



St. Mary's University  
School of Graduate Studies

ASSESSMENT OF PROMOTIONAL PRACTICE: IN THE CASE OF HABESHA  
BREWERY SC

*A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY IN PARTIAL FULFILLMENT OF  
THE REQUIREMENTS FOR THE AWARD OF MASTERS IN BUSINESS  
ADMINISTRATION (MBA)*

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ADVISOR: TEFAYE WOLDIE (PhD)

MAY, 2017

ADDIS ABEBA- ETHIOPIA

**ST MARY'S UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**

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BREWERY S.C**

**BY**

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*A Thesis Submitted To St Mary University School of Graduate Studies in Partial  
Fulfillment of the Requirement for the Award of Masters of Business Administration  
(MBA-General)*

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## **DECLARATION**

I declare that the thesis work entitled “ASSESSMENT OF PROMOTIONAL PRACTICE:  
IN THE CASE OF HABESHA BREWERY” is my original work that all sources of  
material used for the work have been duly acknowledged.

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MULUGETA ABATE

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## ***Acronyms/ Abbreviations***

*H.B – Habesha Brewery*

*SC – Share Company*

*SP – Sales promotions*

*Fig– Figure*

*IMC- Integrated Marketing Communications*

*M- Mean*

## ***Abstract***

*In current competitive business situation, customers are being in mind as kings and always right in every aspects. Customers have several alternatives to make decisions among different products, and they exercise a high level of pressure in the market with respect to product size, quality and price. Hence, it is important for producers to meet the needs of customers in order to stay competitive. Even if Habehsa Brewery have long promotional practice, it is not vivid either it leads to success or only spend money. One of the marketing communication tools that is used in attracting the interest of the customer and build their loyalty is promotion. The objective of this paper therefore, is to determine the assessment of promotional practice in the case industry. For this, Simple random sampling methods was used to select a sample size of 267 from 800 population size, while descriptive analyzes were conducted with the help of SPSS software. Here, the study found that Producers spend a large part of their total marketing communication expenses on promotion; however, the effects of promotion doesn't determine either increasing or decreasing sales volume of the case study. The paper also found that, promotion is so significant to tackle competitions and there is positive relationship between promotion and customer loyalty because, it was discovered that customers are more prone to switch to competing products as a result of promotion. There are also a number of recommendations given after results were found at the end of the analysis part of the paper. Among these, Habesha Brewerey sco,shuld be forwarded its message through different promotional medias with planed at the beginning, follow up at the process, evaluated after promotion is takes place and should take corrective action following customers reaction.*

***Key words: marketing, Promotion, promotion mix, publicity, sales***

# **CHAPTER ONE**

## **INTRODUCTION**

This chapter consists of back ground of the study, statement of the problem; objectives of the Study; significance as well as scope of the study and finally it incorporate organization of the paper with ethical considerations

### **1.1 BACKGROUND OF THE STUDY**

Promotion is an integral part of our social and economic systems in a business environment. In our complex society, promotion has evolved into a vital communications system for both consumers and businesses. The ability of promotional methods to deliver carefully prepared messages to target audiences has given them a major role in the marketing programs of most organizations. Companies ranging from large multinational corporations to small retailers increasingly rely on promotion to help them market products and services. In market-based economies, consumers have learned to rely on promotion for information they can use in making purchase decisions (Lagazian (2007)).

Marketers in today's complex and volatile business environment often fueled by the constant change in the taste of customers, intense market competition, influx of new entrants in the market, availability of substitute products face immense challenge to communicate their marketing objectives. The shift in power of marketers to consumers has forced marketers to ensure that their products are unique and of high quality to give customer a reason to purchase their products and

remain loyal to them. Here, promotions have become a vital tool for marketers and its importance has been increasing significantly over the years (Robin, (1987)).

Furthermore, the change in certain social, economic and environmental factors has influenced the way customers change their needs and preference. People change their needs and their perception of stimuli according to the context that surrounds them and it comes directly from here the evident necessity of concreteness and short-term orientation that characterize promotion. This is why marketing strategies have been adapted to this new trend towards promotion. In addition, with limited marketing budget, the marketer today often faces immense pressure and challenge to communicate their marketing objectives to their customers ( Euske, (2002)).

As a result, marketers today search for more cost effective methods to communicate with their target audience and are gradually shifting away from conventional above the line media promotions to a variety of below the line promotion. One of the reasons for switching from the traditional method of advertising is because of its difficulty to the measure of its effectiveness.

Consumer behavior towards promotion deals as explained in the terms of benefits. One of the rewards of promotion is that they can motivate consumer to think and estimate brand and purchase possibilities when they otherwise may not have. Thus, many marketers use diverse kind of promotion tool and strategies in order to understand the preference of customer and boost their sales. By this information, marketer could well plan their resource to gain the maximum benefits. In the same way, it can be seen that establishment invest a great part of their budget in promotion. The

intention is to give the product request and value. While lots of promotion alternative exist, by tradition the most generally used is urgent price reduction, free sample, and social surrounding and discount level. But, this situation repeatedly depends on country concerned (Robin, (1987)). While these studies provide a good understanding of how customers responds to practices of promotion and its challenges.

## **1.2 Definition of Key Terms**

**Marketing:** is the process of planning executing the conception, pricing, promotion and distribution of ideal, goods, and services to create exchange that satisfy individual and original objectives.

**Promotion:** is the function of informing, persuading and influencing the customers purchase decision.

**Promotion Mix:** is the combination of one or more of the promotions in choosing to use.

**Publicity:** is non-personal stimulation of demand for a product, service, or business unit by planting commercial significant news about it in published medium or obtained favorable presentation of it upon radio, television, or stage that is not paid for by the sponsor.

## **1.3 Statement of the Problem**

Because of the dynamic nature of business and the business environment the present is relatively different from what it was in the past. Nowadays marketing is becoming more and more important in this modern life. Every company uses different promotional tools to success and move forward.

Marketing is also a dynamic lesson, and not just stuck in one point, it develops from time to time marketers should be able to adjust to changing market condition through the major controllable and tactical elements of marketing mix product, price, place and promotion. In this regard, promotion plays a very important role in increasing company profitability and market share and therefore, should be given due emphasis by the organization. Development of an optimum promotion mix is by no means easy. Decisions about the promotional mix are often diffused among many decision makers, impeding the information of a united promotion strategy. Frequently, decision makers are not adequately aware of the objectives and broad strategies of overall product program that the promotion plan is designed to implement.

To sum up, it is natural that every business organization whether small or large, private or government, domestic or international operate in a turbulent and uncertain environment.

In the context of changing expectations, customer expectation, technological discontinuities, increasing environmental uncertainties, business managers have a big challenge of making the right strategic choice and setting their strategic priorities in order to allocate their resources to different functions in efficient manner for business success. Due to this, managers must develop new tools, new concepts, new strategy and the new mind sets of promotion to cope with the turbulent and chaotic environments leading to discontinuous changes (Kotler, 2007).

In fact when you run a business, everything might not be easily accomplished. Marketing success is the lifeblood of any company. Everyone knows that promotion influences the company's ability to



generate profits or to stay in business. Likewise Habesha Brewery might face with some problems while practicing/implementing its promotion strategies.

Having this idea, Habesha Brewery S.C spends millions of dollars in promoting their goods, service and ideas in this competitive period. But, it does not evaluate the promotion activities whether their promotion packages attracts customers or not. In fact it is very difficult to evaluate the effectiveness of promotion, because promotion may influenced by other factors. Despite of this fact, Habesha Brewery was not evaluating their promotion effort before it is presented, while it is being presented or after it has completed. But in Habesha Brewery observed most of the time do not evaluate /assesses the effects of their promotion activities whether the promotion of the organization increase its performance or not particularly in sales. In line with the above study of the problem, the following research questions are formulated to be answered the above gaps identified.

***Specifically the study is designed to address the following basic questions.***

1. How the promotional practice of Habesha Brewery factory could satisfy its customer requirements?
2. Does promotion have an effect on the purchasing decision of a customer?
3. What types of promotion are highly preferred by the customers when they make a Purchasing decision?
4. What are customer's reactions for promotional practice of Habesha Brewery?
5. What are the Habesha Brewery SC's main challenges in its promotional practice?

## **1.4 Objectives of the Study**

It consist both general and specific objectives as follows

### **1.4.1 General Objective of the study**

The objective of this research is to study assessment of promotional practice: in the case of habesha brewery. Firstly, very little is understood about the consumers and their purchasing decision particularly in regard with how they respond to promotion mechanism that are offered by Habesha Brewery. In doing so the case study is taken into consideration and study of its promotion mechanism used to understand the influence of promotion on the purchasing decision of the customers which directly affects sales volume.

Secondly, the research was also study and explore whether demographic characteristics of customers such as customer's age, income level and lifestyle influences the customer perception towards the promotion framework which in turn affects their purchasing decision or not. In this regard specific promotion support both price based and non-price based promotions are taken into consideration to assess how customer purchasing decision is influenced by such promotions. Finally, the study provide valuable information to the Habesha Brewery S.C to better understand the need of customer by understanding their purchasing decision based on the promotion that they offer in the market so that they can manage their future promotion activities. Hence the general objective of the study is therefore to find out the assessments of promotion: in the case of Habesha brewery

## **1.4.2 The specific objectives**

The following are specific objectives of the study which are derived from research questions as stated under the statement of the problem.

1. To understand promotional practices of Habesh Brewery factory to customer requirements.
2. To find out impact of promotion tools towards purchasing decision of consumers in context to Habesha Brewery S.C.
3. To find out most influencing promotion types that affect the purchasing decision of the consumer.
4. To investigate how the customers perceive the message transmitted by Habesha Brewery.
5. To examine major challenges that affects the Habesha Brewery when implemented its promotional practice.

## **1.5 Scope of the Study**

The scope of this study was limited to assessments of promotional practice: in the case of Habesha Brewery. Promotion is an element of marketing mix that is often divided mainly as, advertising, promotion, and publicity, personal selling and direct marketing (Kennie,2006). All of these elements contribute to the achievement of the marketing objective. However, the scope the study concentrates on promotional practice.

## **1.6 Limitation of the Study**

In regard to limitation of the study which affects the process of the study was respondents' unwillingness to give sufficient information and lack of clear and well-handled information in the company regarding its packages of promotion. The methodology used by the researcher would not be really fit with the desired data. Some of the figures needed would not be available and there would not be underlying and up to date theories that help the researcher to identify which items to look at and to guide in establishing the benchmark. Annual reports would be being less purposeful because they would make by the Habesha Brewery management to illustrate best picture to their potential of their sales volume. In addition to the above, financial shortage & time may be difficulties in the study. Even if such kind of difficulties would exist, the researcher would try to narrow the gap by minimizing difficulties.

## **1.7 Significance of the Study**

The ultimate goal of any business establishment is to remain in business profitably through production and sale of products or services. To this end having a well-developed promotion strategy leads to ultimate success in the business operations particularly on sales volume (Kennie, 2006). The study therefore, intended to help the company management to redirect their attention to this highly essential function. The study is worth doing because it helps the company to look its problems, to take in to the alternative considerations and to give basic knowledge about

promotion and its significance in the Brewery industry. Generally, the result of this research benefit several stakeholders such as the organization itself, employees, other researchers to use as input for their study, and clients as well as society as a whole.

## **1.8 Organizations of the Paper**

The overall organization of the paper would be consists of five consequential chapters. The first chapter deals with the introduction part comprising statement of the problem, objectives, scope, significance of the study and other relevant introductory issues. The second chapter focuses on related review of Literature. Here, all of the significant literature in relation to the topic under discussion would be made. The third chapter concern with the research design, approaches used to go through with the data collection and analysis. The Fourth chapter presents the analysis part. The last chapter, chapter five encompasses the findings, conclusion and recommendation part of the paper. So, in chapter five an attempt will do to draw conclusion from the previous chapters' presentation and analysis part. Based on that, recommendations is be forwarded to simplify the previously existing practices.

# CHAPTER TWO

## Review of Related Literature

This section discusses related literatures and empirical review which is significant to brief the area of the study. It helps to know theoretically about assessments of promotion on sale that is used to expand understanding about the topic itself. This chapter also further presents a conceptual framework that is adapted to the study.

### 2.1 Conceptual Review of promotion

Promotion when implemented effectively often results in an increase in short term sales figure. This explains the inclination of corporations to put in a large percentage of their funds in carrying out various promotion activities. However variations occur in assessments of promotion based on the attractiveness of the concerned brand (Hanssens & Riso, 1999). Promotions are useful tools which act as demand booster that do not sustain the risk associated with the new products. Promotion is defined as a special offer or a part of marketing communication activities.

Promotion is an independent variable and on the other hand social surroundings, buying behavior, free sample, price reduction and discount level are dependent variables on promotion. Promotion has grown in importance for both manufacturer and retailer universal.

Parsons & schultz (2001), stated promotion as it is consist of a broad variety of short-term strategic promotional tool aimed at generate a desired response from customers. Moody (1983) also defines

promotion as: "a marketing devices and techniques which are used to make goods and services more attractive by providing some additional benefit, whether in cash or in kind, or the expectation of such a benefit "(Moody, 1983).

Promotion can also be referred to as any incentive used by manufacturer or retailer to provoke trade with other retailer or with other channel member, or with consumers to buy brands apart from encouraging the sales force to aggressively sell the items (Aaker, 2004). Promotion is more immediate oriented and capable of influence behavior. Aaker and A.D stated that term promotion refers to many kind of selling incentive and technique intended to produce immediate or short-term sales effect (Aaker, 2004). Promotions can good-looking for extremely promotions prone consumers for reason outside price saving. These extremely promotions prone consumer might change brand to ward accept "particular" deal to return and support their well-dressed shopper self-perceptions. Extremely promotions prone consumer may attempt to innovative products that have promotions (Cravens & Binder, 2003).

Fill (1995) defines promotion as any incentive used by manufacturer or a retailer to encourage the sales force to aggressively sell the product and also to induce the buyer to buy the product. Promotion plays an important role in the marketing programs of the company and it can have a significant impact when customer makes their purchasing decision (Fill, 1995). From these definitions it can be said that the promotion adds value to the products or services and it provides an extra incentive to consumer who make purchasing decision based on the promotion

## 2.2 Effects of Promotion on Consumer Buying Behavior

Promotion refers to raising customer awareness of a product or brand, generating sales, and creating brand loyalty. It is one of the four basic elements of the market mix, which includes the four P's: price, product, promotion, and place (Jiang, 2004)

Promotion is also defined as one of five pieces in the promotional mix or promotional plan. These are personal selling, advertising, sales promotion, direct marketing, and publicity (Jiang, 2004).

A promotional mix specifies how much attention to pay to each of the five factors, and how much money to budget.

According to (Robin, 1987) fundamentally, there are three basic objectives of promotion. These are: to present information to consumers and others, to increase demand, to differentiate a product.

The purpose of a promotion and thus its promotional plan can have a wide range, including: sales increases, new product acceptance, creation of brand equity, positioning, competitive retaliations, or creation of a corporate image (Robin, 1987).

The term promotion is usually an "in" expression used internally by the marketing company, but not normally to the public or the market, where phrases like "special offer" are more common.

Promotion is a tool that used by the retailers or manufacturer to invite consumers and purchase more or tries a service or product. The result of the promotion is the used of high quantity stock, inviting many new customers and more increase in sales.



Lagazian (2007) indicate that promotions might be good-looking for extremely promotion prone consumer used for reason past prices saving. These consumers are favorably promotion prone, these consumers make an attempt to try a new product or service that have been promoted. promotion means any activity that is utilize by the producer to encourage the trade (retailer, wholesaler, or network associates) as well as make customers to purchase a brand and boost sales force to aggressively sell it. The term sale promotion refers to several types of selling incentives and methods indented to yield immediate sales effects (Lagazian, 2007).

#### **a) Promotion and Consumer behavior**

Marketing begins with understanding the need of a consumer as those acts of individual who are directly involved in obtaining, using and disposing of economic goods and services including the decision processes that precede and determine this acts. Therefore, knowledge of consumer behavior is an indispensable input to forming any promotional mix. Consumer behavior is defined as the behavior that consumers display in seeking, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their personal needs. Kotler (2007) defines consumer behavior as the study of the processes involved when individual or groups select, purchase, use or dispose products, services, ideas or experiences to satisfy need and desires. Kotler (2007), State that consumer behavior as activities people undertake when obtaining, consuming, and disposing of products and services. Consumer behavior is the study of how individuals make decisions to spend their available resources (money, time and effort) on products and services (Kennie, 2006).

Moreover, it is the study of several influencing factors such as what, why, how, when and where does a consumer make a purchase decision. Consumer behavior is defined as the study of buying units and the exchange processes involved in acquiring, consuming, and disposing of goods, services, experiences, and ideas (Kennie, 2006).

The above mentioned definitions of consumer behavior reveal, the exchange process, which begins with the acquisition phase, then moves to the consumption phase and ends with the disposition phase. This research aims to study the factors that influence the acquisition choice of consumers when they decide to acquire a certain product or service. It is very vital for the businesses to understand the consumer behavior; it is a key factor that affects consumers' purchasing decision. Starting with what your customers need and want, rather than what you have to sell, is the key to success. Today's businesses place greatest importance on processing and understanding consumer behavior as it provides numerous benefits. The importance of understanding the consumer is found in the definition of marketing as a human activity directed at satisfying needs and wants through human exchange process (Kennie, 2006).

To understand the consumer behavior several researchers have examined the classes of a variable that influences the consumer behavior; they focus on understanding the nature of each variable. Some of the variables that influence the consumer behavior are the stimulus variables such as advertisement, promotion, products, that exist in both the individual's external and internal environment (Kennie, 2006). These variables generate sensory inputs to consumers.

Response variables are the resulting mental / physical reactions of individuals who are influenced by stimulus variables. Moreover, there are third kind of variables called intervening variables which literally intervenes between stimulus variable and response variables. These variables act to influence or magnify the effect of stimulus variables on response variables (Jiang, 2004). The scope of this research is limited to the study of consumer behavior in regard to the stimulus variables such as promotion. Several studies have revealed that promotion influences the consumer behavior. Or in other words, promotion influences the consumer buying decisions.

### **b) Promotion and Consumer Loyalty**

Jiang (2004) says that, promotion generally works on a direct behavioral basis rather than effecting awareness or attitude. He states that, business consumer are larger than individual consumer; meaning that each business consumers is more important to the economic situation of the business marketers company. There are also a few businesses, so each business consumers is also more important to the economic situation of the company; unhappy consumers can affect the business marketers business in a noteworthy way.

Basically there are two types of consumer loyalty: hardcore loyal consumers and brand switchers. A hardcore loyal consumer is one who makes repeat purchases of a particular product irrespective of the premium price of the brand. In other words, hardcore loyal consumers are fewer prices sensitive (Jiang, 2004). In contrast, a brand switcher refers to consumers who use two or more

brands when a single brand does not satisfy all their needs. Decision to be loyal to a brand or switch to other brands is affected by a number of factors: brand name, product quality.

Promotion technique is an important tool in creating loyalty, this is so because promotion does not only bring the product to the attention of the buyers but provide incentives to encourage purchase.

### **2.3 Objectives of Promotion**

Promotions have many objectives, which are interlinked to the objectives of marketing and communications. Promotions are often used to increase short-term sales of a product or a service.

Kotler (1997) Promotions are targeted to different groups with different promotional objectives. The general consumer groups that promotions are targeted for potential users, competitor loyal, brand switchers and loyal customers. Potential users are currently not using the product but can be persuaded to do so by promotional activity. Successful promotion can also encourage competitor loyals to change. Brand switchers are consumers who are switching through service providers according to whom has the best offer at the moment. Likelihood for them to switch is dependent on switching costs. When switching costs are low, brand switchers are easily persuaded to switch by promotion. However, making switchers loyal remains difficult; Loyalty of loyal customers can be also

strengthened by promotions (Kotler, 1997)

## **2.4 Developing Effective Promotion Packages**

Today there is a new view of communications as an interactive dialogue between the company and its customers that takes place during the pre-selling, selling, consuming, and post-consuming stages.

As Kotler (2007) point out, there are eight steps to follow in developing an effective marketing communications program:

### **Step 1: Identifying the Target Audience**

The first step is to identify a clear target audience: potential buyers of the company's products, current users, deciders, or influencers; individuals, groups, particular publics, or the general public.

The target audience is a critical influence on the promoter's decisions. promotion helps the company to assess the audience's current image of the company, its products, and its competitors. Image is the set of beliefs, ideas, and impressions that a person holds regarding an object. People's attitudes and actions toward an object such as a product or service are highly conditioned by that object's image.

In assessing image, marketers research the audience's familiarity with the product, and then they ask respondents who know the product how they feel about it (Kotler, 2007).

### **Step 2: Determining the Communication Objectives**

Understanding the target audience and its perceptions, the promoter can now decide on the desired audience response, seeking a cognitive, affective, or behavioral response. That is, the marketer might want to put something into the consumer's mind, change an attitude, or get the consumer to act.

### **Step 3: Designing the Message**

Ideally, the message should gain attention, hold interest, arouse desire, and elicit action. In practice, few messages take the target audience all the way from awareness through purchase, but the awareness, interest, desire; and action framework suggests the desirable qualities of promotions (Kotler, 2007). Formulating the message will require solving four problems: what to say (message content), how to say it logically (message structure), how to say it symbolically (message format), and who should say it (message source).

### **Step 4: Selecting Communication Channels**

Now that the message has been designed, the promoter must select efficient communication channels to carry it.

### **Step 5: Establishing the promotions Budget**

Industries and companies vary considerably in how much they spend on promotion. How do companies decide on the promotion budget?

### **Step 6: Developing and Managing promotions**

Having established a communications budget, companies must decide how to allocate it over the five promotional tools.

### **Step 7: Measuring Results**

After implementing the promotional plan, the communicator must measure its impact. Members of the target audience are asked whether they recognize or recall the message, how many times they

saw it, what points they recall, how they felt about the message, and their previous and current attitudes toward the product and company (Kotler, 2007). The promoter should also collect behavioral measures of audience response, such as how many people bought the product, liked it, and talked to others about it.

### **Step 8: Managing the Integrated promotion stages**

Given the fragmenting of mass markets into mini markets, the proliferation of new types of media and the growing sophistication of consumers, companies need to use a wider range of communication tools, messages, and audiences. To do this most effectively, companies must embrace integrated marketing communications.

## **2.5 Promotion Mix**

Promotion has been defined as the coordination of all seller-initiated efforts to set up channels of information and persuasion in order to sell goods and services or promote an idea.

While implicit communication occurs through the various elements of the marketing mix, most of an organization's communications with the marketplace take place as part of a carefully planned and controlled promotional program.

The basic tools used to accomplish an organization's communication objectives are often referred to as the promotional mix.

Traditionally the promotional mix has included four elements: advertising, sales promotion, publicity/public relations, and personal selling. However, in this text we view direct marketing as

well as interactive media as major promotional-mix elements that modern day marketers use to communicate with their target markets. Each element of the promotional mix is viewed as an integrated marketing communications tool that plays a distinctive role in an IMC program. Each may take on a variety of forms. And each has certain advantages.

It refers to all the decisions related to promotion of sales of products and services. The important decisions of promotion mix are selecting advertising media, selecting promotional techniques, using publicity measures and public relations etc. There are various tools and elements available for promotion. These are adopted by firms to carry on its promotional activities. The marketer generally chooses a combination of these promotional tools. According to Kotler (2002), following are the tools or elements of promotion. They are also called elements of promotion mix: Advertising, Sales promotion, Personal selling and Public relation.

### **2.5.1. Advertising:**

Advertising is defined as any paid form of non-personal communication about an organization, product, service, or idea by an identified sponsor. The paid aspect of this definition reflects the fact that the space or time for an advertising message generally must be bought. An occasional exception to this is the public service announcement (PSA), who's advertising space or time is donated by the media. The non-personal component means that advertising involves mass media, (Radio, magazines, newspapers) that can transmit a message to large groups of individuals, often at the same time. The non-personal nature of advertising means that there is generally no opportunity



for immediate feedback from the message recipient (except in direct-response advertising). Therefore, before the message is sent, the advertiser must consider how the audience will interpret and respond to it. Advertising is the best-known and most widely discussed form of promotion, probably because of its pervasiveness. It is also a very important promotional tool, particularly for companies whose products and services are targeted at mass consumer markets.

There are several reasons why advertising is such an important part of many marketers' promotional mixes. First, it can be a very cost-effective method for communicating with large audiences. Advertising can be used to create brand images and symbolic appeals for a company or brand, a very important capability for companies selling products and services that are difficult to differentiate on functional attributes. The nature and purpose of advertising differ from one industry to another and/or across situations. The targets of an organization's advertising efforts often vary, as do advertising's role and function in the marketing program. Marketers advertise to the consumer market with national and retail/ local advertising, which may stimulate primary or selective demand. For business/professional markets, they use business-to-business, professional, and trade advertising.

### **2.5.2 Personal Selling**

The final element of an organization's promotional mix is personal selling, 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. This interaction gives the marketer communication flexibility; the seller can see or hear the potential buyer's reactions and modify the message accordingly. The personal, individualized communication in personal selling allows the seller to tailor the message to the customer's specific needs or situation.

Personal selling also involves more immediate and precise feedback because the impact of the sales presentation can generally be assessed from the customer's reactions. If the feedback is unfavorable, the salesperson can modify the message. Personal selling efforts can also be targeted to specific markets and customer types that are the best prospects for the company's product or service.

To sum up Personal Selling is the interpersonal arm of the promotion mix. It involves two-way personal communication between salespeople and individuals. The sales force serves as a critical link between a company and its customer.

They do two things: they represent the company to customers and also represent customers to the company. Personal selling brings humanness to selling. Sales representatives do what advertisements do: inform, persuade or remind. But they do it in person and can thus give your company a distinct personality.

### **2.5.3 Sales Promotion**

The next 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. Sales promotion is generally broken into two major categories: consumer-oriented and trade-oriented activities.

Consumer-oriented sales promotion is targeted to the ultimate user of a product or service and includes couponing, sampling, premiums, rebates, contests, sweepstakes and various point-of-purchase materials. These promotional tools encourage consumers to make an immediate purchase and thus can stimulate short-term sales. Trade-oriented sales promotion is targeted toward marketing intermediaries such as wholesalers, distributors, and retailers. Promotional and merchandising allowances, price deals, sales contests, and trade shows are some of the promotional tools used to encourage the trade to stock and promote a company's products.

In recent years many companies have shifted the emphasis of their promotional strategy from advertising to sales promotion. Reasons for the increased emphasis on sales promotion include declining brand loyalty and increased consumer sensitivity to promotional deals. Another major reason is that retailers have become larger and more powerful and are demanding more trade promotion support from companies.

Promotion and sales promotion are two terms that often create confusion in the advertising and marketing fields. As noted, promotion is an element of marketing by which firms communicate

with their customers; it includes all the promotional-mix elements we have just discussed. However, many marketing and advertising practitioners use the term more narrowly to refer to sales promotion activities to either consumers or the trade (retailers, wholesalers).

Therefore, one can understand that Sales promotion has been defined as “a direct inducement that offers an extra value or incentive for the product to the sales force, distributors or the ultimate consumer with the primary objective of creating an immediate sale.” There are several important aspects to sales promotion that should be kept in mind as you read this section. Here, First, sales promotion involves some type of inducement that provides an extra incentive to buy, A second point regarding sales promotion is that it is essentially an acceleration tool that is designed to speed up the selling process and is often used to maximize sales volume and A final point regarding sales promotion activities is that they can be targeted to different parties in the marketing channel.

#### **2.5.4. Publicity/Public Relations**

Public relations are 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.

Another important component of an organization’s promotional mix is publicity/public relations. Publicity refers to non-personal communications regarding an organization, product, service, or idea not directly paid for or run under identified sponsorship. It usually comes in the form of a news story, editorial, or announcement about an organization and/or its products and services. Like

advertising, publicity involves non personal communication to a mass audience, but unlike advertising, publicity is not directly paid for by the company. 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 (Kotler, 2002).

Therefore publicity is something that happens to a company and the result may be good or bad. Public relations (or PR) involve a sustained attempt to develop your reputation as a business by using the media to help create the image you desire. It is a way of keeping the business in your customers Eyes.

### **2.5.5 Direct Marketing.**

Direct marketing is the reverse of mass marketing. Mass marketing is targeting broadly with standardized messages and marketing offers. Mass marketers have typically sought to reach millions of buyers with a single product and a standard message delivered through the mass media. Today, there is a trend toward more narrowly targeted or one-to-one marketing called Promotion Management: An Integrated Marketing Communication Approach direct marketing. Direct marketers communicate directly with consumers, often on a one-to-one, interactive basis. Improved

data base technologies and new media computers, modems, fax machines, e-mail, the internet, and online services permit more sophisticated direct marketing.

To sum up direct marketing is an increasingly popular technique as it enables you to target specific customer groups very accurately. It is a flexible way to deliver your message and, because each letter can be personalized, the chances of a response are greatly improved. The overall success of a campaign can also be directly measured in terms of the number of responses received.

## **2.6 Factors in Setting the Marketing Communications Mix**

Companies must consider several factors in developing their promotion mix:

**i. Type of product market:** Promotional allocations vary between consumer and business markets. Although advertising is used less than sales calls in business markets, it still plays a significant role in building awareness and comprehension, serving as an efficient reminder of the product, generating leads, legitimizing the company and products, and reassuring customers about their purchases. Personal selling can also make a strong contribution in consumer-goods marketing by helping to persuade dealers to take more stocks and display more of the product, build dealer enthusiasm, sign up more dealers, and grow sales at existing accounts.

**ii. Push-versus-pull strategy:** A push strategy involves the manufacturer using sales force and trade promotion to induce intermediaries to carry, promote, and sell the product to end users. This is especially appropriate where there is low brand loyalty in a category; brand choice is made in the store; the product is an impulse item; and product benefits are well understood. A pull strategy

involves the manufacturer using advertising and consumer promotion to induce consumers to ask intermediaries for the product, thus inducing the intermediaries to order it. This is especially appropriate when there is high brand loyalty and high involvement in the category; people perceive differences between brands; and people choose the brand before they go to the store.

**iii. Buyer-readiness stage** Promotional tools vary in cost effectiveness at different stages of buyer readiness. Advertising and publicity play the most important roles in the awareness-building stage. Customer comprehension is affected primarily by advertising and personal selling, while customer conviction is influenced mostly by personal selling. Closing the sale is influenced mostly by personal selling and sales promotion. Reordering is also affected mostly by personal selling and sales promotion, and somewhat by reminder advertising.

**iv. Product-life cycle stage** Promotional tools also vary in cost effectiveness at different stages of the product life cycle. Advertising and publicity are most cost effective in the introduction stage; then all the tools can be toned down in the growth stage because demand is building word of mouth. Sales promotion, advertising, and personal selling grow more important in the maturity stage. In the decline stage, sales promotion continues strong, advertising and publicity are reduced, and salespeople give the product only minimal attention.

## **2.7 Benefits of Promotion**

A promotion is a marketing technique that is designed to entice a customer to take a specific action such as make a purchase or request more information. It is suggested that promotion can build

brand awareness and motivate trial, provide more specific evaluation methods, as they are more immediate and operate in a specific time frame, influence, expand the target market and achieve competitive advantage (Neslin, 1990). According to their purpose, promotion is often successful in inducing action, as they encourage consumers to act on a promotion while it is still available.

Also, the strength of promotion lies in its flexibility to quickly respond to competitor attacks contributed to (Neslin, 1990). Promotion in fast moving consumer goods industries is used to create a temporary stimulus on the sales of a brand by making consumers a special offer. This promotional stimulus is part of the marketing offer made up of factors such as product features and benefits, price, availability, customer service and quality.

Managers claim to use promotion as a tool to enhance brand and market position, but in reality, use it more to pursue competitive goals such as retaliation. Furthermore, the protection of brand equity is seen as important and price-based promotions, whilst considered most likely to damage brand equity, were not used excessively. There is little evidence that attention is given to measuring the effect of promotion on brand equity (Neslin, 1990).

There are many complex issues to address when endeavoring to understand how and why promotional strategy has developed to this point in time. Managers in the fast moving consumer goods industry seem at least to be aware of the issues at hand, and with the benefit of seeing how others in the industry think and behave, there is renewed hope that promotion can become a more valuable tool, used appropriately to meet the specific needs of the firm and its markets (Kotler,



1998). Among these others, promotions, and in particular price promotions, are believed to erode brand equity because they enhance only short-term performance by encouraging and brand-switching and may convey a low-quality brand image (Kotler, 1998). These findings are in line with the approach that has inspired most of the research conducted on promotions. That approach is characterized by the fact that (i) most studies have examined the convenience of using promotions instead of examining their benefits to the consumer, (ii) promotions are seen as a sale tool having effective effects only on behaviors, and (iii) it is assumed that monetary savings are the only benefit that motivates consumers to respond to promotions.

Varadarajan and Peterson (1992) states promotions, as a part of marketing communications, also have an effect at a cognitive and emotional level, and provide the consumer with multiple hedonic and utilitarian benefits. Taking into account that brand knowledge includes different kinds of information linked to a brand such as attributes, benefits, thoughts, feelings, experiences, and so on (Varadarajan and Peterson, 1992). It follows that brand knowledge may be potentially affected and changed by the promotions experience. Firstly, this experience can change the number of associations evoked about a brand because promotions have brand association-enhancing power. Secondly, they can also generate favorable associations if the associations are desirable to consumers and successfully conveyed by the supporting promotional campaign for the brand. According to Kotler (2007), specifically the promotion benefits as follows

**2.7.1 Luring new customers with price:** by offering a reduced price on a popular item, it can be lure customers away from competitors, who may ultimately help turn them in to regular manufacturers.

**2.7.2 Encourage Repeat Purchases:** promotion encourages customer loyalty.

**2.7.3 Provide information:** A promotion can help to provide information to potential customers aids them in making decisions. This can be beneficial for products or services that are complicated or are unfamiliar to consumers (Kotler, 2007),.

## **2.8 The Influence of Promotions on Brand Equity**

### **2.8.1 Brand awareness and promotion**

Koshy and Sharma D (2005) indicate that promotion is a tool used, not only to increase sales, but to increase brand awareness. It causes a customer to notice and pay attention to the brand, (Kotler, 2012). Several academics argue that some promotion techniques are more valuable than others in creating awareness. Coupons for example were identified as an effective tool in building awareness about a brand as they encourage the consumer to engage in a product trial. On the other hand, packs with “buy one get one free” may not be as effective in a brands attempt to increase brand awareness as a customer may only come across the product once in a store. (Jiang, 2004) maintains that sale promotions alone are not enough for building brand awareness that the tool needs to be used as part of an integrated communications strategy to enable the promotion to be effective. Jiang, (2004) also agree that by using advertising along with their promotion strategy,

marketers boost customer awareness of the brand and its benefits and increase promotion responsiveness.

### **2.8.2 Brand associations and promotion**

Promotions effect brand associations in various ways. Non-price promotions are typically associated with improving brand image as they have the ability to meet longer term objectives, i.e. encouraging brand loyalty (Aaker, 2004). On the other hand price promotions, particularly over an extended period of time attributes to the increase in consumers price sensitivity. Particularly for luxury brands it is argued that consumers exposed to excessive price promotions learn to focus on the price rather than the brands intrinsic characteristics.

For high fashion brands, customers are willing to purchase the brand for image or social status and value expression and are prepared to spend great amounts of money to demonstrate this. For this reason extended price promotions tend to decrease the exclusivity which in turn lowers the attractiveness of high-priced brands (Jiang, 2004).

Aaker, (2004) argue that price promotions are not an effective tool for building brand associations as price becomes the primary indicator of value, not the value of brand images the brand wishes to represent in their overall marketing strategy. He emphasizes in his research that consumers become detached from the brand's hedonic benefits; this encourages consumers to purchase the brand on the deal given and shopping convenience, not the brand image. Non- monetary promotions however can evoke more association's related to the brand personality such as

experience, feelings and emotions. Lebas and Euske (2002) argue in favor of this, as price promotions places greater emphasis on the price as an intrinsic indicator of value. Thus, claim that non-price promotions, i.e. premiums, can take the focus away from price which in turn permits the consumer to place greater emphasis on the benefits associated with the brand, particularly hedonic benefits rather than utilitarian benefits that price promotions may provide (Lebas and Euske, 2002).

### **2.8.3 Brand quality and promotions**

Price signaling theory proposes that consumers believe there is a direct correlation between price and quality (Lebas and Euske, 2002). If a consumer is exposed to quite a high price relative to a competing branded product, they automatically assume that the brand is of high quality.

Lebas and Euske, (2002) agree with this theory in the retail environment. Evidence from their findings suggests that customers will infer higher value from a discounted price to the original or previous higher price. But these perceptions may be adjusted over time or through further reductions of a product. For example, further price reductions could lead to the consumer perceiving that the product may be faulty or unappealing if there is a large quantity displayed together on the shelf. Kotler, (2007) maintains that over time, promotion, particularly price promotions, can risk damaging a brands quality image. This is especially true when referring to the positive association between price and quality. He also agrees with this notion that price

promotional strategies do not contribute to a positive image of the brand. It undermines the power of the brand which thus lowers consumers brand quality perceptions.

As outlined earlier, repeated purchase of a product or brand at a promotional price could adjust a customer's internal reference price lower than the optimum/original price a brand wishes to value itself at (Hammond, 1979). Problems occur when the promotion period is finished as the consumer may interpret the original price as being too high. He states price signaling theory, if there is a close relationship between price and perceived quality, and then monetary promotions can adversely affect the brands quality image by lowering the reference price (Hammond, 1979). However Kotler and Armstrong (2002) stress that this is limited to brands which engage in prolonged and repeated use of the price promotion tool. Consequently, internal reference prices will not be affected with one-time price discounts.

They maintain that prolonged non-price promotions do not lead to modification of consumer's internal reference price; research concludes that customers will tend to perceive non-monetary promotions separately from price information which is encoded as gains. The result of which will not affect consumers internal reference price standards and therefore should not undermine the brands quality image.

#### **2.8.4 Brand loyalty and promotion**

Kennie, (2006) proposes that advertising can be seen as a strategy to build brand loyalty for retaining loyal customers. Promotions on the other hand function more as an offensive strategy,

to encourage customers to engage in brand switching from a group of rival brands to the promoted brand. He suggests that advertising creates brand loyalty while promotion creates brand switching.

Studies show that some promotions, although a useful tactic for encouraging brand switching and persuading consumers to sample or try a product, may also result in consumer price sensitivity. Kinnie, (2006) suggests that promotions lead to a larger number of consumers becoming value sensitive or deal seekers over the long term rather than appreciating the hedonic qualities the brand offers. For example a customer accustomed to promotion on coffee will inherently feel that the coffee is more expensive when the promotion ceases to continue.

However, Kotler (2007) implies that for the customers to become price sensitive, the promotion would have to be used frequently in order for the customer to remember the price.

Monetary promotions are known to lead to a negative brand trust and preference. Monetary promotions tend to divert attention towards financial incentives which encourage price sensitivity and divert attention away from product/ brand quality and image. HE also agrees stating that product benefits only "desensitize consumers to product benefits resulting in a loss of brand loyalty. To contrast this however, non-price promotions can be an effective tool to encourage consumer loyalty. Premium brands often use promotions to encourage long term loyalty and brand image. Retailers are renowned for using loyalty programs to discourage store or brand switching. This has also been a successful strategy for collecting customer data (Kotler, 2007)

## **2.9 Challenges of Promotion Practices**

### **i. Extensively Causes people to buy more than they can afford**

Marketing critics voice the concern that promotional communications efforts persuade individuals to purchase goods and services they do not need and cannot afford. People seeking immediate gratification tend to live beyond their means. Unfortunately, critics point an accusatory finger toward marketing managers, arguing that they offer consumers luxurious goods and services that are out of their price ranges and entice them to create personal financial problems as a result.

### **ii. Promotion overemphasizes materialism**

Closely tied to the notion that people buy too many goods and services are the criticism that promotion has created a materialistic society. The debate centers on one issue: Has the promotion of goods and services created an attitude of materialism, or has marketing merely responded to the materialistic desires of society.

### **iii, Promotion increases the costs of goods and services**

Another reason people find fault with promotional communications is that it increases the cost of merchandise. Indeed, advertised goods do cost more and allow producers to charge higher prices. Those who defend marketing point out that choice are the key variable. Those who wish to spend less can and do. Those who buy products for prestige as well as function should be entitled to spend money as they wish.

#### **iv, Promotion create offensive**

Many citizens believe that promotions are becoming more offensive. Sex and nudity are the most troubling and controversial issues. What is offensive to one individual or group may not be to another. Company leaders must decide on a comfort level when it comes to promotion emphasizing sexuality or utilizing nudity. The ultimate judges, however, are consumers and how they respond to the content of promotions.

#### **v, Sometimes promotion use unfair tactics**

A sensitive ethical issue in advertising concerns the tactics marketers use when products or services are of a highly personal nature. Some find these approaches to be objectionable. For example, one tactic used to promote goods is to stress the idea that happiness depends on physical attractiveness.

#### **vi, Promotion may prepare deceptive and misleading information**

Another criticism of marketing communications' messages is that they are too often deceptive and misleading. Certainly some companies and marketing firms are guilty of this offense. At the same time, members of the marketing community are quick to point out that deceptive and misleading ads are rare. It is not in a firm's best interests to create deceitful advertisements. In the long run, consumers realize they have been cheated and do not purchase products. In addition, negative publicity and bad word of mouth can force a firm out of business. Therefore,



some instances of deceptive and misleading marketing communications do occur, the free market system normally punishes firms that consistently use this type of advertising.

## **2.10 Empirical Review**

Mr. Seren urun (2011), thesis depicts how price promotion influences customer brand loyalty and buying behavior in the context of the retail industry. So, in his paper, the influence of price promotions was studied by interviewing twenty customers and analyzing their answers. Price promotions are a critical marketing method: by conducting a retailer survey and analyzing several academic papers, he scrutinized the relationship between price promotions and brand loyalty, and the effects of price promotion on customer decisions during the time of purchase. Based on previous research and empirical data analysis, he found that price promotions do not influence customer brand loyalty. This sort of marketing activity satisfies consumers, but this alone is not enough to improve sales. He said that the most popular marketing strategy is promotion, which is frequently used in order to increase an awareness of product and brand. He proved that today's consumers are quite knowledgeable about promotional activities. They know that the primary aim of promotion is to boost the brand and the product instead of rewarding customer loyalty. He also found that price promotion pushes customers to buy more than they would have otherwise. They tend to stockpile products for future use, especially if the products in question are non-perishables and/or long lasting. Finally, his research shows

that a brand's external appearance and the history of an individual brand in terms of price promotion are important issues for customers. Sometimes customers hesitate about a promoted product's quality. Professional promotion management and a professional external appearance can reduce any prejudice and/or any reluctance to buy a specific brand.

Adekoya Olusola Abiodun (2011), the major aim of this thesis was to demonstrate the impact of advertising on the sales and profit of a business organization taking Starcomms Plc as a case. He defined advertising as any personal paid form of non-personal communication which is directed to the consumers or target audiences through various media in order to present and promote a product, services and idea. Good advertising requires competent personnel including a number of specialists to enable it thrive in the ever dynamic and competitive business environment. It is therefore imperative that key personnel in departments that are directly involved to be carefully selected and positioned to ensure continuous success. In recognizing the role of advertising can play a growing number of companies and establishments have to embark on a nationwide advertising campaign. He found that advertising campaigns obviously informed by depressed consumer demand thrive by persuading the consumer on the need for consumptions. At the completion of this thesis, the impact of advertising at Starcomms was clearly defined and states it should have become a continuous practice for Starcomms.

Having this concept from the empirical study, the two studies have been seen the effect of sales promotions and advertising on brand equity and brand awareness in a narrow way. But

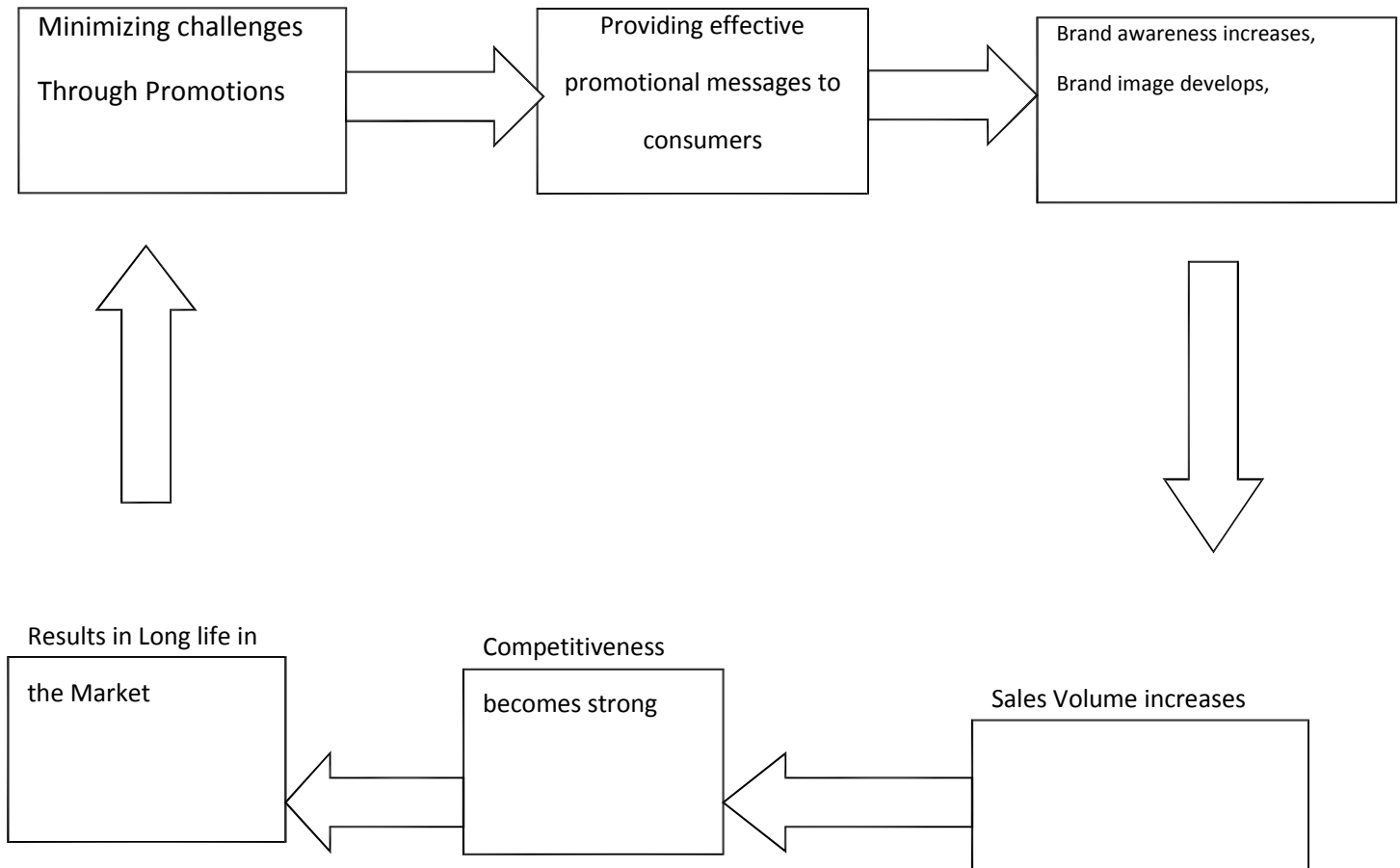
my study focused on assessment of promotion: in the case of habesha brewery in wide range. From these two empirical studies, my study was differing in methodology, scope and other important elements.

## **2.11 Conceptual Framework**

Promotion has become a vital tool for marketing and its importance has been increasing significantly over the years. One of the purposes of a promotion is to elicit a direct impact on the purchase behavior of consumers. So that firms have to rethink the relationship between attitude and behavior of their consumers, and its promotion practice (Kotler, (2007)). Different kinds of Promotions are highly effective in exposing consumers to products and can serve as key components in the marketing strategies. Promotion is one of the key factors in the marketing mix and has a key role in marketing success. Promotion is used to ensure that consumers are aware of the products that organizations offer. The promotional mix is the combination of the different channels that can be used to communicate the promotional message to consumers. The channels to be used are advertising, direct marketing, sales promotion and publicity. Every business company is inevitable to adopt these channels of communication but the question is what to say, to whom, in what way and how often. The marketer needs to assess which of this experience and impressions will have the most influence at the different stage of the buying process. This understanding will help marketers to allocate their promotional dollars more efficiently. To deliver their promotional messages effectively, marketers need to understand the fundamental

challenges underlying effective communication with consumers. Marketers should underscore the key factors in providing their product communications.

The figure below depicts the conceptual frameworks of this study meaning assessment of promotion at Habesha Brewery S.C.



**Figure 2.1 Conceptual Framework** (source: Kotler, 2007,)

# **CHAPTER THREE**

## **Methodology of the study**

As explained, the main purpose of this study was assessment of promotion: in the case of Habesha Brewery. Hence, this part of the research would concern and deals with over all approach of the research and it therefore, discusses research design, population, sample size, and sampling techniques, source of data, data collection tools and data analysis method that the study use in its entire part. As a result, this chapter focuses on justifying the study's research methodology, explaining the research methodology that used in the study and demonstrating how data collection and analysis is utilized in this study to answer the research questions and to meet objectives outlined in chapter one.

### **3.1 Research Design**

The research design employed in this study was both quantitative and qualitative research design. The study involves questionnaire and interview with employees and management body respectively. The company's promotion strategy was identified and quantified by using 5-point Likert- scale method and other type of inquiry.

### **3.2 Sources of Data**

In attempt to address assessment of promotion: in the case of Habesha brewery and to provide possible recommendations, the researcher used both primary and secondary data sources. With

regard to primary data, the data collected through questionnaire was filled by existing employees of H.B SCO and interview was conducted with management body.

As far as secondary data is concerned, relevant data are collected from the organization, literatures, websites (internet) and other available sources.

### **3.3 Target Population**

The target populations for the study were the managers and employees of the marketing department in Habesha Brewery; because, those have a direct involvement on the issue of promotion strategies.

### **3.4 Sampling Technique and sample size**

Sampling Technique is the assortment of a part of population or a material to represent the whole population. The objective of sampling is to make correct inference about the aggregate and is only justified if the selected part (the sample population) is a true representative of the main population (Stasch, 1980). To save time and cost, among others, the researcher was use simple random sampling method to select the above sample since it is non-discriminatory (unbiased) source of data collection i.e. it enables to select the sample population out of the staff members on lottery basis. In addition purposive sampling technique was implemented in interview for those who are directly responsible with promotion strategies of the company. It is the researcher belief that purposive sampling method will enable to have in-depth knowledge from those who are in a

position to give about the promotional assessment practice at Habesha Brewery. In doing so, the researcher used Yamena Taro (1967) formula to determine the sample size at 95% confidence level, degree of variability = 0.5 and level of precision/sampling error = 05%

$$n = \frac{N}{1 + N(e)^2}$$

$$n = 800 / (1 + 800(0.05)^2)$$

$$n = 267$$

Where; “n” is the sample size, “N” is the population size and “e” is the level of precision. By using the above formula from the total study population of 800 participants, 267 participants were selected as a sample.

### **3.5 Data collection Instruments**

As indicated at type of data collection above, the researcher was mainly employ two primary data collection instruments which help to gather relevant information for the objective of the study. These are questionnaire and interview but also the researcher gives attention for secondary data. The reason for using questionnaire is responses gather in a standardized way, it is more objective, definite more than interviews. Generally it is moderately quick to collect information using a questionnaire. Using questionnaires information can be collected from a large portion of a group, and it is also cost effective, easy to analyze and reduces bias. Therefore, appropriate questionnaires & interview was prepared and use for the survey. Here, respondents was told what the research is all about in the language that they be

able to understand and able to notice. The questionnaire also consist two parts namely the first one asks demographic aspects of the respondents, age, educational qualification and their work experience. The second part consist Likert-scale and other type of questions. For interviews, face-to-face interviews were conduct with written confirmation from the company. Moreover, respondents were requested to elaborate on the practices of promotions and its effects on sales of Habesha Brewery and to forward their professional and subjective opinions that help to use as an input to develop the method.

In case of secondary data, in order to argue the reliability of the data collect by the questionnaire and interview survey and to supplement the data missing in the questionnaire survey, information was acquire from previous works and from different publications.

In addition, official but unpublished reports and summaries of the company were used as sources of secondary data including the above listed sources.

### **3.6 Procedures and Method of Data Analysis**

The data obtained through interviews, observations and other sources were summarized, organized, and analyzed. Pertinent process flow diagrams and other supporting visuals were also used to present the facts of the case study more intensely.

The study was conducted by using descriptive research design and use both qualitative & quantitative approach of data analysis to get the advantage of both. For the purpose of reducing chance of confusion of questionnaires and ensuring those for reliability and correctness some pilot tests was taken by



distributing the questionnaires as described below and some unrelated and unnecessary questions was reduced as well as avoided before actual distribution of the questionnaires. Prior to analysis of the data collects using primary and secondary sources, they were checked for accuracy, usefulness and comprehensiveness, well-matched with the objective of the study. Here, the interviews & questionnaire responses were also organized in a way to complement or supporting the quantitative analysis after they arranged depending on the intended objective and responses that would be accepted. Therefore, the data collects through interview were analyzed by using qualitative analysis and the data collected through questionnaire would be analyzed through quantitative techniques.

Quantitative data again organized process and interpret by using tables, percentage and charts for better understanding and interpretation of the data gathered through the questionnaires. Here the researcher was used secondary source of data by reviewing related literatures such as books, articles, journals etc.

In doing so, statistical package for social Science software (*SPSS*) simple statistical analysis was used to generate the data output. The data gained from interview and document review was further analyzed contextually based on the research basic questions. Moreover, other methods of data analysis such as tables, charts and other type of statistics such as mean with percentages was utilized in the study for more explanation.

### **3.8 Reliability and Validity Test**

Alpha reliability is regarded as a measure of internal consistency of the mean of the items at the time of administration of the questionnaire. Cronbach'S alpha is a reliability coefficient that indicates how well

the items in a set are positively related to one another (Kennie, 2006). It is computed in terms of the average inter correlations among the items measuring the concept. Reliability is calculated in such a way that it represents the reliability of the mean of the items, not the reliability of any single item. This coefficient can hold a value of 0 to1. The result of 0.7 and above implies an acceptable level of internal reliability. The result of reliability test for the questionnaire is shown in the following table done using 32 questionnaires. As it is indicated in the table, the test result is between 0.86 and 0.94. Therefore, based on the test, the results for the items are reliable and acceptable.

*Table 3.8.1: Reliability and validity test result for the questionnaire*

<b>Number of Item</b>	<b>Cronbach'S Alpha</b>
<b>32</b>	<b>0.882</b>

# **CHAPTER FOUR**

## **DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

### **INTRODUCTION**

To analyze the collected data in line with the overall objective of the research undertaking, statistical procedures were carried using SPSS version 20. In this part to identify the major issues and to provide workable recommendations for the assessment of promotions on sales, the researcher has collected data through questionnaire and interview. In this chapter the findings of the study are presented. During the survey a total of 267 questionnaires were distributed to employees. All 267 distributed questionnaires were not returned, only 253 were returned. So the analysis was made based on 253 responded questionnaires.

The questionnaire were developed in five scales ranging from five to one; where 1 represents strongly disagree, 2 disagree, 3 neutral, 4 agree, and 5 strongly agree and other types of questions. Employees were selected based on random sampling and efforts have been made to have representative sample and the results are considered as representative of the population. Descriptive statistics were used for questionnaires. In order to know the current information of the company with regard to the assessments of promotion on sales, interview was conducted with the company marketing division.

## 4.1 Personal Information of the Respondents

**Table 4.1: Tells Respondents Personal Profile**

Item	Categories	Frequency	Percent
Gender of Respondents	<b>Male</b>	<b>139</b>	<b>54.9</b>
	<b>Female</b>	<b>114</b>	<b>45.1</b>
	<b>Total</b>	<b>253</b>	<b>100</b>
Marital Status of the Respondents	<b>Married</b>	<b>76</b>	<b>30</b>
	<b>Single</b>	<b>152</b>	<b>60.1</b>
	<b>Widow</b>	<b>16</b>	<b>6.3</b>
	<b>Divorced</b>	<b>9</b>	<b>3.6</b>
	<b>Total</b>	<b>253</b>	<b>100</b>
Age of the Respondents	<b>Under 30 Years Of Old</b>	<b>102</b>	<b>40.3</b>
	<b>30-45 Years Old</b>	<b>126</b>	<b>49.8</b>
	<b>46-60 Years Old</b>	<b>25</b>	<b>9.9</b>
	<b>Total</b>	<b>253</b>	<b>100</b>
Educational Status of the Respondents	<b>Grade 12 completed</b>	<b>59</b>	<b>23.3</b>
	<b>Diploma</b>	<b>147</b>	<b>58.1</b>
	<b>Degree</b>	<b>44</b>	<b>17.4</b>
	<b>MA</b>	<b>3</b>	<b>1.2</b>
	<b>PhD</b>	<b>-</b>	<b>-</b>
	<b>Total</b>	<b>253</b>	<b>100</b>
Work Experience of the Respondents	<b>3 Years</b>	<b>78</b>	<b>30.8</b>
	<b>3-5 Years</b>	<b>118</b>	<b>46.6</b>
	<b>6-8 Years</b>	<b>34</b>	<b>13.4</b>
	<b>9-12 Years</b>	<b>23</b>	<b>9.2</b>
	<b>Total</b>	<b>253</b>	<b>100</b>

*Source: Questionnaire, 2016*

According to table 1 above, from 253 respondents 139 (54.9%), 114 (45.1%) are male and female respondents respectively. Thus, the results most likely suggest that the respondents of the

questionnaire are more of male than females and the institution (Habesha Brewery S.C) has more male employees than females. Here, even if the number of male respondents is going to be greater than female respondents, the number of female respondents is also significant; so that it doesn't have a greater impact to the study. Therefore, this leads to be optimistic in data collection to eradicate the problem of gender bias.

As the data indicated by table 1, from 253 respondents 76(30%), 152 (60.1%), 16 (6.3%), 9 (3.6%) of them are married, single, widow and divorced correspondingly. These data shows that most of the respondents are single, however considerable number of respondents are also married.

The age distribution of respondents in Table 1 above shows, 40.3%, 49.8%, and 9.9% of the respondents are under 30, between 30 to 45 and 46-60 respectively. Therefore, the result shows that the company has a young workforce who can adopt a new vision as well as performs their duties energetically with a superior performance level by promoting its products. This indicates that there is also a potential advantage for this company to achieve its future objectives on promotion strategies. From this it can be again possible to infer that the workforce composition of the respondent are young and thus may require a strong HRD programs especially regarding its performance on promotion of products.

Regarding educational status of the respondents, from 253 respondents, 59 (23.3%) of them is grade 12 completed, 147 (58.1%) of them is Diploma holders, 44 (17.4%) of the respondents are first

degree holders, 3 (1.2%) of the respondents are second degree holders whereas no one of them is PhD holder. This implies that it is a good advantage for the company to understand well about its effects of promotion on sales that gives it ready for action as an advantage because now days the Brewery industries are in highly competitive market. In addition, it can be conclude that all respondents are able to understand the questionnaire and respond correctly which avoids the problem of missing data; moreover they can be able to know the intention of the question. On the other hand, it is not doubtful that employees give high concern for their education and professional development. The above table 1 indicates that the majority of respondents (n=118, 46.6%) followed by 78 (30.8%) and 34 (13.4%) have been working in the sector between 3-5, 3 and 9-12 years respectively. Here, the researcher believes that long years of experience in one organization shows that there is a relatively potential of knowing the effects of promotion on sales in their organization.

Therefore, the results suggest that the company has lower attribution rate, considering that about 69.2% of the respondents had stayed with the institution for over three years. This gives them an opportunity to reflect their opinion on the achievements desired to obtained from the study and clearly understand the current assessment of promotion on sales in Habesha Brewery S.C.

## 4.2 Opinion Survey

Why customers are interested to buy the products provided by Habesha Brewery S.C?

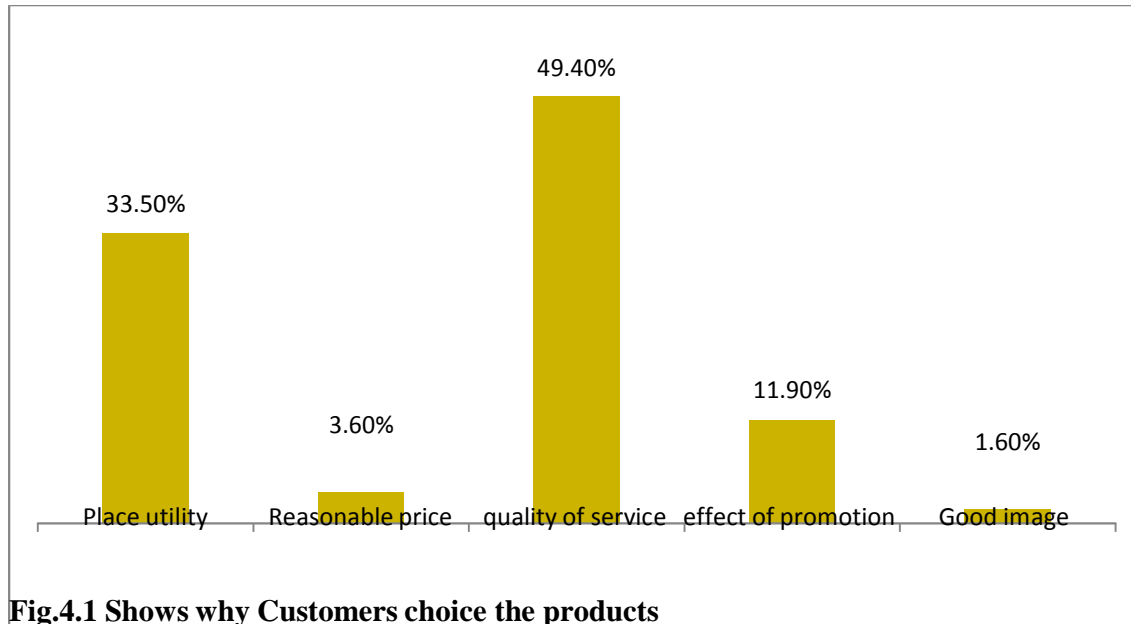


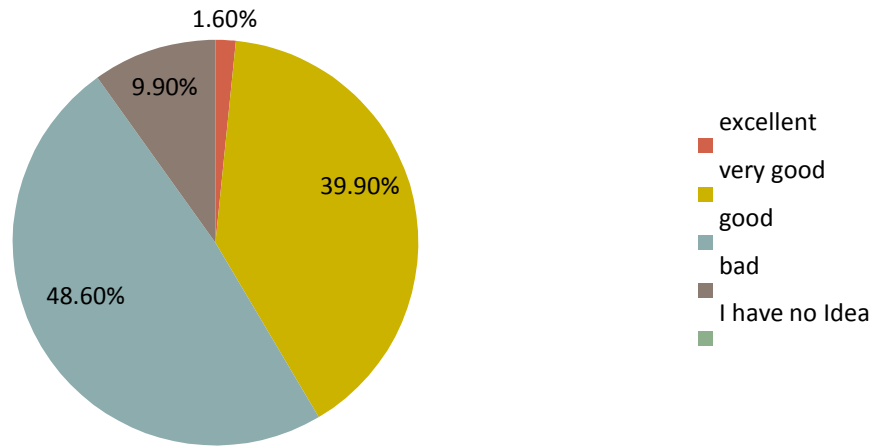
Fig.4.1 Shows why Customers choice the products

Source: Questionnaire, 2016

Figure 1 above shows that 9 (3.6%) of the total respondents said that the reason to choose the product is reasonable price, 85 (33.5%) said because of place of utility, 4 (1.6%) said by good image of the company, 30 (11.9%) of the respondents responded because of promotional practice of the company and the remaining 125 (49.4%) the respondents responded because of quality of service provided by the Habesha Brewery SC.

Therefore, from the data analysis, the researcher concluded that the highest percent (i.e. 125, 49.4%) responded the reason to choose the company's product is by their quality of service.

### How do you rate promotional practices provided by Habesha Brewery?



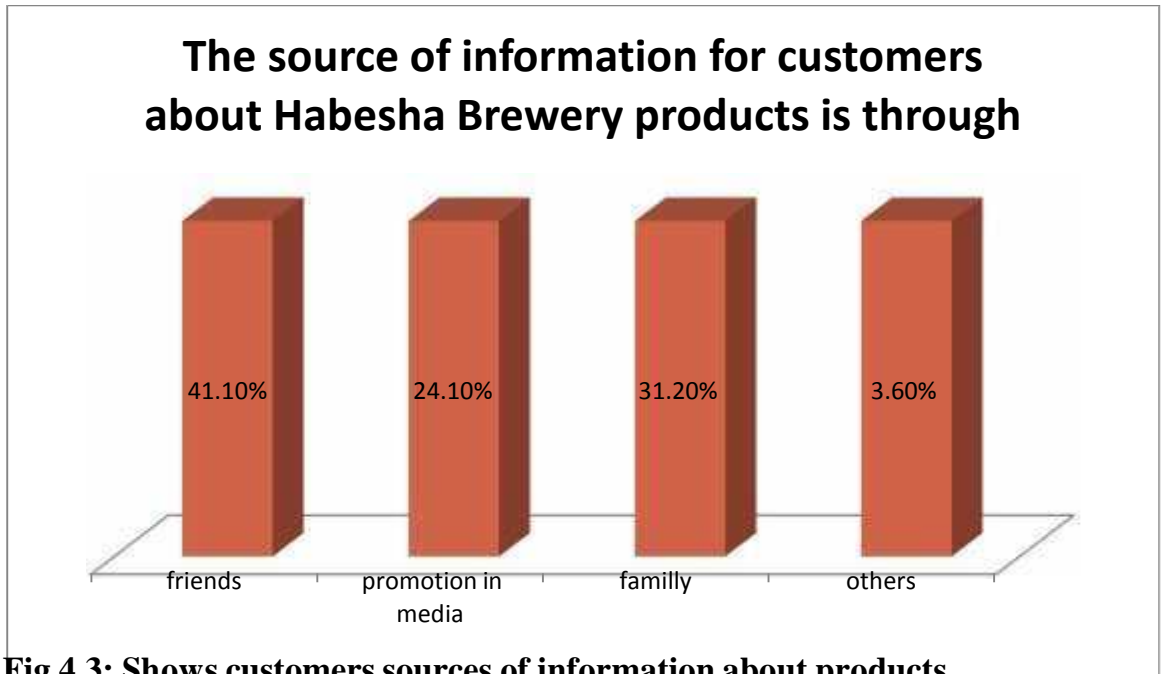
**Fig.4.2 Shows customers rate of promotional packages of Habesha Brewery**

**Source: Questionnaire, 2016**

Table 4.1 Reveals that from 253 respondents 123 (48.6%) of the respondents said that the promotion quality of the company is good, 101 (39.9%) of the respondents said very good, 4 (1.6%) said that excellent, while 25 (9.9%) of respondents said that the promotion quality is bad, but no one responded that the promotion quality of the company is I have no idea.

The result implies that the promotion quality of the company is somewhat appropriate but it needs the company's management attention because it has a direct effect on sales. Promotion only cannot do anything, so having quality in its provision can attract customers.





**Fig 4.3: Shows customers sources of information about products**

**Source: Questionnaire, 2016**

As shown in the above figure (4.2) from a total of 253 respondents the highest number 104 (41.1%) of the respondents responded that their sources of information were friends, followed by 79 (31.1%) said from family, 61 (24.1%) said that from promotion of the company using media and 9 (3.6%) responds others. This implies that customers are getting the information from friends (word of mouth) and their family but promotion using other media is should be get value even if word of mouth is excellent to increase sales volume.

### Which type of promotion mix is more influenced the customer?

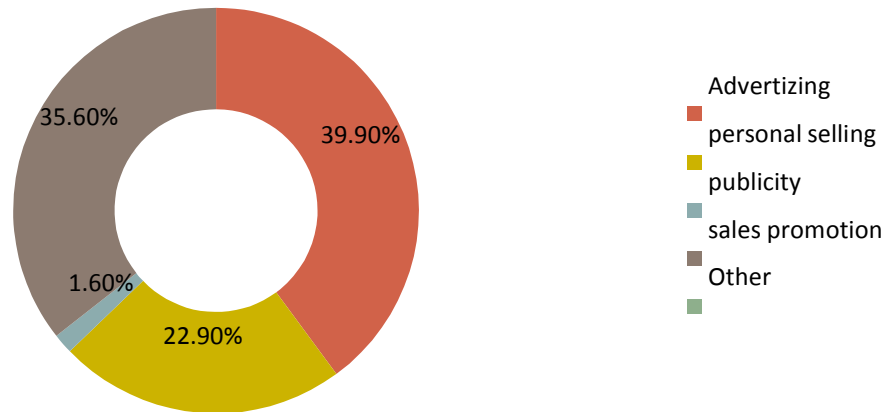


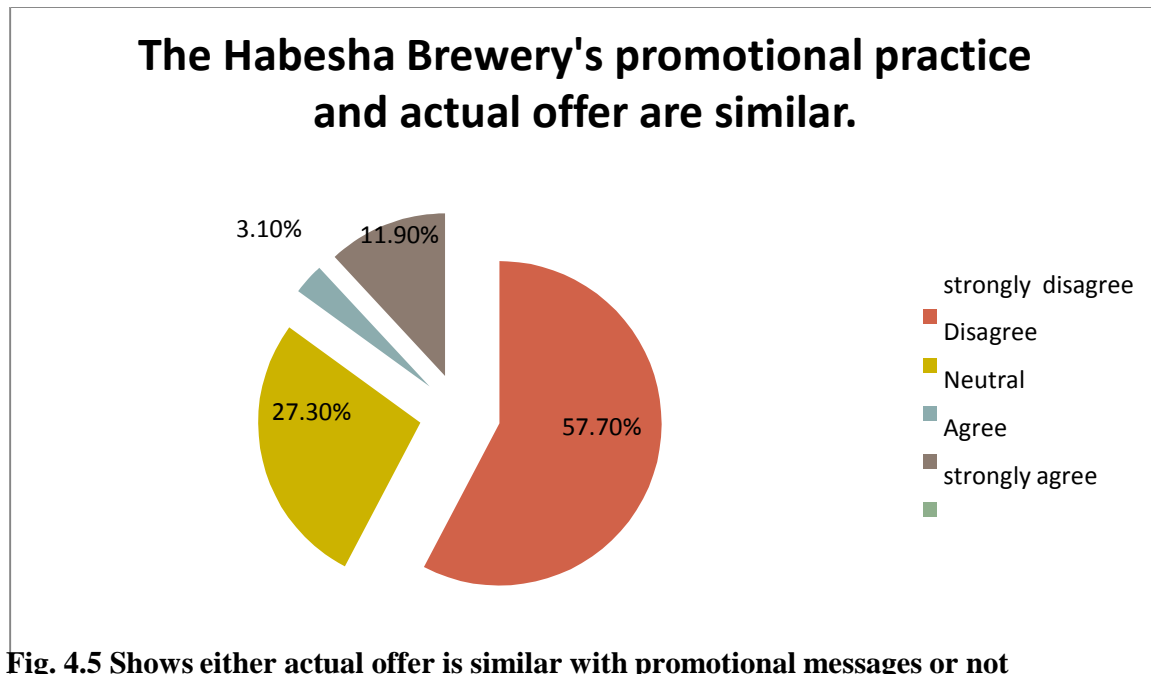
Fig. 4.4 Shows Type of promotions persuade customers

Source: Questionnaire, 2016

From the above figure 4.4 the researcher obtained from 253 respondents 58 (22.9%) of the total respondents responded that personal selling is persuasive than the others, 101 (39.9%) said advertising, 4 (1.6%) of the respondents said publicity, 90 (35.6%) said that sales promotion and there is no respondent responded other.

From this the researcher concludes that advertising and sales promotion are more persuasive than from the other promotion mix elements. Personal selling also applies by the company which leads to increase sales volume but it might be difficult because it is hard to get individuals and convince them. The interview result also proves majority of the respondents provide their reasons for advertising and sales promotion as the following: Advertising builds

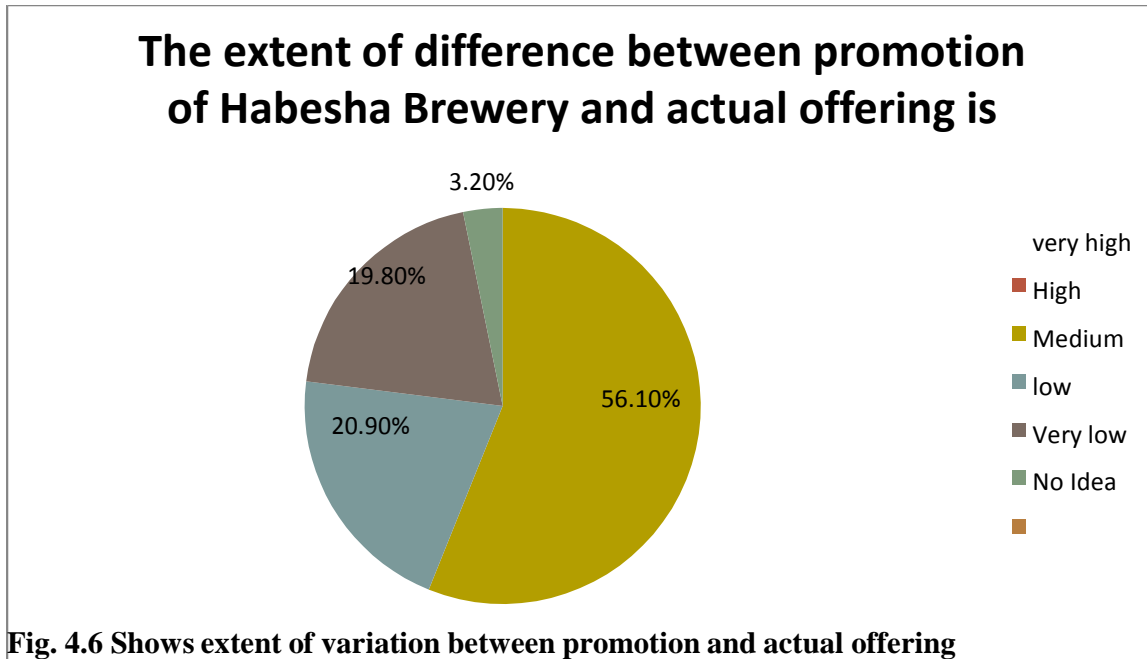
up a long- term image in the minds of the respondent and most of the time it is dramatically (TV) due to this it can easily convince them. In addition to sales promotion the Company also participates in conferences, seminars, exhibits etc, by observing and other reasons the respondents were easily induced in increasing sales volume.



Source: Questionnaire, 2016

The above Fig 4.5 shows that, 57.7% and 27.3% of the respondents said strongly disagree and disagree respectively to say the company promotional practice and actual offering are not the same, where as 11.9% of the respondents said the company 'promotional practice and actual offering are the same, only 3.1% of the respondents are neutral to make their decision on the

issue. As a result, the promise of the company at the time of promotion has difference in actual offerings. This habit may affect the condition of sales especially in the long term objectives.

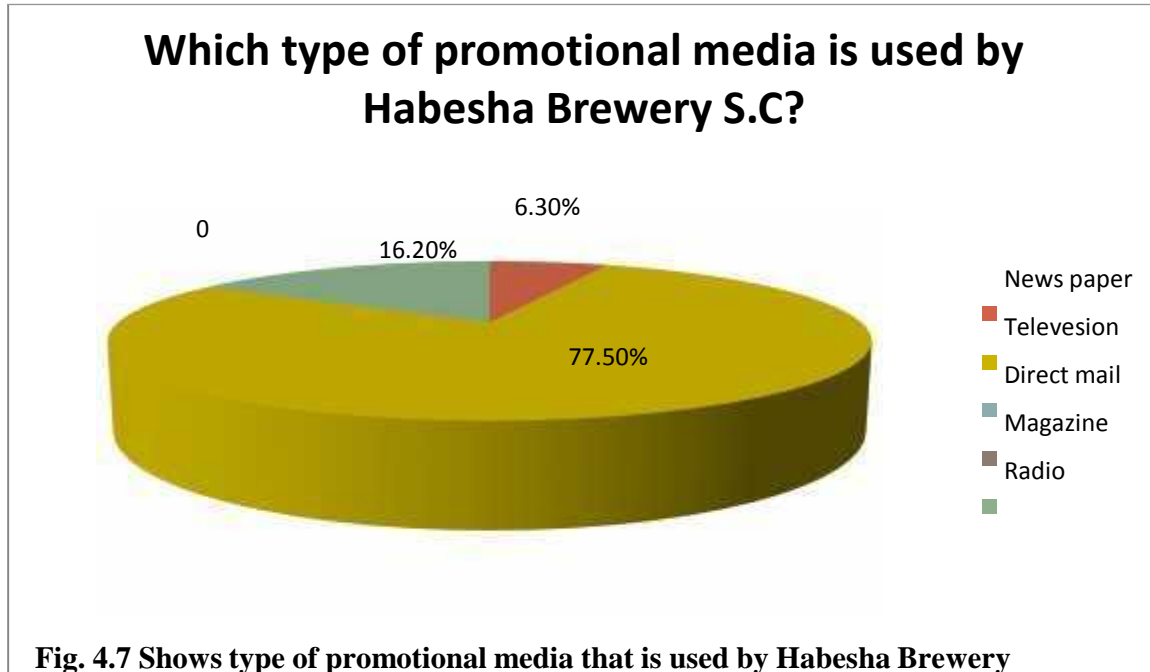


Source: Questionnaire, 2016

From the above table (table 4.6) No respondents said that the company's promotional promise and actual service offering have very high difference, 56.1% have high difference, 20.9% said have medium difference, 19.8% said have low difference and the remaining 3.2% said they have very low difference.

The researcher concludes that the company's promotional activities and actual service offer have a high difference. In addition to the questionnaire response, the result of interview also

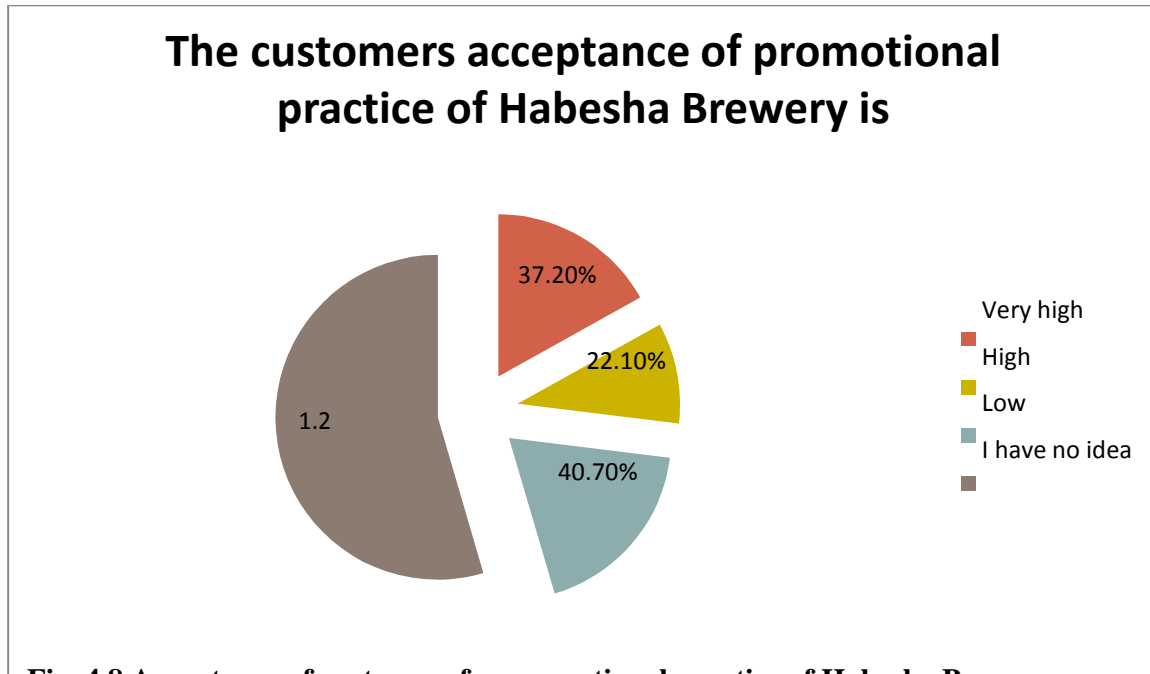
supports these statements. But from marketing point of view promotional practice of one company must be equal to actual offerings otherwise it may have a negative impact on sales.



**Source: Questionnaire, 2016**

According to Figure 4.7 that the company used more of TV for advertising its service. Because majority of the respondents 196 (77.5%) said that the company is more focusing on TV and followed by Radio, Newspaper 41 (16.2%), and 16 (6.3%) respectively. No respondent gave response direct mail, and magazine that means the company do not use direct mail as well as magazine to sell its products. Generally speaking, from the above data analysis most of the

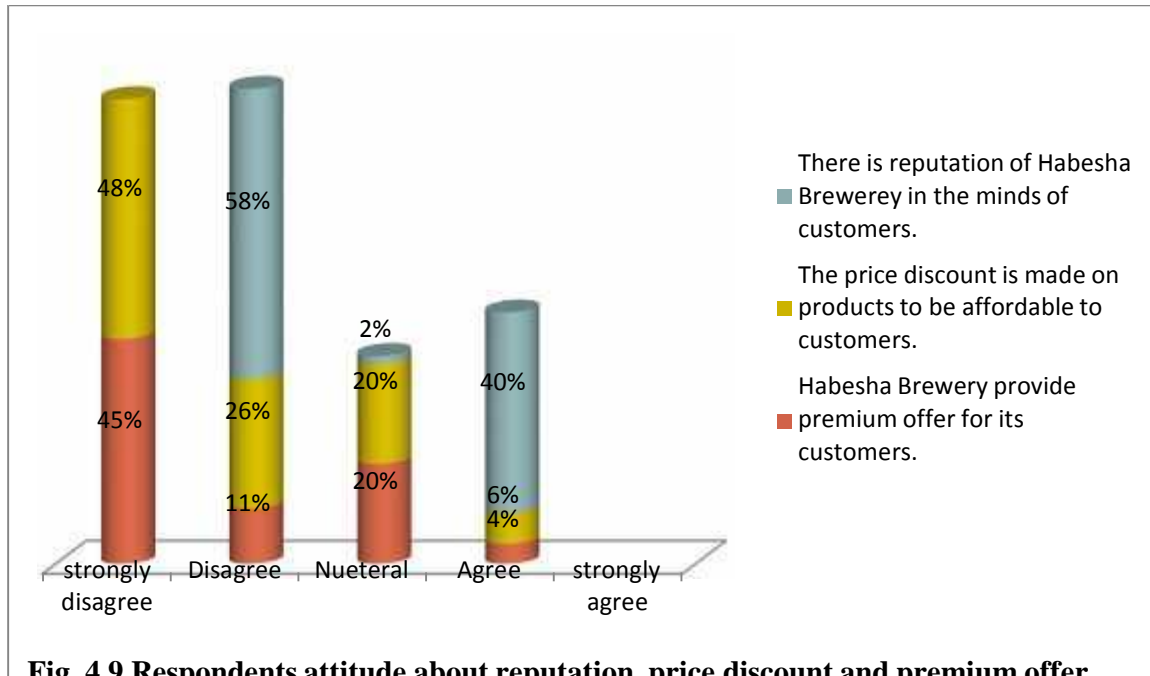
time the company uses TV, Radio and Newspaper to promote their products. Media planners choose among the media categories by considering target audience, product, message and cost.



**Fig. 4.8 Acceptance of customers for promotional practice of Habesha Brewery**

**Source: Questionnaire, 2016**

Based on the above figure 4.8 out of 253 respondents 94 (37.2%) of the respondent said acceptability of the promotion is very high, 56 (22.1%) of the them said that high, 103 (40.7%) of them responds that the customers' acceptance is low, and no number of respondents said have no idea. So, from the above result one can understand that the acceptability of promotional practice of the company is low which means it has a negative effect of sales.



**Fig. 4.9 Respondents attitude about reputation, price discount and premium offer**

**Source: Questionnaire, 2016**

According to Fig 4.9, shows that only 20% of the respondents replied that ‘neutral’ where as the remaining 45%, 11%, 4% of the respondents said that strongly disagree, disagree, agree respectively while no one of them said strongly agree. The reputation of the company is very little popular in the minds of the customer. Therefore, this result implies that the company is not moderately famous as compared to other similar industries found in Ethiopia.

Based on Figure 4.9 , 48% of the respondents responded strongly disagree to say the company’s product price affordability is not very high (it is expensive) to customers, 26% said disagree to say that price affordability is not high again it is expensive, 20% said neutral, 6% of the respondent said agree, while no one of the respondents said strongly agree. Therefore, from

the above analysis one can understand that the company price is not affordable , that means the prices of the company's product is not affordable meaning it doesn't considers both the rich and poor in ability to pay and the company is not advantageous through price off. In other words the company doesn't promote its products by price deduction. Kotler point out that, the distinctive benefit of promotion is communication, incentive and invitation (Kotler, 2007). According to Figure 4.8 in reply to the premium offer depicts that out of 253 respondents 102 (40.3%) said that agree to reflect customers have been getting premium from Habesha Brewery, whereas 147 (58.1%) of the respondents said that disagree to say that there is no premium offered by the company to customers, 4 (1.6%) of them said that neutral but no one said strongly disagree and strongly agree.

This result implies that majority of the respondents did not get premium (bonus) from the company. The company was not using premium as communication, incentives, invitation to increase sales.



**Table 4.2 Shows Relation of Promotion and Sales**

<b>Item</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>
Habesha Brewery SC is promotes its products frequently.	107 (42.3%) M=1.67	43 (17%)	51 (20.2%)	50 (19.8%)	2 (0.8%)
Habesha Brewery SC is better in promotion of its products compared with competitors.	154 (60.9%) M=1.45	41 (16.2%)	45 (17.79%)	13 (5.1%)	-
The aim of promotion is aligned with the mission and vision of the company.	46 (18.2%) M=3.74	34 (13.4%)	76 (30%)	91 (36%)	6 (3.6%)
The volume of sales increases when the company makes promotion.	56 (22.1%) M=3.68	43 (17%)	36 (14.2%)	118 (46.6%)	-
Promotion is worth and necessary for Habesha Brewery.	6 (2.4%) M=2.92	8 (3.2%)	87 (34.4%)	152 (60.1%)	-
Promotion provided by Habesha Brewery has shortcomings.	32 (12.6%) M=2.87	11 (4.3%)	48 (19%)	154 (60.9%)	8 (3.2%)

**Source: Questionnaire, 2016**

Table.4.2 depicts that 107 (42.3%) of the respondent strongly disagree, 43 (17%) said that disagree, 51 (20.2%) are neutral, 50 (19.8%) responds that agree, whereas 2 (0.8%) of them said that strongly agree. This result implies that the company did not promote its products frequently. Furthermore, the same result is found from the Personnel interview, that the company promotes its products on reasonable base.

Again table 4.2 Shows competition campaign of the company is not strong enough, accordingly, as it can be indicated in the above table, which states that with comparing the promotion campaign with other companies replied by 154 (60.95) said that strongly disagree to say that the promotion is not strong enough when it is compared with other same industries, 41 (16.2%), 45 (17.7%), 13 (5.1%) of the respondents responds that disagree, neutral, and agree respectively. Therefore, the strongest of promotion in Habesha Brewery is not competitive against its competitors.

For the statement, the aim of promotion is aligned with the mission and vision of the company, most of the respondents 91 (36%) replied that .the promotional package of Habesha Brewery is aligned with its mission and vision. Therefore, since it is a good practice promotion must be also aligned with its mission and vision for the future.

From 253 respondents 118 (46.6%) of them said that the volume of sales increases when Habesha Brewery S.C makes promotion, while 56 (22.1%) and 43 (17%) of them said that the sales volume doesn't increases when promotion is takes place, the remaining respondents 36 (14.2%) doesn't decided on this issue. As a result promotion in Habesha Brewery has a positive impact on increasing sales.

The above table 4.2 shows, the worthiness and necessity of promotion at Habesha Brewery, for this, 152% of the respondents said promotion is highly worth and necessary for Habesha

Brewery, but only 5.6% said promotion is not needed at Habesha Brewery S.C, while the remaining 34.4% said neutral.

From this result promotion is worthy and necessary in Habesha Brewery to increase sales.

In regards to the short comings of promotion in Habesha Brewery, Table 4.2 shows about the promotional shortcomings of the company.

Accordingly, 69% of the respondent responded that the company promotional practice have a problem and the remaining, 31% said the company have not any problems in their promotional practice.

To this question, the interview result agreed as there are some problems like, Hesitation in choosing printing Medias because of political issue.

This shows that, the company has problems in its promotion activity. We can associate the reason from the interview result; the company has not implemented promotion on a continuous basis as well as it has a problem in assessing the implemented promotion value.

**Table 4.3: Shows Promotion Plans, Objectives and Customers Reaction**

<b>Item</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>
Habesha Brewery has formal promotion plans	158(62.5%) ) M=1.98	24(9.5%)	59 (23.3%)	12 (4.7%)	-
The primary objectives of promotion is outlined when provided to customers	117 (46.4%)	43 (17%)	36 (14.2%)	57 (22.3%)	-
In developing promotion mix, Habesha Brewery considers about the quality of the message and reach ability	195 (77%) M=174	21 (8.3%)	23 (9.1%)	9 (3.6%)	5 (2%)
customers react after promotion is takes place	42 (16.6%) M=3.01	46 (18.2%)	39 (15.4%)	119 (47%)	7 (2.8%)
cost benefit analysis is being done and the budget is outlined against promotion	46(18.2%) M=3.32	34 (13.4)	76 (30%)	91 (36%)	6 (3.6%)
After promotion is takes place, its effectiveness is evaluated	153(60.8%) M=1.91	11 (4.3%)	47 (18.9%)	33 (12.7)	9 (3.3%)
The primary objective of Habsha Brewery’s promotion is only to provide information about its products	45 (17.8%) M=3.67	43 (17%)	56 (22.1%)	98 (38.7%)	11 (4.3%)

**Source: Questionnaire, 2016**

According to table 4.3 majority of the respondents 158 (62.5%) and 24 (9.5%) proves that Habesha Brewery has no formal promotion plans while 57 (22.3%) of them said that agree to reflect there is formal promotion plans.

The interview results also clearly show Habesha Brewery S.C has no promotional plan but it did its activity by experience. Hence it is done in contrast to the review of related literature, such as Kotler (2000) points out, there are eight steps to be followed in developing an effective marketing communication (promotion) program as follows: Identifying the targeting audience, Determine the communication objective, Designing the message, Selecting communication channel, Establishing the promotion budget, Developing and managing the promotion mix and Measuring results.

Hence, it can be deduce that Habesha Brewery S.C has no formal promotion plan period which might be attack the sales volume.

Based on table 4.3 for Primary objective of the promotion in Habesha Brewery S.C, here as per the respondents, the primary objectives of promotion are not outlined when provided to customers, this is supported by 117 (46.4%) and 43 (17%) of respondents. While 57 (22.3%) of the respondents reflects that objectives are out lined when promotion is provided to customers, and 36 (14.2%) of them are not able to decide on this concern.

When the interviewer answer this question, the primary objective of the company's promotional activity is to inform (providing information about its products), increase demand, differentiate their product, to build good image and to attract a competitor's product users through direct or indirect means, however at the time of promotion such objectives are not clearly stated.

Therefore, one can conclude that objectives are not clearly depicted when promotions are takes place in Habesha Brewery S.C.

As depicted in table 4.3, for the statement ‘in developing promotion mix, Habesha Brewery considers about the quality of the message and reach ability’, out of 253 respondents 195 (77%) of them said strongly disagree, 21 (8.3%) of said that disagree, 23 (9.1%) of them said that neutral, 9 (3.6%) of them replied that agree and 5 (2%) of them replied strongly agree with the statement.

In addition considering issues in developing promotion mix the interview results tells that the company considers many things like buyers-readiness to use the service, targeted audience, geographical reachable, position of competitors and the product quality as a principle for things which require choosing the promotion mix element but in practice it is not applied.

As a result the company doesn’t consider different issues when developing promotion mix.

Regarding Customers reaction towards the promotion practice, from 253 respondents, 119 (47%), and 7 (2.8%) of them said that agree and strongly agree respectively to say that customers are react immediately when promotion is being provided, while 42 (16.6%) and 46 (18.2%) of them replied that strongly disagree and disagree respectively to reflect customer reaction is not clearly seen when promotion is takes place.

The interview results again show that it is difficult to distinguish whether customers are attracted by the promotion practice, quality of the product or other factors. Even though it is

difficult to conclude the customer reaction towards the company's promotion is good or bad, it is somewhat good. For the reason that still there is no complaint from the customers or other customers towards the promotion practice of the company and the numbers of customers are increasing. Therefore, customers 'reaction to toward promotion is superior.

According to table 4.3 above, cost benefit analysis is being done and the budget is outlined against promotion in the promotion of Habesha Brewery S.C which is supported by 91(36%) of the respondents. The interview results again shows the company uses objective-and-task method which develops promotion by defining specific objectives, and the task to be performed after that the cost will be estimated. Now a day it also uses competitive-party method and objective-and task methods. The company uses competitive-party method to prevent from promotion wars. The company uses different promotion mixes to promote its products, the main objectives of the company are to inform, persuade, and increase the number of customers. From this point of view the company is using objective-and task method and competitive party method. The selectivity strategy of the company is effective, because percentage of sales and affordability methods are an important for product oriented organization.

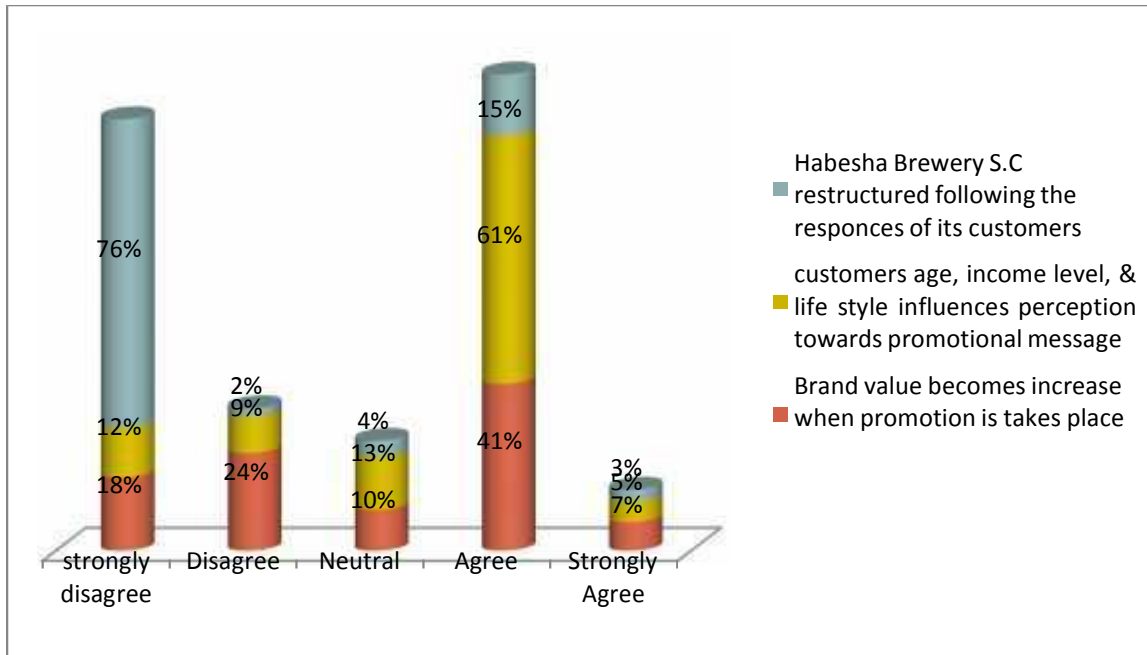
Therefore, the company makes cost benefit and the budget is considered when it provides promotions which might be have a good effect on sales.

The study finds out as depicted in table 4.3, in Habesha Brewery S.C after promotion is takes place, its effectiveness is not evaluated which is supported by 153 (60.8%) and 11 (4.3%) by said strongly disagree and disagree respectively. While 33 (12.7%) said that agree and 9 (3.3%) responds that strongly agree to say that the company makes its effectiveness is evaluated, the remaining 47 (18.9%) of the respondents are neutral to decide it.

Concerning the evaluation of the effectiveness of promotion, the interview result testified that, the company is not evaluating whether the number of customer is increasing or not, doesn't asking customers whether they liked or not. So, it is practiced not practiced as per the theory for example, In evaluating the effectiveness of promotion, members of the target audience have to be asked whether they recognize or recall the message, how many times they see it, what points they recall, how they feel about the message, and their pervious and current attitude towards the product and the company (**Kotler, 2006**). Therefore, one can conclude that the company failed to meet these criteria in evaluating the effectiveness with the exception of increments on sells merely after promotion. The company has a problem in developing such kind of effective promotion it is for the reason that, it has a problem in identifying what to include and exclude when it develops promotion program.

The study proved that (table 4.3), the primary objective of Habsha Brewery's promotion is only to provide information about its products backed by 98 (38.7%) and 11 (4.3%) of the respondents from 253 respondents.





*Figure 4.10 shows how promotion influences the structure, brand value of customer & influences of demographic factors.*

**Source: Questionnaire, 2016**

According to Figure 4.10, majority of Habesha Brewery S.C doesn't restructure its promotion following the responses of its customers. This finding is supported by 76% of respondents. Therefore, due to not restructure its promotion styles following the responses of customers, it will have a negative impact on sales of products. The study finds out that in Habesha Brewery promotion practice is influenced by customer's age, income level and life styles especially on transmission of promotional messages. This is backed by 61% of the respondents out of 253 respondents. As a result unless promotion is considers customer's age, income level and life style the volume of sales affected. According to figure 4.10, for the statement 'brand value becomes increase when promotion is takes place 'out of 253 respondents 18 % of replied

strongly agree, 24% disagree, 10% neutral, 41% said that agree while 7% of them responds strongly agree. Therefore, one can conclude that in case of Habesha Brewery brand value becomes increase when promotion is conducted. This is true that increases sales of products.

**Table 4.4: Shows relation of promotion with brand image, awareness & others**

<b>Item</b>	<b>St. Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>St. Agree</b>
Price & non-price promotions are associated with improving brand image that increase sales	149 (58.9%) M=2.58	21 (8.3%)	42 (16.6)	41 (16.2%)	-
Brand awareness created on the minds of customers due to promotion	172 (67.9%) M=1.53	31 (12.3%)	29 (11.5%)	12 (4.7%)	9 (3.6%)
Effective promotional communication is practiced by H.B SC	120(47.4%) M=2.54	19(7.5%)	36(14.2%)	78(30.8%)	-
Promotion provided by H.B SC's has high effect on consumer buying behavior	10 (4%) M=3.51	14 (5.5%)	38 (15%)	174 (68.8%)	17 (6.7%)
The promotion made by H.B SC is leads it to be competitive	183(72.3%) M=1.28	11(4.3%)	9(3.6%)	50(19.8%)	-
The type of promotion provided to customers is flexible.	152 (60.5%) M=1.39	13 (4.6%)	47 (18.9%)	33 (12.7)	9 (3.3%)
Consumer loyalty increases because of promotion made by H.B sc.	196 (76.1%) M=1.43	22 (8.4%)	25 (9.9%)	9 (3.6%)	5 (2%)
customers purchase price products at promotional price that is told for them	157 (62.4) M=1.24	27 (9.7%)	55 (23.2%)	14 (4.7%)	-

**Source: Questionnaire, 2016**

According to table 4.4 Price & non-price promotions are not associated with improving brand image which has effect on sales. This is backed by from 253 respondents 149 (58.9%) and 21 (8.3%) of them replied that strongly disagree and disagree respectively to say that price and non-price promotions of the company is not associated with in improving brand image on the minds of the customers. On the other hand, 41 (16.2%) and 42 (16.6%) of respondents said that agree and neutral respectively.

The results of the interview also confirm that for the true non-price promotions the focus of the company is on the brand not on price cut and try to highlight the impact of price reductions on the brand image as well as quality perceptions. But in practice still now it is not achieved.

Hence, it is obvious that its price and non-price promotions of the company are not aim to work improving brand image. This is directly affects the sales volume of its products. The company also doesn't work to create brand awareness on the minds of customers in its promotion. This is deduced from 172 (67.9%) and 31 (12.3%) of the respondents. But 12 (4.7%) and 9 (3.6%) of the respondents said that brand awareness is created due to promotion, the remaining 29 (11.5%) of the respondents doesn't come to a decision on the matter.

Therefore, the promotion practice of the company is not able to create brand awareness on the pool of customers.

As shown in table 4.4 above, the researcher provided the statement to respondents as 'Promotion provided by H.B SC's has high effect on consumer buying behavior'. For this from a total of 253 respondents, 10 (4%), 14 (5.5%), 38 (15%), 174 (68.8%), and 17 (6.7%) of them said that strongly disagree, disagree, neutral, agree and strongly agree respectively.

Therefore, from this one can conclude that promotion of Habesha Brewery has effect on consumer buying behaviors of its customers.

According to table 4.4 It also depicts the respondent's opinion on the issue of whether promotion of Habesha Brewery leads it to be competitive or not. As a result of the study, the promotion made by H.B SC. Doesn't lead it to be competitive. This is obtained from 183 (72.3%) and 11 (4.3%) of the respondents.

To test whether promotion mechanisms of Habesha Brewery are flexible or stagnant and its effect on sales, the respondents are requested to reflect their opinion. As a result, out of 253 respondents 152 (60.5%) and 13 (4.6%) of them agree that the company's promotion is stagnant while 33 (12.7%) and 9 (3.3%) of them said that it is flexible, the remaining 47 (18.9%) of the respondents replied that neutral.

Therefore, the promotion mechanism which is provided to customers are not flexible enough which affects sales volume because the attention of the customers towards features of the product is not updated.

As revealed in table 4.4 above, even if promotion is offer to customers, consumer loyalty doesn't increase. This result is gained from out of 253 respondents 196 (76.1%) and 22 (8.4%). Based on table 4.4, In Habesha Brewery S.C actual offer of customers purchase price is not similar with promotional price that is told for them. This is also gathered from 157 (62.4%) and 27 (9.7%) of the respondents. As a result when the promise of the company at the time of promotion period is differed from actual offering, the customers may suspect the truthfulness of other promotions make by the company and customers may shift to other company which is drastically affect sales of its products.

**Table 4.5 Shows challenges that might be affect the practice of promotion**

<b>Item</b>	St. Disagree	Disagree	Neutral	Agree	St. Agree
Your product can survive competition without intensive promotion	121(47.8%) M=1.3	32(12.6%) )	34(13.4%) )	66(26.2%) )	-
Because of the company's promotional practices, leads the customers to buy more beyond their needs.	49(19.37%) M=3.4	69(27.3%) )	24(9.5%) )	108 (42.64%) )	3(1.19%)
The promotional practices of the company causes to increase the price of its products to customers	41(16.20%) M=3.62	19(7.5%)	-	188 (74.3%) )	5 (2%)
Sometimes the promotions provided by Habesha Brewery is prepare to deceptive and misleading information.	67(26.5%) M=3.53	51 (20.2%)	-	135 (53.4%) )	-

*Source: Questionnaire, 2016*

From the above table 4.5 above, the product can't survive competition without intensive promotion of the company, this is backed by 121(47.8%) respondents, followed by 32(12.6%) of the respondents. While 34(13.4%) of the respondents are neutral and 66(26.2%) of the respondents said that the product of Habesha Brewery S.C can survive the competition without making promotions. This indicates that the customers of Habesha Brewery are highly affected by promotions and the challenges of promotion should be given by the attention of the management.

According to the result prevails from table 4.5 from 253 respondents 49 (19.37%), 69 (27.3%), 24 (9.5%), 108 (42.64%) and 3 (1.19%) are said strongly disagree, disagree, neutral, agree and strongly agree respectively.

As a result, Customers are influenced to buy more beyond their needs due to aggressive promotional practices of the company. Therefore, this practice may be affecting the customers' ability to buy the product for the future.

Regarding whether the promotional practices of the company increase the price of the product or not, the researcher depicts the promotional practices of the company causes to increase the price of its products to customers to get the opinions of the respondents. Here, 41 (16.20%), 19 (7.5%), 188 (74.3%) and 5 (2%) of the respondents said that strongly disagree, disagree, agree and strongly agree for the statement.

Therefore, the promotional practice of the company is may be a challenge for customers by increasing prices of the product. Then when the price of the product becomes high due to increasing current number of customers, many loyal customers may be withdrawn from purchasing the product as a permanent manner. Again out of 253 respondents 67 (26.5%) and 51 (20.2%) of the respondents said that the promotions provided by Habesha Brewery is not prepare to deceptive and misleading information for customers. While majority of the respondents 135 (53.4%) of them said that Sometimes the promotions provided by Habesha Brewery is prepare to deceptive and misleading information. Therefore, not at all but sometimes the information's provided to customers about the features of products with its prices leads customers.

# CHAPTER FIVE

## SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

### 5.1 SUMMARY OF FINDINGS

The purpose of this study was to investigate assessment of promotion at Habesha Brewery S.C. The data were gathered mainly through questionnaire and interview from the respondents of the study. The data obtained from questionnaires were analyzed in percentages. From this, the following findings were found

- ❖ The result of the findings indicates that the highest percentage of the respondent, the reason to choose the product were quality they provide and followed by proximity to their residence. Most of the respondents the source of information (first motivator) to purchase the company's product were their families and friends.
- ❖ The analysis of the data disclosed that the most persuasive promotion mix was advertising and sales promotion. Most of the time the company uses TV and Radio to promote the service. Though, their acceptability was below an average.
- ❖ The company's 'promotional activities, communication coverage to reach an identifiable target audience (customers) were good. On the other hand Habesha Brewery S.C does not promote their service frequently, rather on the seasonable base. Most of



the customers were compared promotion campaign of other companies but they did not give value.

- ❖ Habesha Brewery S.C had not formal promotion plan and worked by experience. They were using objective and task and competitive party methods to establish the promotion budget. As a result, they face problems like hesitation in choosing Medias and the Medias were costly. Habesha Brewery was not evaluating their effectiveness even by sells increment.
- ❖ The results on the quality of the messages were not as such good. Even if the messages were clear and understandable, artistic and ethical, most quality of the messages was responded negatively.

## ***5.2 CONCLUSION***

- ❖ As the result of the study indicates, promotion provided by Habesha Brewery has high effect on consumer buying behavior.
- ❖ The company uses advertising and sales promotion to promote its products. But it has problems in designing the messages, communication coverage to reach an identifying targeted customer and in evaluating the effectiveness of its promotion. It also promotes the products what it has, but this may be risky to future because customers would be disappointed and they may be bad referrals in purchasing of products. Here, the company's promotional activities and actual offering was not similar. Hence, the sales of products could be negatively affected.

- ❖ As a result of this interview, I found that quality is one of the main reasons for customers to purchase a product. Because of this, companies should be careful when they implement price related promotion of its products. They should not compromise on product quality and reflect its value by using its external appearance.
- ❖ The main sources of information for customers about the product of Habesha Brewery are from friends popularly known as word of mouth. Meaning the source of information for customers was not primarily promotion practice of the company.
- ❖ Most of the time the company uses TV, radio and newspaper to promote its products. Even if Habesha Brewery uses TV, radio and newspaper to promote its products, the level of acceptability was below standards. Here, the company was not promote its products frequently to add the sales volume of its products because it has no formal promotion plan period and the result of the promotion was not evaluated to test either increasing sales or not. Again in case of evaluating the effectiveness of promotion, Habesha Brewery testified that marketing department evaluates only whether the number of customers increasing or not. But it fails to meet criteria of the evaluation of promotion with the exception of increments on sales simply.
- ❖ According to the analysis part, the price discount provided for customers as a promotional tool was not affordable. Consequently, it affects the sales volume of the company. The company doesn't also provide premium to enhance sales. For this promotion of Habesha Brewery was

not flexible i.e. it doesn't make a variety in one or another to increase sales by inviting new customers.

- ❖ Because of the aggressive practices by the company, extensively causes customers to buy more than they can afford. The interview results also show that it increases costs of products to customers, creates offensive since it uses unfair tactics and it also enters to prepare deceptive by misleading information.

### **5.3 RECOMMENDATIONS**

- ❖ Marketers know that to build and maintain brand awareness is an important part of marketing success. Marketers cannot shape perceptions, drive engagement, or motivate sales without first establishing an awareness of the brand. So, creating awareness is an important element to generate sales of products. Again marketers in Habesha Brewery must understand the strength and weakness of their brand awareness tasks, how to best use it to guide customers purchasing decisions and how measurements can reflect both the contribution and gaps of awareness oriented marketing.
- ❖ Economic globalization and the increasing flow of merchandise, and capital imply not only new opportunities but also new challenges for companies. In this context promotion has a vital role to be competitive by increasing sales. Therefore, promotion of Habesha Brewery should be give attention and evaluated it either performed to increase its sales volume or not; so that

the company should work on quality of its products to satisfied the preferences of its customers

❖ Promotion in Habesha Brewery should be flexible enough by utilizing a variety of incentive techniques and provide flexible promotion mix variables to increase sales.

❖ Promotion is a diverse collection of incentive plans designed to stimulate quicker and or grater purchase of particular products by consumers. Promotion also offers a reason to buy and offers an incentive to buy. In other words promotions are an excellent way of boosting sales over a short amount of time by offering something exceptional to the target customers. But if the promise at promotion is differ from actual offering customers may shift to other similar products. Therefore, Habesha Brewery should keep its promise when providing promotion at actual offering because it directly affects its sales volume to the future.

❖ Consumer buyer behavior is considered to be an inseparable part of marketing and should test buying and disposing of goods, services, ideas or experiences by the individuals, groups and organizations in order to satisfy their needs and wants. The impact of promotion on consumer behavior reveals mixed results. For example, Lau, Chang, Moon and Liu (2006) study showed that promotion is an important factor to differentiate hardcore loyal consumers from brand switchers and that promotion was the most important factor to attract brand switchers. However, a gap that is yet to be fully explored is the comparison of the effects of

promotion on loyal consumer and non-loyal consumers. That is the use of promotion as a factor that influence loyalty among consumers and switcher had not been fully explored and more importantly in an emerging economy like Nigeria.

- ❖ Providing brand equity meant providing a powerful brand which is a successful strategy to differentiate goods from those of competitor's brands. It is provided a considerable competitive advantage, because it is provided significant competitive barriers by increasing sales volume.
- ❖ When costumers exposed to frequent advertising, not only their awareness and mental association increase, but also they gain more positive perception resulted in powerful brand equity. One of the major reasons of customer loyalty reduction is the reduction of promotion. In order to reinforce the views and beliefs that is in concerned with brand, promotion help to have a powerful brand loyalty to increase sales. Regarding to numerous and multiple reasons, brand image is complicated and promotion is a general way to develop the formation and manage this image. So, managers should invest on increasing brand equity in promotion with clear objectives to increase its sales.
- ❖ Since sale promotions make stronger and more complete react, they can be used for better representing and sale increase in stagnation. But it is noted that a tool is short term and in order to excel in goods and brand, brand managers should apply it with long- term goals, because the customers comprehend activities with low quality. Instead of supplying sale

promotion, managers should invest on developing brand equity. To conclude, it is safe to assume that sales promotions in general is having a positive impact in stimulating demand and encouraging new customers to purchase, facilitating a new value sensitive consumer demographic at sales promotional periods. Sales promotion tactics with advertising may boost customer awareness of the brand benefits and encourage a more loyal consumer base finally leads to increase sales.

- ❖ The promotions forwarded to customers should consider ethical issues to minimize such problems or challenges.

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## **Appendix – I: QUESTIONNAIRE**



**St. Mary's University**

**School of Graduate Studies**

**Questionnaire to be filled by Employees of H.B.SC**

*Dear Respondents,*

This questionnaire is designed to gather data on assessment of promotion practices of the case of Habesha Brewery sc. The data to be collected through the questionnaire is highly valuable to meet the objectives of this study. The information you supply is used for academic purpose only and will be kept confidential. Therefore, you are thoughtfully requested to fill in and return the questionnaire. Kindly answer the items as honestly and from the bottom of your heart as you can by compassionate the necessary information required on the space provided.

Please do not leave any item unanswered as much as possible.

Thank you in advance,

**Part One: Personal Information**

1. Gender A) Male B) Female

2. Marital Status A) married B) single

c) Widow D) Divorced

3. Age A) under 30 B) 30-45 years old

C) 46-60 D) above 60

4. Educational status A) Diploma B) BA degree

C) MA D) PhD E) Other

5. Work experience A) Below one year B) 1-3 years

C) 4 years D) 5 and above

**Part Two: Opinion Survey**

6. Why customers are interested to buy the products provided by Habesha Brewery

SC?

A) Place utility

B) reasonable price

C) Quality of service

D) due to promotion

E) Good image

F) Other

7. How do you rate the quality of promotion packages provided by Habesha Brewery?

A) Excellent

B) Very good

C) Good

D) Bad E) I have no idea

8. The source of information for customers about Habesha Brewery product is through

- A) Friends
- B) Promotion media
- C) Family
- D) Other

9. Which type of promotion mix is more influenced the customer?

- A) Advertising
- B) Personal selling
- C) Publicity
- D) Sales promotion
- E) Other

10. The Habesha Brewery promotional practice and actual offer are similar.

- A. Strongly Disagree
- B) Disagree
- C) Neutral
- D) Agree
- E) Strongly Agree

11. The extent of difference between promotion of Habesha Brewery and actual offering is

- A) Very high
- B) high
- C) Medium
- D) low
- E) Very low
- F) No idea

12. Which type of promotional media is used by Habesha Brewery SC?

- A) Newspaper
- B) Television
- C) Direct mail
- D) Magazine
- E) Radio

13. The customer's acceptance of promotional practice of H.B is

- A) Very high
- B) High
- C) Low
- D) I have no idea

14. There is reputation of H.B in the minds of customers

- A. Strongly Disagree      B) Disagree  
C) Neutral                      D) Agree                      E) Strongly Agree

15. The price discount is made on products to be affordable to customers

- A. Strongly Disagree      B) Disagree  
C) Neutral                      D) Agree                      E) Strongly Agree

16. Habesha Brewery provide premium offer for its customers

- A. Strongly Disagree      B) Disagree  
C) Neutral                      D) Agree                      E) Strongly Agree

17. H.Brewery s.c promotes its products frequently

- A. Strongly Disagree      B) Disagree  
C) Neutral                      D) Agree                      E) Strongly Agree

18. H.B is strong in promotion of its products compared with competitors

- A. Strongly Disagree      B) Disagree  
C) Neutral                      D) Agree                      E) Strongly Agree

19. The aim of promotion is aligned with the mission and vision of the company

- A. Strongly Disagree      B) Disagree  
C) Neutral                      D) Agree                      E) Strongly Agree

20. The volume of sales increases when the company makes promotion

- A. Strongly Disagree      B) Disagree
- C) Neutral                      D) Agree                      E) Strongly Agree

21. Promotion is worth and necessary for Habesha Brewery

- A. Strongly Disagree      B) Disagree
- C) Neutral                      D) Agree                      E) Strongly Agree

22. Promotion provided by H.B has short comings

- A. Strongly Disagree      B) Disagree
- C) Neutral                      D) Agree                      E) Strongly Agree

23. H.B has formal promotion plans

- A. Strongly Disagree      B) Disagree
- C) Neutral                      D) Agree                      E) Strongly Agree

24. The primary objectives of promotion is outlined when provided to customers

- A. Strongly Disagree      B) Disagree
- C) Neutral                      D) Agree                      E) Strongly Agree

25. In developing promotional mix, H.B considers about the quality of the

Message and reliability

- A. Strongly Disagree      B) Disagree
- C) Neutral                      D) Agree                      E) Strongly Agree

26. Customers react after promotion is takes place

- A. Strongly Disagree      B) Disagree  
C) Neutral                  D) Agree                  E) Strongly Agree

27. Cost benefit analysis is being done and the budget is estimated against

Promotion

- A. Strongly Disagree      B) Disagree  
C) Neutral                  D) Agree                  E) Strongly Agree

28. After promotion is takes place, its effectiveness is evaluated

- A. Strongly Disagree      B) Disagree  
C) Neutral                  D) Agree                  E) Strongly Agree

29. The primary objectives of H.B's promotion is only to provide information  
about its Products

- A. Strongly Disagree      B) Disagree  
C) Neutral                  D) Agree                  E) Strongly Agree

30. H.B SC. restructured following the responses of its customers

- A. Strongly Disagree      B) Disagree  
C) Neutral                  D) Agree                  E) Strongly Agree

31. Customers age, income level and life style influences perception towards promotional  
message

- A. Strongly Disagree      B) Disagree  
C) Neutral                  D) Agree                  E) Strongly Agree

32. Brand value becomes increase when promotion is takes place

- A. Strongly Disagree      B) Disagree  
C) Neutral                  D) Agree                  E) Strongly Agree

33. Price and non-price promotions are associated with improving brand image to increase sales

- A. Strongly Disagree      B) Disagree  
C) Neutral                  D) Agree                  E) Strongly Agree

34. Brand awareness created on the minds of customers due to promotion

- A. Strongly Disagree      B) Disagree  
C) Neutral                  D) Agree                  E) Strongly Agree

35. Effective promotional communication is practiced by H.B sc.

- A. Strongly Disagree      B) Disagree  
C) Neutral                  D) Agree                  E) Strongly Agree

36. Promotion provided by H.B SC's has high effects on consumer buying behavior

- A. Strongly Disagree      B) Disagree  
C) Neutral                  D) Agree                  E) Strongly Agree

37. Promotion made by H.B SC is leads it to be competitive



- A. Strongly Disagree      B) Disagree
- C) Neutral                      D) Agree                      E) Strongly Agree

38. The type of promotion provided to customers is flexible

- A. Strongly Disagree      B) Disagree
- C) Neutral                      D) Agree                      E) Strongly Agree

39. Consumer loyalty increases because of promotion made by H.B s.c

- A. Strongly Disagree      B) Disagree
- C) Neutral                      D) Agree                      E) Strongly Agree

40. Customers purchase products at promotional price that is told for them

- A. Strongly Disagree      B) Disagree
- C) Neutral                      D) Agree                      E) Strongly Agree

41. Your product can survive competition without intensive promotion

- A. Strongly Disagree      B) Disagree
- C) Neutral                      D) Agree                      E) Strongly Agree

42. Because of the company's promotional practices, leads the customers to buy more beyond their needs.

- A. Strongly Disagree      B) Disagree
- C) Neutral                      D) Agree                      E) Strongly Agree

43. The promotional practices of the company causes to increase its product to customers

- A. Strongly Disagree      B) Disagree  
C) Neutral                  D) Agree                  E) Strongly Agree

44. Sometimes the promotion provided by Habesha Brewery is preparing deceptive and misleading information.

- A. Strongly Disagree      B) Disagree  
C) Neutral                  D) Agree                  E) Strongly Agree

## **Appendix-II: INTREVIEW**

### **St. Mary's University**

#### **School of Graduate Studies**

##### **Interview Questions to be filled by management of Habesha Brewery S.C**

Here under are interviews to be asked management of Habesha Brewery SC which would be conducted by direct involvement of the researcher to achieve research objectives and to make it more dependable. I hope you will be collaborating with me. Thank you in advance.

1. What types of promotional mix elements are used to promote your product?  
Why did you select?
2. Are there any stated promotional objectives? If yes what is it?
3. Do you have formal promotional plan? If yes what does it incorporate?
4. What do you consider in developing your promotional mix?
5. What is the customers 'reaction to the college's promotional activities?
6. What is your approach to establish or set the overall promotional budget?
7. Are there any constraints problems associated with your promotional practice? If yes, how did you overcome them?
8. How do you evaluate the effectiveness of promotion in your company?
9. What are the main challenges you face at your promotional practices?

## **ENDORSEMENT**

This thesis has been submitted to St. Mary's university, school of Graduate Studies for  
Examination with my approval,

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Advisor's Name

St. Mary's University, Addis Ababa    MAY, 2017