

Assessment of Promotional Practices of Brewery Factories in Ethiopia-A Case of St. George Beer Factory

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Abstract

The study was conducted to assess the promotional practice of St George Brewery factory in Addis Ababa. A descriptive case study was employed to achieve the objective of this research. The marketing manager of the factory and 284 retailers were involved in the study. In the selection of the sample population purposive sampling were used. In order to get data from the target populations both questionnaire and interview were used. The questionnaire was administered to the customers/retailers, and the interviews were conducted with the marketing manager. The data collected through questionnaire were analyzed using percentage value and the qualitative data were analyzed using textual explanation. The conclusion generally indicate that the operation of promotion as a mix has not only helped the company to create awareness but also helped in increasing the sales of the company, thus, it is a worthwhile activity and should be made a core aspect of the company's marketing program. The researchers hereby recommended that St George Brewery Factory should assess the various promotional mix elements and select those that can successfully create product awareness and also increase sales in order to achieve organizational objectives.

Key Words: Marketing, Promotion, Marketing communication, Customers, Retailers, Sale, St. George Brewery Factory

Introduction

Today's customer oriented market environment is characterized by a countless amount of products and brands. Globalization causes: increased competition, disappearance of national boundaries, increased customers demand, and the pressure on producers to efficiently and effectively fulfill to customer's expectations keeps increasing. For organizations to survive, these challenging conditions and to secure their growth and market share figures, proper marketing mix techniques are of greatest importance. The primary focus of this study is on one element of marketing mix; the promotional variable. Though, the promotional program must be part of a practical marketing mix strategy and coordinated with other marketing activities.

The ultimate goal of any business establishment is to remain in business profitably through maximum production and high sales volume of products or services. Without best profit, a

business company cannot survive in this competitive marketing environment. One of the fundamental activities in a business organization is having a well-developed marketing as well as promotional mix strategy. The critical success or failure of a business organization depends on its marketing strategies (Chelliah and Kwon, 2011). According to Onditi, (2012) the need of promotion arises because of the presence of information gap between producers (of goods, services and ideas) and potential customers. The customers need information to be aware of the existence of substitute products, its prices, availability of supply, location, etc. Abhijit (2012) agreed that Company uses promotional tools to inform, reach and persuade the existing and potential customers to buy the product for resale or ultimate consumption.

One should note that benefits from promotional strategy get only when it operates properly. To

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be effective, the strategy must consistent with the needs of customers and integrated with other marketing mix elements (product, price, and place). In contrast, ineffective operation of promotion can waste millions of dollars and actually damage the image of company and its products. Thus, this study tried to assess the promotional practice of St George Brewery Factory.

Statement of the Problem

It is natural that every business organization whether small or large, private or government, domestic or international operate in a turbulent and uncertain environment. Due to this, managers must develop new tools, new concepts, new strategy and the new mindsets to cope with the turbulent and chaotic environments leading to discontinuous change (Jain, 1997).

In fact when you run a business, everything might not be easily accomplished. Marketing success is the lifeblood of any business company. Everyone knows that a promotion influences the company's ability to generate profits or to stay in business. Having goods or services of superior quality does not necessarily mean increases in sales or brand awareness. Some companies do not survive due to poor promotion strategies. Similarly, St George Brewery might face with some problems while practicing/implementing the promotion mix elements.

Research questions

1. What kinds of promotion mix are appropriate and found effective in the factory?
2. How effective is the present promotional practice for the performance of the factory?

Objectives of the Study

General objective

The main objective of the study was to assess the promotional practices of St George brewery factory in Addis Ababa.

Specific objectives

1. To identify the promotion mix elements which are applied in the factory.
2. To assess the promotional effort of the factory.
3. To show how effective the present promotional practice of the factory is.

Delimitation of the Study

Since the aspects of the chosen research problem were many, the researcher has tried to narrow down the focus. Therefore conceptually, the study is mainly concerned to assess the promotional practice of St George Brewery Factory. It is concerned in areas of promotion and its elements but does not include other areas of marketing mix, even though they have power in influencing promotional practices or activities. Methodologically, the research was focused on those experienced customers i.e. retailers of the factory and it did not include wholesalers. It means only those who have strong relation with the factory are considered as a target for this research. Hence, the study was confined to St George Brewery Factory which is geographically limited at Addis Ababa City.

Limitations of the Study

The research to achieve the objective at hand basically relied only on assessing the promotional practices of the factory. But, by taking this concept of promotional mix, it is not possible to identify the effect of promotion mix on organization performance. Moreover, the research is restricted on the samples that were drawn only from Addis Ababa city; this may limit the research's ability to draw conclusions about promotional practices of all brewery factories; thus, conducting researches on national level is appropriate to reach at more accurate conclusion on the issue.

Literature Review

Promotional mix elements

Marketing communication is also known as promotion mix consists of five promotion mix elements such as: advertising, sales promotion, personal selling public relations and direct

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marketing (Onditi 2012; Adebisi 2006). Effective implementation of promotion mix helps the organization in reaching its target consumers, informing, influencing and persuading them for buying products or services.

Advertising

According to Kotler & Armstrong (2010) Advertising is defined as “any paid form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor”. It is the dissemination of information by marketer relating to a product, service or an idea through different channel of communication or medium, such as newspaper, radio, television, billboards or magazines by a recognized source Akanbi and Adeyeye (2011).

Sales promotion

A research conducted on the issue of sales promotion shows that sales promotions have remarkable effect on the sales and profit of the organization. Furthermore sales promotion have greater effect on organizational performance as it stimulate and inspire the customer to purchase a product in large quantity, offers an opportunity to organization to generate trials of the product by non-users, motivate the retailers to stock greater number of items or products, motivate the consumers to make buying in off seasons and starting the brand loyalty. They further enhance that if the sales promotions are effectively executed, it can give new life to failing product and improve its sales as well as profits of the organization. Sales promotion benefits the organization at all stages of life cycle of a product and in particular at initial and growth stage. Their study additionally concludes that there is positive relationship between the effective execution of sales promotion and organizational sales which leads to increase in profitability (Ogunlami & Ogunsiyi, 2011).

Personal selling

According to Paparoidamis & Guenzi (2009) Personal selling is an important element in today's cutthroat competition for satisfying the

customers, making them brand loyal and generating profitable sales volume which eventually leads to organizational success. Personal selling is used to increase the satisfaction of the customer after purchasing the company's product and provide guidance to taking corrective measure (Brassington & Pettitt, 2000), as the marketer can see the advantageous or disadvantageous reaction of the consumer and adjust the message accordingly, Belch & Belch (2003) and thus it helps seller in creating long term profitable relationship with consumer based on mutual confidence, understanding and trust (Brassington & Pettitt, 2000).

Public relations

Brassington & Pettitt (2000) defined Public relations as the marketing function which assesses public attitudes, recognizes the policies and procedures of an individual consumer or organization with the public interest, and implements program of action to earn public acceptance and understanding. If the virtues of the organization and value offered by Public relations efforts meet the expectations of the consumer, it can lead to establishing long term relationship and strengthening of the consumer loyalty (Hsieh & Kai Li 2008; Hanzaae et al, 2011). Those corporations which commence cause-oriented marketing promotions distinguish themselves in cut through competition and get better their image which results in improved profits (Serban et al, 2012)

Direct Marketing

According to Kotler (2005) direct marketing focuses on carefully targeted consumers in order to create an immediate response and to nourish already created customer relationships. Direct marketing is done mainly through telephone, email, mail or the Internet.

Methodology

Research strategy and Design

The vastness of the population rationalizes the need to take samples to conclude about the

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population under consideration. Thus, the research is a sample survey, in which sample respondents were asked different questions using questionnaire to generalize about the population. Typically the research is a descriptive research because a descriptive study is helpful when a researcher wants to look into a phenomenon in its natural contexts in order to get its overall picture instead of taking one or some of its aspects and manipulating it in a simulated or an artificial setting (Kothari, 2004). It employed quantitative approach, because quantitative is applicable to phenomena that can be expressed in terms of quantity. Moreover, the researcher uses qualitative results to assist in explaining and interpreting the findings of a primary quantitative study.

Data sources

According to Kothari (2004) to come up with empirical findings data should be collected from their origination. Since the aim of the study was to assess the promotional practices. Primary data was important and was gathered from both the marketing manager and retailers through a structured questionnaire and semi structured interview. The questionnaire was developed to insure that all relevant information required for analysis would be obtained. In addition to the primary data, secondary data was collected and used to support the investigation.

Research Setting and Sample

Research Setting

This research was conducted in St George Brewery Factory Addis Ababa, Ethiopia.

Population, sample size and sampling Techniques

Population of the study

Experienced customers (retailers) are considered as universe of this study. According to the factory customer database currently there are around 7225 retailers.

Sampling techniques

Deliberate sampling is also known as purposive or non-probability sampling, when population elements are selected for inclusion in the sample based on the ease of access it can be called Purposive sampling technique. It is used for selecting items which the researcher considers as a representative of the population (Kothari, 2004).

Sample Size

Then to determine the sample size the researcher preferred a method developed by Cavalho (1984) as cited by Malhorta Naresh (2007). From 7225 customers/retailers of the factory 315 of them were recognized as a sample population which is the maximum amount based on the sample size determination table developed by Cavalho (1984). So in this study data was collected from 315 people.

Instrument development

For the process of data collection a self-administered structured questionnaire was developed and distributed to the sampled respondents. The questionnaire was carefully developed and adopted based on research question and frame of reference (figure 2.1) and finally evaluated by 4 marketing management and 2 psychology professionals. The developed questionnaire was used to obtain the data from customers by using open and closed ended questions.

Data Collection and Instruments

The research mainly relied on structured questionnaire with both open and closed-ended questions to collect primary data from samples. Majority of questions were adopted from Wanjau, (2011), Gebremichael, (2011) and Chalachew, (2010) and some questions were designed by the researcher. Some modifications have been made to make the questions appropriate in our country context and translated into Amharic language to make it easier to respondents. The questionnaires were distributed to the target by going to their retailing shops and when they come to the company marketing department to order products. In addition to

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the data elicited using questionnaire from the retailers an interview was conducted with the marketing department head of the factory to support and cross check gaps.

Pre-test and Pilot test of the questionnaire

Once came up with the first draft of questionnaire, it was handed out to four instructors of marketing and they were asked to give comment the questions’ content validity, whether the questionnaire can answer the research question or not and they gave valuable comments. After refining questions, an improved draft questionnaire was developed. Then the questionnaire was translated to a local language and given for two language instructors for comment on grammatical error, defect on translation and clarity of understanding. In addition, a modified questionnaire was developed and distributed to two instructors of psychology department and the researcher got some problems and identified with the

wordings and implications of some items, minor revisions were made to avoid confusion. Finally, a well improved questionnaire was developed and distributed.

Data processing and Analysis

As repeatedly stated, questionnaire and interview were instruments used for collecting relevant data from the retailers and marketing manager. Based on the nature of the data, analysis and interpretation were made. The responses obtained from 284 retailers through the questionnaire were organized and demonstrated in tables. The collected data were analyzed using descriptive statistics (percentages). And Pearson correlation coefficient was used to get the relationship between promotion and sales performance. The responses of the interviewee was analyzed and interpreted qualitatively by applying contextual explanation by reviewing related literatures.

RESULT AND DISCUSSION

A total of 315 questionnaires were distributed, and 284 were returned. The remaining 31 questionnaire were not returned back. Overall

response rate was 89%. For analysis purpose descriptive statistics like frequency tables, were used.

Table 1 Primary reason for buying and using the company products

Description	Response	Frequency	Percent
What is your primary reason for buying or wanting the company product?	Reasonable price	37	13.1
	Availability of Supply	50	17.6
	Quality of product	64	22.5
	Promotional practice	88	31.0
	Good image	44	15.5
	Total	284	100.0

Source: Primary data, 2014

The data indicates that 13.1% of the total respondents said that the reason to choose the company is reasonable price, 17.6% said because of Availability of Supply, 22.5% said by quality of the company product, 31.0% of the respondents responded because of promotional practice of the company and the remaining

15.5% the customers responded good image of the company. The analysis reveals that customers buy/want the factory product not only because of the factory promotional practices but also there are other reasons in which the organizations give attention.

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Table 2 Source of Information

Description	Response	Frequency	Percent
How do you get the information to by the company product?	Suddenly By The Company’s Promotion	124	43.7
	From Friends/word of mouth	116	40.8
	Family	44	15.5
	Total	284	100.0

Source: Primary data, 2014

As shown in the above table 4.5, most of the respondents (i.e.43.7%) responded that their main sources of information to buy the company product were the company promotion activity. On the other hand 40.8% and 15.5% of the respondents said they get information about the company and its product from friends and family respectively. The data implies that customers get information

about the company and its product mainly from promotional practice of the factory and their friends (word of mouth). word of mouth is one of the main source of promotion a satisfied group of customers is considered to be the most successful hidden promoters.

Table 3 Promotion Mix Persuasiveness

Description	Response	Frequency	Percent
Promotional mix elements which are mostly persuasive to you.	Publicity	74	26.0
	Sales Promotion	43	15.2
	Advertising	114	40.2
	Personal Selling	37	13.0
	Direct Marketing	16	5.6
	Total	284	100.0

Source: Primary data, 2014

The data reveals, as a majority of the respondents replied advertising (40.2%), public relations (26.0%) and sales promotion (15.2%) are the most persuasive mechanisms of the company’s promotional tools and the other majority of respondents indicate that personal selling (13.0%) is the next persuasive promotional mix elements. Among the five mixes direct marketing

was replied minimum i.e.5.6% of the total respondents. These all indicate the company’s promotional mix elements are vital for the marketing of products. It creates a good image for the Brewery and gained popularity as the company’s perspectives of quality products. However direct marketing is less persuasive tool compared with other tools.

Table 4 the extent of communication to reach identifiable target customers

Description	Response	Frequency	Percent
The extent to which communication coverage by the company to reach an identifiable target customer can be rated as:	Very Poor	6	2.2
	Poor	11	3.9
	Good	121	42.6
	Very Good	106	37.3
	Excellent	40	14.0
	Total	284	100.0

Source: Primary data, 2014

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The above table depicts that 14.0% of the respondent said that the extent of communication coverage to reach identifiable target customer is excellent, 37.3% said very good, 42.6% said good, 3.9% said poor and 2.2% of the respondent said the extent of communication is very poor. This implies that the factory

communication coverage to reach identifiable target customer is good (medium). The target audience is critical influence on the communicator’s decision about what to say, how to say, when to say, where to say it, and to whom to say it (Kotler, 2000).

Table 5 Respondents view about the promotional Messages

1. The messages:	Mean	Std. Deviation
Are Attractive	3.33	1.392
Are convincing	3.12	1.188
Are clear and understandable	3.40	1.258
Are appealing	3.16	1.376
Are motivating to use the product	3.19	1.415
Are flexible?	3.29	1.447
Are Psychologically imposing	3.26	1.407
Are frequently updated	2.88	1.547
Are believable	3.41	1.497
Valid N (listwise) (N= 284)		
Group mean	3.23	

The items such as, believability, clarity and understandability of the message cases with mean value of (3.41) and (3.40) respectively recorded as the highest from the total items while the items the company provides frequently updated promotional messages has the lowest mean value (2.88) of all the items.

Evaluating the effectiveness of promotion:
The factory evaluate its promotion effectiveness

by asking members of the target audience or customers; 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. After assessing those and other things they took adjustments in situations where they thought are necessary.

CONCLUSION AND RECOMMENDATIONS

Conclusion

1. The promotional activities are somewhat effective in attracting customers but promotion only cannot do anything, so having good quality product, appropriate price, supply availability and good image of the factory can attract customers.
2. With regard to the source of information for customers, the factory relies more on promotion also the factory does not have the practice to

- advertise its products through word of mouth. But word of mouth is one of the main source of promotion a satisfied group of customers is considered to be the most successful hidden promoters.
3. Out of the various promotion mix elements used by St George Brewery factory; advertising, public relations and sales promotion are the most persuasive mechanisms of the company’s promotional tools. However, more remains to be done by the company in making all promotional mixes persuasive for its customers because the finding indicates that personal selling

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and direct marketing are less persuasive compared to the other mixes.

4. The contents of the promotion mix messages of the factory transmitted through various media channels are moderately effective and have a mean value of above average. But the messages are not frequently updated.
5. One can undoubtedly agree that there is a positive correlation between promotional expenses and sales of St George brewery factory which implies that an increase in the promotion of the products leads to an increase in sales.

Suggestions

1. The company should assess the various promotional mix elements and select those that can effectively create product awareness and also increase sale in order to achieve organization objective. Since promotional mix constitute one of the reasons that can push customers to buy or want the factory product, therefore other reasons like quality, availability of supply, price and good image should be appropriately considered.
2. word of mouth is one of the main source of promotion a satisfied group of customers is considered to be the most successful hidden promoters and if the factory must keep on moving the process of satisfying the customers through good public relations. Because public relations help the factory to establish long term relationship and strengthening customer loyalty as a result loyal customers can recommend the factory product for other customers.
3. The company should take a positive step in making its marketing communication efforts more interactive. This would allow for more dialogue between the company and its customers during the selling. The

factory should carry out periodic measurement of the effect of its promotional activities in order to correct it to earn more gain. The factory must evaluate and update the promotion messages frequently and also hires marketing personnel to solve the problems.

4. Furthermore the factory should conduct Marketing research to identify promotional activity related problems and other things that have direct or indirect influence on their marketing activities.
5. Finally, due to the time and cost limitations, this study was conducted at St George Brewery Factory in Addis Ababa area. Future research can be conducted at different Brewery factories in different locations. A different picture might emerge.

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