribution of the advertising, sales promotion and personal selling dimensions with a probability value less than 0.05 which implies that the variables are statistically significant. However, direct marketing and public relations have high probability values of 6.1% and 11.1% respectively which implies that neither of them is statistically significant. An explanation for the non-significance might be that the independent variables overlap each other (Pallant, 2005). The established regression function is:

$$Y = \beta_0 + \beta_1 AD + \beta_2 PS + \beta_3 SP + \beta_4 DM + \beta_5 PR + e_x$$

$$Y = 0.637 + 1.35AD + 0.86PS + 1.12SP + 0.34DM + 0.74PR + e_x$$

Where,

AD - Advertising

SP - Sales Promotion

PS - Personal Selling

DM - Direct Marketing

PR - Public Relations

B₀ - Constant,

B_{1,2,3,4,5} - Coefficients of Advertising, Personal Selling, Sales Promotion, Direct Marketing and Public Relations

The regression results indicate the three promotional mix dimensions (advertising, sales promotion and personal selling) combined significantly influence the brand loyalty of brewery companies. since the rest two factors (direct marketing and public relations) had no significant effect on brand loyalty , they are rejected and as result, the model is summarized as below:

$$Y = 0.637 + 1.35AD + 0.86PS + 1.12SP$$

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

In this chapter of the study, summary of the major findings, conclusion and recommendations of the study is presented.

5.1 SUMMARY OF MAJOR FINDINGS

The primary objective of this study was to assess the effect of promotional mix on brand loyalty in the case of the Ethiopian beer industry. Nowadays the Ethiopian beer industry is composed of recently privatized breweries which are in stiff competition against each other to dominate the market. Hence, this study tried to identify which determinant has the highest influence on the overall brand loyalty of the Ethiopian beer consumers. In addition, this study also tried to answer the five research questions it started with in the introduction.

In order to measure the effect of promotion on customer-based brand loyalty in the Ethiopian beer industry, the study considered five factors namely Advertising, Sales promotion, personal selling, direct Marketing and Public Relations. A sample size was selected using convenience sampling technique. Based on the theoretical framework and objectives of the study 24 items were provided in a 5-point Likert scale to the respondents. The gathered data was analyzed by descriptive analysis using descriptive and inferential statistics.

The findings indicate that Habesha beer was found to be the most popular brand as accounted for the highest share (29.8%) and female consumer preferred it than their male counterparts who chose St, George mostly. But, Bedelle and Dashen were the least preferred once. The preference pattern was found different in different age groups as youths within the age group of 18 – 25 years liked to have Waliya while adolescents (26 – 40 years and 41 – 65 years) preferred St. George and Habesha most respectively. In relation to the consumption rate of the consumers, a majority of them were found to have beer only on weekends and once or twice a week only.

Referring the overall promotional mix of breweries, the results indicate that advertising (grand mean score 4.01) and sales promotion (4.02) practices of breweries increase consumer awareness to recognize beer brands that persuade them repurchase the brand again. However, overall public relations (grand mean 3.55) implemented by breweries made them feel indifferent while direct marketing (grand mean, 1.77) and personal selling (grand mean 2.83) were perceived negatively as breweries failed to develop salespersons' competency to create a one-on-one interactive communication channel with the customer that reminded them the products of which a given

firm is offering. The respondents' perception (grand mean 3.56) on overall consumer-based brand loyalty, thus, can be taken as an implication of breweries failure in promoting their respective brands through effective promotional activities.

The inferential statistics revealed that promotional mix have positive and significant relationship with brand loyalty except direct marketing ($r = 0.144$). On the other hand, public relations with advertising ($r = 0.192$) and direct marketing with sales promotion ($r = 1.04$) also showed insignificant positive weak relationship. The factors are accounted for 67.1% variation of brand loyalty. Among them, Advertising ($\beta = 1.35$) and Sales Promotion ($\beta = 1.12$) had relatively the highest beta coefficients but Direct Marketing ($\beta = 0.061$) and Public Relations ($\beta = 0.111$) lowest and insignificant effect on brand loyalty. Therefore, the proposed hypotheses "Direct Marketing and Public Relations have positive significant effect on Brand loyalty are rejected but the rest are accepted as they had positive and significant effect.

5.2 CONCLUSION

The promotional mix is a term used to describe the set of tools that a business can use to communicate effectively the benefits of its products or services to its customers. The challenge is to select the right mix of promotional activities to suit the particular business at a particular time and to then use it correctly to achieve result. One of the most important marketing decisions that managers may need to make centers around determining the most effective way to promote their business and products. This study examines how promotional mix i.e. advertising, personal selling, sale promotion, public relations and direct marketing affect brand loyalty.

The prime motive of the study was to assess how promotions mix such as advertising, personal selling, sale promotion, public relations and direct marketing significant to consumer-based brand loyalty. Result endorse promotional mix have meaningful and positive effects on brand loyalty except direct marketing and public relations. Result also suggested that advertising plays a vital role to diffuse the information among the customers which increase the brand awareness which leads to brand loyalty and, similarly, sales promotion has also a positive significant impact on brand loyalty as well. Personal selling is the rich source of brand awareness and brand image because when buyer and seller interact face to face, then customer got brief information about goods and services which make a positive and trustworthy relationship with the client but the finding revealed that it has relatively lower impact on brand loyalty in this case. On the other

hand, Direct Marketing also plays no significant role to build brand loyalty through brand image and brand association for the reason that consumers in undeveloped countries have considerably low attention to associate themselves with brands even if they have the awareness (Mongkol, 2014). The significance of public relation cannot be ignored, but in this case, breweries' public relations practices showed insignificant effect on brand loyalty for lack of creating and maintaining consistent good relations with their customers and make them satisfied.

It can be concluded that Advertising and Sales promotion were the top two influential factors of brand loyalty for the respondents. Personal selling has also significant but relatively lower magnitude of positive effect. The integrated promotional mix can contribute higher influence of promoting the brand value of respective breweries.

5.3 RECOMMENDATION

In view of the findings and conclusions of the study, the research makes the following recommendations to the breweries based on the objectives of the study that were found to have positive significant and insignificant relationships. The study provides recommendations for the purpose of improving the integration on promotional mix strategies of beer companies.

- Women beer consumers only account for the quarter of the population. Hence coming up with new brands that are directly focused on this untapped market is very essential.
- Advertising strategy affects brand loyalty positively and breweries can achieve higher levels of brand loyalty through creating brand awareness and recognition on perceived quality of their respective beer brands.
- Breweries should integrate advertising message with direct marketing and public relations in order to enhance the effect of promotional mix on overall brand loyalty.
- Personal selling strategy has relatively lower significant influence on brand loyalty, and that companies can improve that relationship by integrating direct marketing as well as publicity tactics that will improve the brand image.

- Public Relations/ Publicity have a significant effect on the brand loyalty and breweries can improve this relationship by considering public attention and public visibility that may have an influence in promotion campaigns.
- Direct marketing strategy has an insignificant effect on brand loyalty and breweries can improve the strength of this relationship by developing a close association, generate an immediate response, cover a wide audience with targeted promotion message, and allow complete, customized, and personal message from the direct marketing strategy.
- This study is limited in nature and discusses only the slight element of the promotion mix even there are some other marketing tools and technique who contribute to the brand loyalty. Customer taste and preference, technology, culture and other marketing media may affect brand loyalty formation. The future research can examine the impact of other marketing media and culture in brand loyalty.

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Appendix

St. MARY'S UNIVERSITY MASTER'S IN MARKETING MANAGEMENT MM PROGRAM

Survey Questionnaire

My name is Yohannes Worku and I am currently enrolled at St. Mary's University, School of Graduate Studies. I am writing my thesis as a partial fulfillment of the requirements for the degree of masters of marketing management. This study is done to examine the effect of promotional strategies on brand loyalty to shade lights on what mixes of promotional techniques are most appropriate to be used for maximizing benefit of the existing brands. Please be honest in filling this questionnaire, as the results of this study can be used as a basis for further study. Your confidentiality will be protected and any information collected in this Study will be granted with full confidentiality.

Yohannes Worku

Telephone: 0911672703

Part I. General Information

1. Gender Female Male
2. Age (years) 18 - 25 26 – 40 41 - 55 Above 56
3. Education High school Degree Masters Ph.D.
 Other, please specify_____
4. Which beer brand do you usually consume?
 St. George Waliya Bedelle Harar
 Meta Habesha Dashen
 Other, please specify_____

5. How do you rate your consumption Level

- 1 – 2 times a week
 3 – 4 times a week
 5 – 6 times a week
 Other, please specify _____

Part II. Study questions related with promotional strategies and brand loyalty

Please read each statement carefully and show your level of agreement on the statements by putting “X” mark in the boxes using the following 5-scale Likert scales: Strongly agreed (SA)=5, Agreed (A)=4, Neutral (N)=3, Disagreed (DA)=2, and Strongly disagreed (SDA)=1

Promotional mix		SDA	DA	N	A	SA
		1	2	3	4	5
AD1	Beer brand “X” advertisement made me recognize the brand easily from other competitors					
AD2	Advertising campaign of beer brand “x” increased my awareness about the product					
AD3	Frequent advertisement of beer brand “x” persuaded me purchase again					
AD4	The advertisement of beer brand “x” made me associate with other consumers					
		1	2	3	4	5
SP1	Low cost gifts from beer brand “x” motivated me to repurchase the product					
SP2	Rewards of beer brand “x” differentiates it from other competitors					
SP3	Event-organization of beer brand “x” creates awareness regarding the quality of the product					
SP4	Sales promotion activities of beer rand “x” is unique					
		1	2	3	4	5
DM1	Beer brand “x” updates me through my personal accounts (email, post or telephone)					
DM2	Beer brand “x” uses social media to remind me about new product innovations					
DM3	Beer brand “x” facilitates the purchase of its product at convenient outlets					
DM4	Beer brand “x” directly contacts me to feel I am valuable customer					
		1	2	3	4	5
PS1	Beer brand “x” sales representatives provide me up to date detailing regarding its products					
PS2	Frequency of sales representative’s visit influences me to recognize beer brand “x” easily					
PS3	Sales representatives demonstrate free drinks frequently to recognize its product easily					
PS4	Sincerity of beer brand “x” sales representatives influences me to be loyal to the brand					
		1	2	3	4	5
PR1	Beer brand “x” publications (magazines) increases my brand awareness					
PR2	Beer brand “x” participation in social responsibilities made me recognize the brand easily					
PR3	Regarding product quality, brand beer “x” public relations disseminates reliable information					
PR4	Frequent contacts of beer brand “x” influenced me to prefer its product among other competitors					
Brand Loyalty		1	2	3	4	5

BL1	Overall promotional activities of beer brand “x” made me recognize the brand easily					
BL2	Because of beer brand “x” promotions, I have associated myself with the brand more					
BL3	Promotions of beer brand “x” influenced me to be loyal to the product					
BL4	Overall promotional activities of beer brand “x” have changed my perception on product positively					

Many Thanks for Your Valued Time!!!