



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

**ASSESSMENT OF MARKETING STRATEGY PRACTICE:  
IN THE CASE OF RAYA BREWERY S.C.**

**By:  
TILAHUN NEGASH BEKELE  
ID No: SGS/0750/2007A**

**A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR AWARD OF MASTERS DEGREE IN  
MARKETING MANAGEMENT**

**June 2017  
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**DEPARTMENT OF MARKETING MANAGEMENT  
SCHOOL OF BUSINESS  
ST. MARY'S UNIVERSITY**

**June 2017  
Addis Ababa**

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## STATEMENT OF DECLARATION

I, the undersigned, declare that this thesis in titled “**Marketing Assessment Practice in the Case of Raya Brewery S.C**” is my original work, prepared under the guidance of my advisor Temesgen Belayneh (Dr.). All sources of materials used for the thesis have been duly acknowledged. And it has not been presented in St. Mary’s University or other Universities.

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Name

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Signature

**St. Marry University, Addis Ababa, Ethiopia**

**June, 2017**

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## **List of Abbreviations /Acronyms**

S.C	Share Company
RBSC	Raya Brewery Share Company
PLC	Product Life Cycle
R&D	Research and Development
PPPP	Product, Price, Place, Promotion
STP	Segmenting, Targeting, Positioning
PR	Public Relation
HL	Hecto Litter
E.C	Ethiopian Calendar
TV	Tele Vision

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## ***Abstract***

*Marketing strategy is commonly defined as a strategy employed by a firm to attain its marketing objectives, which in turn is related to the achievement of the firm's business objectives. In other words, marketing strategy refers to the marketing goals and action plans that address matters of product/ service price, distribution, communication, and the process of new product development. This study focused on assessing the marketing strategy practices of the Raya Brewery Share Company. The study used descriptive method of research design. Both primary and secondary data collection instruments are used to collect data. To collect the data for this study, the target population of the study is the corporate marketing and sales department of the Raya Brewery Share Company. The study was taken 49 people who are working under corporate sales and marketing department, out of 49 people questionnaires were distributed for 48, and one was interviewed. The Raya Brewery's marketing strategy is practiced moderately by its employees and managers. The company provides quality products with affordable prices by promoting its products using different promotional mechanisms (i.e. media advertisement, sales promotion and public relations). It was finally recommended that the company needs to align its marketing strategies with its vision and mission; the vision and missions of the company must be well addressed to its employees, the marketing and planning team and other stakeholders. The company needs to enhance its communication between corporate sales and marketing departments and other departments for the smooth implementation of its strategy.*

***Key words:*** *Marketing mix, Target marketing, Raya Brewery, Marketing Strategy*

# CHAPTER - ONE

## INTRODUCTION

The focus of this section is mainly addresses the background of the study, statement of the problem, Objective of the study, Methodology, Significance of the study, Scope and limitation of the study.

### 1.1. Background of the Study

With the growing competition in the domestic and international markets, more demanding and assertive customers, rapid advancement in technology, and changing government policies and laws, the marketing environment has changed dramatically and is becoming more unstable.

Marketing is a major stakeholder in new product development, customer management, and value /supply chain management, and marketing strategy provides concepts and processes for gaining a competitive advantage by delivering superior value to the business's customers. Therefore, to deal with the current challenges, the businesses must have more distinctive and purposeful marketing strategies and they should be effectively implemented (Jain, 1997).

As a part of the strategic planning process, a company has to formulate a marketing strategy before entering a new market. For company marketers, formulation of a good marketing strategy is of big importance since it contributes benefits, including raising the efficiency of new products launches, cost reduction and improving product quality and market share performance. So, before beginning to develop a product, the entrepreneur must show that the product will be accepted by a target audience and their marketing strategy will accomplish this goal (Zelalem and Negi, 2009).

The strategic marketing planning process flows from a mission and vision statement to the selection of target markets, and the formulation of specific marketing mix and positioning objective for each product the organization will offer. Additionally, organizations consider internal strengths and how these strengths can be leveraged through strategy to achieve sustainable competitive advantage. Nowadays, most companies face some form of competition, no matter what the industry, because of deregulation and because of the globalization of many industries. Consequently, marketing strategy has become all the more important for companies to

continue being profitable. Marketing strategy is the process of planning and implementing company policies towards realizing company goals in accordance with the company vision.

Marketing strategies include general ones such as price reduction for market share growth, product differentiation, and market segmentation, as well as numerous specific strategies for specific areas of marketing.

Therefore, marketing strategy is most effective when it is an integral component of corporate mission, target marketing, marketing mix and defining how the organization will successfully engage customers, prospects, and competitors in the market arena (Dibb, 2005).

## **1.2. Background of the Organization**

Brewing has been mentioned in history as early as Egyptian times and has continued on to the present day with relatively few changes to the basic recipe. Beer is the world most widely consumed alcoholic beverage; it is the third-most popular drink overall, after water and tea. Malted barley is the main ingredient, which, when milled and heated in water to extract its nutrients, provides a nourishing sugar- and protein-rich solution named wort (pronounced wert), an ideal medium in which yeast may grow and ferment. In comparatively recent times hops were added to the boiling wort as it was discovered that hops had antibacterial properties which preserved the wort and fermented beer and which gave the beer a refreshing bitter taste.

According to RBSC Annual Report (2007) Raya Brewery was incorporated on Megabit 23, 2002 E.C in accordance with Commercial Code and investment law of Ethiopia. It has obtained all pertinent licenses from concerned government authorities. The company has erected its factory with investment capital of Birr 1.8 billion with money obtained 40% from 2,440 shareholders and 60% from bank loan in Michew town in Tigray Regional State at a distance of 662 km North of Addis Ababa, and start production to the market in February , 2015. The company believed the establishment of the factory at Maichew enable a competitive advantage over the other breweries in the Northern part of Ethiopia as there is no other brewery to date in that region unlike the other parts of Ethiopia.

Initially, the project was designed to produce 300,000 HL per annum. After considering the market potential of the beer sector, the Board of Management of the Brewery has decided to expand the production capacity of the Brewery from 300,000 HL to 600,000 HL. The factory is

the latest and the most modern brewery in the country that uses high-tech machinery and produces high quality beer in fully computerized and automated process.

The factory has latest equipment that makes its production modern. Among these equipment: CIP plant-the brewing equipment is cleaned by 4CIP plants using recovered water, caustic soda, and acid; EBI: removes products that do not fulfill the standards water treatment plant, CO<sub>2</sub> recovery plant, Air compressor plant, Cooling plant, Boiler plant, Conveyor; Casing and uncasing, Crate washer, Bottle washer, Filler, Pasteurizer, Labeler, Keg plant and others.

Raya Brewery S.C has experience in high quality beer production from barley and natural spring water. Via its contemporary technology, the beer achieves quality standards i.e. produced without sugar, free from hangover and needless mouth smell.

Raya Brewery has warehouses in Mekelle, Shire, Woldya and Addis Ababa cities and has five sales regions to distribute its products in all over the local markets through agents. In addition to the bottled and draught beer, recently the factory was introduced another product "Raya Draught".

### **1.3. 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. In the context of changing customer expectations, 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 an efficient manner for business success. 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).

According to Cravens et al (1993) a company needs to consider the competitor's in its industry in order to develop successful strategies. Strategies such as price competition, advertising battles, sales promotion offers, new product introductions, and increased customer service are commonly used to attract customers from competitors. In order to fully analyze rivalry, it is important to determine which firms are the major competitors and what are their annual sales, market share, growth profile, and strengths and weaknesses. Also, it is useful to analyze their current and past

marketing strategies to try to forecast their likely reactions to a change in a competitive firm's strategy.

In order to achieve the marketing objectives, we need to have a strategy that includes different elements. When it comes to marketing strategies, most people spontaneously think about the 4P (Product, Price, Place, and Promotion). Like other products, the investment in the production and sale of beer needs its own marketing strategy. As a result of the country's continuous economic development, the beer market of Ethiopia is exposing an amazing increasing trend every year. Especially in recent five years, the industry shown more than a 15% increment trend each year and expected to grow in the future. Because of this attractive industrial growth the currently existing breweries continuously expand their production capacity and plans to add new plants. Similarly the sector also attracts new domestic and foreign investors to invest in the business (Raya Brewery Annual Report, 2016).

The established breweries namely BGI, Waliya, Dashen, Meta, Habesha and even Zebidar have loyal customers and a well-developed marketing network in the locality. This is a big marketing challenge to Raya Beer. Raya is, therefore, required to put all its resource and effort to penetrate the target market and gain a reasonably fair market share as this plays a pivotal role in the overall marketing performance.

For such reason the company has been developed a five years' marketing strategy based on a comprehensive research on the basic market features to all the target regions and has been implemented in the last two year, but the company still struggling to gain a reasonable market share in target market due to marketing strategy implementation according to the department of corporate sales and Marketing report. The major functional department of corporate sales and marketing must work to accomplish strategic objectives of the company. However, Raya Brewery does not have a vision, mission and value statement which shows how the organization lacks behind from the strategic point of view.

Thus, this study attempt to assess the problems associated with the marketing strategy practices in Raya Brewery. Specifically the study is designed to address the following basic questions.

- How the marketing strategies are practiced by Raya Brewery S.C aligned with its mission, the target marketing, and marketing mix to satisfy customer requirements?
- What is the marketing mix elements devised for marketing strategies?



- How does Raya Brewery segmenting, positioning and targeting its products to win competitors and achieve its stated goals?
- What are the problems encountered in implementing the marketing strategies?

## **1.4. Objectives of the Study**

### **1.4.1. General Objective**

The general objective of the study was to assess the marketing strategy practices of the Raya Brewery S.C.

### **1.4.2. Specific Objective**

While assessing the marketing strategy practices of the Raya Brewery, the researcher focused on the following specific objectives;

- To examine the company's marketing mix strategies that will appeal to the target market.
- To see how the company strategically positioning and segmenting the market to achieve its objectives.
- To assess problems encountering the marketing strategy implementation of Raya Brewery.

## **1.5. Scope of the Study**

The scope of this study is limited to assess the marketing strategies practiced in the Raya Brewery Share Company. This study is concentrated on only Addis Ababa, Maichew, Mekelle and Shire regions. The study involves the corporate sales and marketing department of the company. The study includes the basic element of marketing strategy such as segmenting, targeting and positioning strategy and 4p's (Marketing Mix strategy) to achieve its stated goals. The study delimited to the marketing strategy practices by the organization's side with concerned employees.

## **1.6. Limitation of the Study**

The lack of cooperation of the respondents and their commitment to complete filling the questionnaires and interviews to devote their time to provide the researcher with the relevant information was seriously limited the outcome of the research. The study was also limited by the lack of researches conducted on this topic, especially in the county's context in which this study is undertaken. Lack of sufficient finance and time are also the limitation of this study.

## 1.7. Significance of the Study

This paper result is important for number of reasons. It helps as a finding for Raya brewery about its marketing strategy and improves the rapid growth of the company if it is used by the company. In addition it is useful for students and academicians as an input to get on similar researches in the future and also the research finding will be a helpful literature reference for breweries who want to formulate a new marketing strategy.

The study will also enhance the knowledge of the researchers in terms of basic principles of research methodology.

Furthermore, the research lays a ground for further studies on similar topics. Serve us a spring board for other researchers to engage in the area of marketing strategy practices on beer industry as a whole.

## 1.8. Definition of Key Concepts and Terms

- **Marketing Strategy:** the marketing logic by which the Company hopes to create customer value and achieve profitable customer relationships.
- **Market Segmentation:** Dividing a market into distinct group of buyers who have different needs, characteristics, behaviors and who might require separate products or marketing program.
- **Market Segment:** A group of customers who respond in a similar way to a given set of marketing efforts.
- **Market Targeting:** The process of evaluating each market segment's attractiveness and selecting one or more segments to enter.
- **Positioning:** Arranging for product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target customers.
- **Marketing Mix:** The set of controllable tactical marketing tools – product, price, place and promotion - that the firm blends to produce the response it wants in the target market. (Kotler and Armstrong, 14<sup>th</sup> Ed.)

## 1.9. Organization of the Paper

This research paper consists five chapters. The first one is the introductory part of the paper which contains background of the study, statement of the problem, research questions, objective of the study, definition of terms, significance of the study, scope and limitation of the study, organization of the study. The second part discussed the review of related literatures about the subject matter. The third chapter is research design and methodology. The fourth part contains the data analysis. The last chapter, the fifth is about the summary, conclusion and recommendation of the analysis.

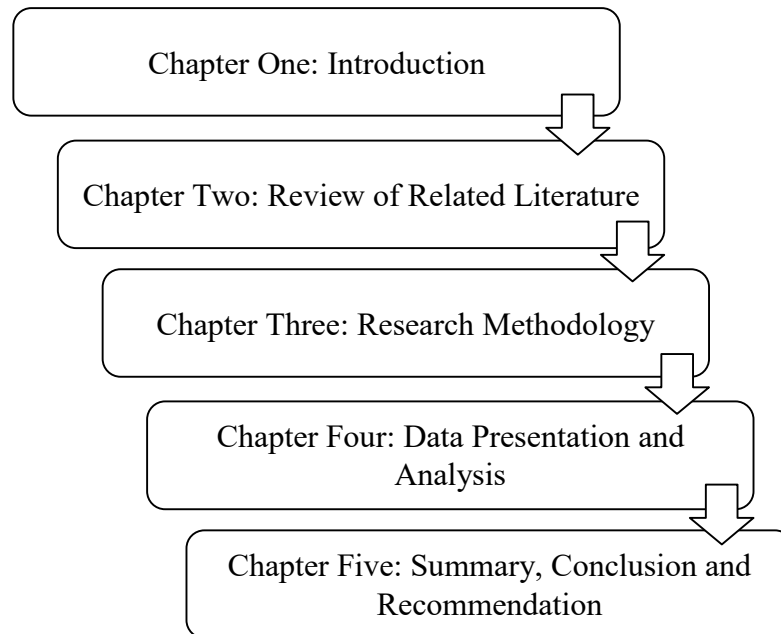


Figure 1 Organization of the Paper  
Source: By Own Source, May 2017

# **C H A P T E R - T W O**

## **REVIEW OF RELATED LITERATURE**

### **2.1. Theoretical Literature**

#### **2.1.1. Marketing Strategy Overview**

When we start marketing strategy, the same term apply to the words “objective” and “strategy”. The marketing objectives are the aims, the goal to which the entire marketing effort of the organization is directed. Marketing strategy therefore refers to the means by which the marketing objectives will be achieved. The same short hand will also apply; the marketing objectives must begin with the word “To...” and the marketing strategies with the word “By” (Fifield 1994, p.174).

While all marketers do not agree on a common definition of marketing strategy, the term generally refers to a company plan that allocates resources in ways to generate profits by positioning products or services and targeting specific consumer groups. Marketing strategy focuses on long term company objectives and involves planning marketing programs so that they help a company realize its goals. Companies rely on marketing strategies for established product lines or services as well as for new products and services. Marketing strategy determines the choice of target market segments, positioning, marketing mix, and allocation of resources. Marketing strategy encompasses selecting and analyzing the target market(s) and creating and maintaining an appropriate marketing mix that satisfies the target market and company. (Fifield 1994)

According to McDonld, Marketing strategies are the means by which marketing objectives will be achieved and are generally concerned with the four major elements of the marketing mixes; product, price, promotion and place (McDonald and Dunbar,2007). In the word of Kotler, marketing strategy is the marketing of logic by which the business unit expects achieve its marketing objectives. Marketing strategy consists of marketing decisions on the business’s marketing expenditure, marketing mix and allocations in relation to expected environmental and competitive conditions (Kotler, 2007).

### 2.1.2. Marketing Strategy Development

After testing and selecting a product concept for development, the new product manager must draft a three part preliminary marketing strategy plan for introducing the new product into the market. The first part will describe the target market's size, structure, and behavior; the planned product positioning; and the sales, market share, and profit goals sought in the first few years. The second part will outline the planned price, distribution strategy, and marketing budget for the first year. The third part will describe the long run sales, profit goals, and marketing mix strategy over time. This plan forms the basis for the business analysis that is conducted before management makes a final decision on the new product (Ranchhod, 2007).

### 2.1.3. Elements of marketing Strategy

In order to achieve the marketing objectives, we need to have a strategy that includes different elements. Here there are four major elements that are used in the literature to explain the detail of marketing strategy. These are the Target market, Segmentation, Positioning and the Marketing mixes (Brooksbank, 1994, pp.1014.).

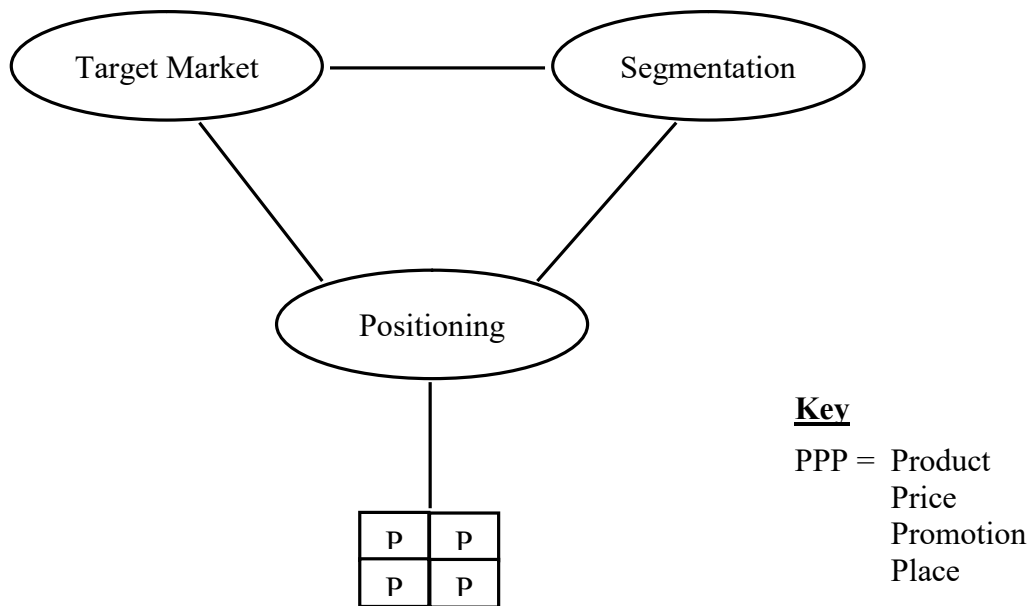


Figure 2: Framework of Marketing Strategy  
Source: Adopted from Roger Brooks bank, 1994, pp.1014.

#### **2.1.4. Segmentation, Targeting and Positioning**

STP (Segmentation, Targeting and Positioning) Marketing is the name of the game.

- The days of “one size fits all” are over
- No longer can one say “You can have any color as long as it is black”
- Need to follow the “horses for courses” policy no more mass marketing

When it comes to marketing strategies, most people spontaneously think about the 4P (Product, Price, Place, and Promotion). Market segmentation and the identification of target markets, however, are an important element of each marketing strategy. They are the basis for determining any particular marketing mix

At its most basic level, the term “market segmentation” refers to subdividing a market along some commonality, similarity, or kinship. That is, the members of a market segment share something in common. The purpose of segmentation is the concentration of marketing energy and force on the subdivision (or the market segment) to gain a competitive advantage within the segment. Concentration of marketing energy (or force) is the essence of all marketing strategy, and market segmentation is the conceptual tool to help achieve this focus

The importance of market segmentation results from the fact that the buyers of a product or a service are no homogenous group. Actually, every buyer has individual needs, preferences, resources and behaviors. Since it is virtually impossible to cater for every customer’s individual characteristics, marketers group customers to market segments by variables they have in common. These common characteristics allow developing a standardized marketing mix for all customers in this segment (Anderson, 2000).

#### **Bases for Segmentation**

Consumer markets can be segmented on the following customer characteristics

##### **A. Demographic Segmentation**

Gender, age, income, housing type, and education level are common demographic variables. Some brands are targeted only to women, others only to men. Music downloads tend to be targeted to the young, while hearing aids are targeted to the elderly. Education levels often define market segments. For instance, private elementary schools might define their target market as

highly educated households containing women of childbearing age. Demographic segmentation almost always plays some role in a segmentation strategy.

### **B. Geographic Segmentation**

This is perhaps the most common form of market segmentation, where in companies segment the market by attacking a restricted geographic area. For example, corporations may choose to market their brands in certain countries, but not in others. A brand could be sold only in one market, one state, or one region. Geographic segmentation can take many forms (urban versus rural, north versus south, seacoasts versus interior, warm areas versus cold, high humidity areas versus dry areas, high elevation versus low elevation areas, and so on). These examples also reveal that geographic segmentation is sometimes a surrogate for (or a means to) other types of segmentation.

### **C. Behavioral Segmentation**

Behavioral segmentation is based on actual customer behavior toward products. Some behavioral variables include: Benefits sought, Usage rate, Brand loyalty, User status: potential, first time, regular, etc., Readiness to buy, Occasions: holidays and events that stimulate purchases

### **D. Psychographic or Lifestyle Segmentation**

Lastly, we come to psychographic (or lifestyle) segmentation, based upon multivariate analyses of consumer attitudes, values, behaviors, emotions, perceptions, beliefs, and interests. Psychographic segmentation is a legitimate way to segment a market, if we can identify the proper segmentation variables (or lifestyle statements, words, pictures, etc)

## **Target Market Selection**

Targeting is the next step in the sequential process and involves a business making choices about segment(s) on which resources are to be focused. Targeting is the actual selection of the segment. "A set of buyers sharing common needs or characteristics that the company decides to serve." Companies use target marketing to tailor for specific markets. There are three major targeting strategies: Undifferentiated, Concentrated, and Differentiated. During this process the business must balance its resources and capabilities against the attractiveness of different segments (Kotler, P, 2007, pp.360).

## **Positioning**

Positioning is the use of marketing to enable people to form a mental image of your product in their minds (relative to other products). Positioning is how the product or service is to be perceived by a target market compared to the competition. It answers the question: “Why will someone in the target market(s) buy my product or service instead of the competitions?” An equivalent question is: “What should be the perceived value of my offering compared to the competitions?” (Kotler, 2007).

### **2.1.5. Marketing Mix Strategies**

As it is defined in the advanced dictionary of marketing Dacko (2008), marketing mix strategy is the set of marketing decisions made by a firm determining its choice of product markets in which to invest and compete and how the firm decides to compete in terms of its customer value proposition, assets and competencies, and functional area strategies and programs.

There are different definitions of marketing mix strategy. The development of a marketing plan is not the end of the marketing process. High performance firms must hone their expertise in organizing, implementing, and controlling marketing activities as they follow marketing results closely, diagnose problems, and take corrective action when necessary. In today's fast-paced business world, the ability to effectively manage the marketing process beginning to end has become an extremely important competitive advantage.

In the word of Kotler (2007), marketing mix strategy is the marketing of logic by which the business unit expects achieve its marketing objectives. Marketing strategy consists of marketing decisions on the business's marketing expenditure, marketing mix and allocations in relation to expected environmental and competitive conditions. The main four elements of the marketing mix are described as "the 4 P's" product, price, promotion and place (Littler and Wilson, (1995).

#### **2.1.5.1. Product Strategy**

Marketers define a product as being a bundle of benefits. This means that the product is more than just the sum of its physical characteristics; it includes fringe elements such as the brand image, the way the product is packed and delivered, even the color of the box it comes in.

Product strategy specifies market needs that may be served by different product offerings. It is a company's product strategies, duly related to market strategies, which eventually came to



dominate overall strategy and the spirit of the company. Product strategies deal with such matters as number and diversity of products, product innovations, product scope, and product design

#### **2.1.5.1.1. Product Positioning Strategy**

The term positioning refers to placing a brand in that part of the market where it will receive a favorable reception compared to competing products. Because the market is heterogeneous, one brand cannot make an impact on the entire market. As a matter of strategy, therefore, a product should be matched with that segment of the market in which it is most likely to succeed. The product should be positioned so that it stands apart from competition brands. Positioning tells what the product stands for, what it is, and how customers should evaluate it.

Positioning is achieved by using marketing mix variables, especially design and communication. Although differentiation through positioning is more visible in consumer goods, it is equally true of industrial goods. With some products, positioning can be achieved on the basis of tangible differences (e.g. Product feature), with many others, intangibles are used to differentiate and position products (Andrew 2001).

#### **2.1.5.1.2. Product Elimination Strategy**

Marketers have believed for a long time that sick products should be eliminated. It is only in recent years that this belief has become a matter of strategy. If a product's role diminishes or if it does not fit into the portfolio, it ceases to be important. When a product reaches the stage where continued support is no longer justified because performance is falling short of expectations, it is desirable to pull the product out of the market place. Poor performance is easy to spot (Walker, Boyd and Larreche, (1992).

#### **2.1.5.1.3. New Product Development Strategy**

New product development is an essential activity for companies seeking growth. By adopting a new product strategy as their posture, companies are better able to sustain competitive producers on their existing products and make headway. The implementation of this strategy has become easier because of technological innovations and the willingness of customers to accept new ways of doing things. The term new product is used in different senses.

#### **2.1.5.1.4. Product Mix Strategy**

A product mix (also called product assortment) is the set of all products and items that a particular marketer offers for sale. The product mix of an individual company can be described in terms of width, length, depth, and consistency. The width refers to how many different product lines the company carries. The length refers to the total number of items in the mix. The depth of a product mix refers to how many variants of each product are offered. The *consistency* of the product mix refers to how closely relate the various product lines are in end use, production requirements, distribution channels, or some other way. These four product mix dimensions permit the company to expand its business by

- 1) Adding new product lines, thus widening its product mix;
- 2) Lengthening each product line;
- 3) Deepening the product mix by adding more variants; and
- 4) Pursuing more product line consistency (Aaker and Keller,1990).

#### **2.1.5.1.5. Marketing through the Product Life Cycle**

In today's highly dynamic marketing environment, a company's marketing strategy must change as the product, market, and competitors change over time. Here, we describe the concept of the product life cycle (PLC) and the changes that companies make as the product passes through each stage of the life cycle.

To say that a product has a life cycle is to assert four things:

- 1) Products have a limited life;
- 2) Product sales pass through distinct stages with different challenges, opportunities, and problems for the seller;
- 3) Profits rise and fall at different stages of the product life cycle; and
- 4) Products require different marketing, financial, manufacturing, purchasing, and human resource strategies in each stage.

Most product lifecycle curves are portrayed as a bell shape as shown in the following figure (Lancaster, 2004)

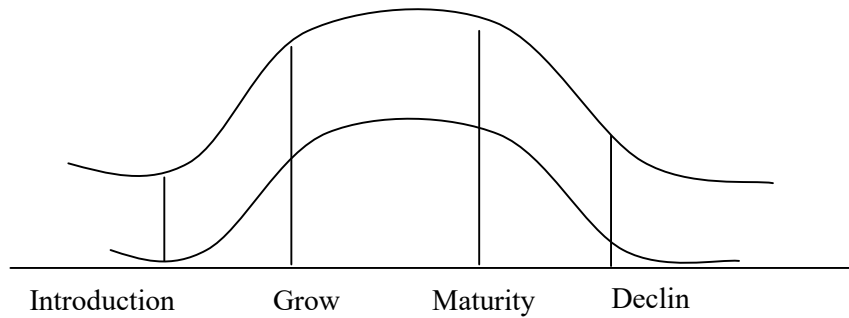


Figure 3: Sales and Profit Life Cycles (Kotler, 2007)

### **A. Marketing Strategies: Introduction Stage**

In this stage, as compared to other stages, profits are negative or low because of the low sales and high distribution and promotion expenses. Much money is needed to attract distributors and build their inventories. Promotion spending is relatively high to inform consumers of the new product and get them to try it. The firms focus their selling on those buyers who are the readiest to buy - usually the higher income groups. A company might adopt one of several marketing strategies for introducing a new product. It can set a high or low level for each marketing variable, such as price, promotion, distribution and product quality.

### **B. Marketing Strategies: Growth Stage**

If the new product meets market needs or stimulates previously untapped needs, it will enter a growth stage, in which sales will start climbing quickly. The early adopters will continue to buy, and later buyers will start following their lead, especially if they hear favorable word of mouth. Attracted by the opportunities for profit, new competitors will enter the market. They will introduce new product features, improve on the pioneer's product and expand the market for the product (mahajan, 2013).

The increase in competitors leads to an increase in the number of distribution outlets, and sales jump just to build reseller inventories. Prices remain where they are or fall only slightly. Companies keep their promotion spending at the same or a slightly higher level. The firm uses several strategies to sustain rapid market growth as long as possible. It improves product quality and adds new product features and models. It enters new market segments and tries to grow sales further by selling through new distribution channels.

### **C. Marketing Strategies: Maturity Stage**

This maturity stage normally lasts longer than the previous stages, and it poses strong challenges to marketing management. Most products are in the maturity stage of the life cycle, and, therefore, most of marketing management deals with the mature product. The slowdown in sales growth results in many producers with many products to sell. In turn, this overcapacity leads to greater competition. Competitors begin to cut prices, increase their advertising and sale promotions, and increase their R & D budgets to find better versions of the product. Three strategies for the maturity stage are market modification, product modification, and marketing mix modification.

### **D. Marketing Strategies: Decline Stage**

Sales may plunge to zero, or they may drop to a low level where they continue for many years. Sales decline for many reasons, including technological advances, shifts in consumer tastes and increased competition. As sales and profits decline, some firms withdraw from the market. Those remaining may reduce the number of their product offerings. They may drop smaller market segments and marginal trade channels, or they may cut the promotion budget and reduce their prices further (Anderson, 2000).

In a study of company strategies in declining industries, The five possible decline strategies may use: Increasing the firm's investment, maintaining the firm's investment level until the uncertainties about the industry are resolved, Decreasing the firm's investment level selectively by dropping unprofitable customer groups while simultaneously strengthening the firm's investment in lucrative niches, Harvesting ("milking") the firm's investment to recover cash quickly; and Divesting the business quickly by disposing of its assets as advantageously as possible.

#### **2.1.5.2. Pricing Strategies**

Pricing has traditionally been considered as a me-too variable in marketing strategy. Effective pricing is not an easy task, even under the most favorable conditions. A large number of internal and external variables must be studied systematically before price can be set. For example: the reactions of a competitor often stand out as an important consideration in developing pricing strategy (Tellis, 1986).

Although making the pricing decision is usually a marketing decision, making it correctly requires an understanding of both the customer and society's view of price as well. In some respects, price setting is the most important decision made by a business. A price set too low may result in a deficiency in revenues and the demise of the business. A price set too high may result in poor response from customers and, unsurprisingly, the demise of the business. The consequences of a poor pricing decision, therefore, can be dire. A company's pricing decision are affected both by internal and external company factors.

- Internal factors affecting pricing includes company's marketing objectives, marketing mix strategy, cost and organization.
- External factors affecting pricing includes nature of the market and demand, competition and other environmental factors (economy, resellers, government) (Tellis, 1986).

#### **2.1.5.2.1. Pricing Strategies for New Products**

The pricing strategies for new product should be developed so that the desired impact on the market is achieved while the emergence of competition is discouraged. Two basic strategies that may be used in pricing new products are; skimming pricing and penetration pricing strategy.

1) Skimming pricing: is the strategy of establishing initial price for a product with a view of "skimming the cream of market" at the upper end of the demand curve. It is accompanied by heavy expenditure on promotion. A skimming strategy may be recommended;

- When the nature of demand is uncertain,
- When a company has expended large sums of money on research and development for a new product,
- When a competition is expected to develop and market a similar product in the near future or when the product is so innovative that the market is expected to mature very slowly. Under these circumstances, a skimming strategy has several advantages.

Premium and umbrella prices are two other forms of price skimming. Some products carry premium prices (high prices) permanently and build on image of superiority for themselves. Some times higher prices are maintained in order to provide an umbrella for small high cost competitors. Umbrella prices have been aided by limitation laws that specify minimum prices for a variety of products, such as milk.

2) Penetration pricing: is the strategy of entering the market with a low initial price so that a greater strategy is used when an elite market does not exist and demand seems to be elastic over the entire demand curve even during early stages of product introduction. High price elasticity of demand is probably the most important reason for adopting a penetration strategy. The penetration strategy is also used to discourage competitors from entering the market. Penetration pricing reflects a long term perspective in which short term profits are sacrificed in order to establish sustainable competitive advantage (Fifield, 1994).

#### **2.1.5.2.2. Pricing Strategies for Established Products**

An examination of existing prices may lead to one of three strategic alternatives; maintaining the price, reducing the price, or increasing the price.

- Maintaining the prices: if the market segment from which the company derives a big position of its sales is not affected by changes in the environment, the company may decide not to initiate any change in its pricing strategy.
- Reducing the prices.
- During a period of inflation, all types of costs go up, and to maintain adequate profits, an increase in price becomes necessary. How much the price should be increased is a matter of strategy that varies from case to case (Kotler & Garry, 2007).

There are three main reasons for lowering prices. First, as a defensive strategy, prices may be cut in response to competition. In addition, to successfully compete in mature industries, many companies reduce prices, following a strategy that is often called value pricing. A second reason for lowering price is offensive in nature. Following the experience curve concept, costs across the board go down by fixed percentage every time experience doubles. Technology advances have made possible the low cost production of high quality electronics gear. The third and final reason for price cutting may be a response to customer needs (Kotler, 2008).

#### **2.1.5.2.3. Price Bundling Strategy**

Bundling also called iceberg pricing refers to the inclusion of an extra margin (for support services) in the price over and above the price of the product as such. This type of pricing strategy has been popular with companies that lease rather than sell their products.

Under the bundle strategy, not only are costs of hardware and profits covered, anticipated expenses for extra technical sales assistance, design and engineering of the system concept,

software and applications to be used on the system, training of personnel and maintenance also include (Kotler & Garry, 2007).

#### **2.1.5.2.4. Pricing Adjustment Strategies**

Companies usually adjust their basic prices to account for varies customers' differences and changing situations. Some of the pricing adjustment strategies are; discount and allowance pricing, segmented pricing, psychological pricing, promotional pricing, value pricing, geographical pricing and international pricing. (Kotler, 2007).

#### **2.1.5.3. Promotion Strategies**

Promotion strategies are concerned with the planning, implementing and control of persuasive communication with customers. Modern marketing calls for more than developing a good product, pricing it attractively and making it accessible. Companies must also communicate with present and potential stakeholders as well as the general public. For most companies, the question is not whether to communicate but rather what to say, to whom, and how often (Peter, 2006).

##### **2.1.5.3.1. Promotional Mixes**

Each promotional tool has its own unique characteristics and costs. These strategies may be designed around advertising, personal selling, sales promotion and publicity.

##### **A) Advertising strategy**

Advertising is a paid, mediated form of communication from an identifiable source, designed to persuade the receiver to take some action, now or in the future. As explained by Khan (2006) the word paid in this definition distinguishes advertising from a related marketing communication tool, public relations, that secure unpaid space or time in media due to the news value of the public relations content. Advertising of products and services is often described as being costly and slow in showing positive effects in the initial stages.

Advertising of products and services in some organizations is considered a long-term investment and hence, the allocation of time and resources is shifted to the advertising strategies of the organization. Advertising is costly and its effects often uncertain. It is for these reasons that many companies think it appropriate occasionally to reduce advertising expenditures or to eliminate advertising entirely.

Marketing managers and perhaps especially chief financial officers and chief executive officers sometimes consider it unnecessary to advertise when their brands already are enjoying great success. Companies find it particularly seductive to pull funds out of advertising during economic downturns every dollar not spent on advertising is one more dollar added to the bottom line. Olufunso (2006) also argues in favor that advertising performs informing, persuading, reminding, adding value and assisting other company efforts.

Advertising evolves from a company's overall marketing strategy. Marketing strategy involves the plans, budgets and controls needed to direct a firm's production, promotion, distribution and pricing activities (Bamforth, 2009). Figure 2.2 shows how advertising evolves from marketing strategy.

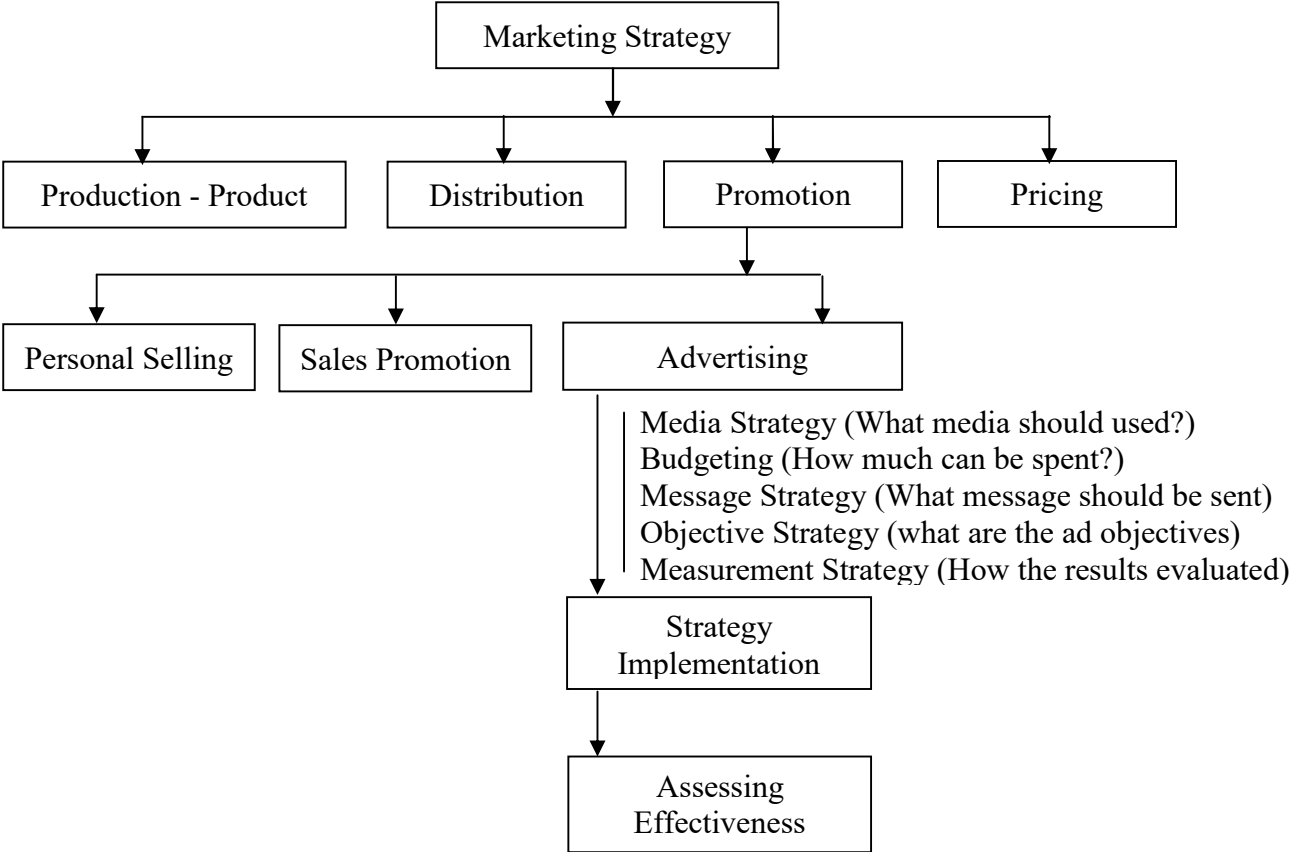


Figure 4: Advertising Management Process  
Source: From Internet



## **B) Sales Promotion Strategy**

Sales promotion, a key ingredient in many marketing campaigns, consists of a diverse collection of incentive tools, mostly short term, designed to stimulate trial, or quicker or greater purchase, of particular products or services by consumers or the trade. Whereas advertising offers a reason to buy, sales promotion offers an incentive to buy.

Sales promotion includes tools for consumer promotion (samples, coupons, cash refund offers, prices off, premiums, prizes, patronage rewards, free trials, warranties, tie in promotions, cross promotions, point of purchase displays, and demonstrations); trade promotion (prices off, advertising and display allowances, and free goods), and business and sales force promotion (trade shows and conventions, contests for sales reps, and specialty advertising).

Sales promotion offers three distinctive benefits:

1. Communication (they gain attention and usually provide information that may lead the consumer to the product);
2. Incentive (they incorporate some concession or inducement that gives value to the consumer); and
3. Invitation (they include a distinct invitation to engage in the transaction now). Sales promotion can be used for short run effects such as dramatizing product offers and boosting sales (Ranchhod, and Gurau, 2007).

## **C) Public Relations Strategy**

According to Kotler (1999) public relation concerns about building good relations with the company's various publics by obtaining favorable publicity, building up a good 'corporate image' and handling or heading off unfavorable rumors, stories and events. The old name for marketing public relations was publicity, which was seen simply as activities to promote a company or its products by planting news about it in media not paid for by the sponsor, Public relations (PR) is a much broader concept that includes publicity as well as many other activities.

Public relations departments use many different tools;

- Press relations or press agency. Creating and placing newsworthy information in the news media to attract attention to a person, product or service.
- Product publicity. Publicizing specific products.

- Public affairs. Building and maintaining local, national and international relations.
- Lobbying. Building and maintaining relations with legislators and government officials to influence legislation and regulation.

#### **D) Personal selling strategy**

According to Khan (2006) Personal selling is a key element in promotion, one of the four Ps in the marketing mixes. Personal selling has three distinctive qualities:

1. Personal confrontation (it involves an immediate and interactive relationship between two or more persons);
2. Cultivation (it permits all kinds of relationships to spring up, ranging from a matter of fact selling relationship to a deep personal friendship); and
3. Response (it makes the buyer feel under some obligation for having listened to the sales talk).

Salespeople perform one or more of the following tasks: Prospecting, targeting, communicating, and selling approaching, Servicing, Information gathering, Allocating (Kotler & Garry, 2007).

#### **2.1.5.4. Distribution Strategies**

Managers must think about place-making goods and services available in the right quantity and locations, when the customers want them. And when different target markets have different needs, a numbers of place variations may required. Distribution strategies are concerned with the channels a firm may employ to make its goods and services available to customers (Perreault, 2011).

Each channel member has different responsibilities within the overall structure of the distribution of the system; mutual profit/success is obtained through cooperation. The distribution system:

- Determines a product's marketing presence and the buyers' accessibility to the product
- Entail a long term commitment, easier to change other aspects of the marketing mix.

##### **2.1.5.4.1. Functions of Intermediaries**

The primary role of middlemen is to transform the assortment of products made by producers in the assortments desired by consumers. Producers make narrow assortments in large quantities, consumers want broad assortments in small quantities, discrepancy in quantity and assortment. Producer Specialization in production, economies of scale etc., therefore wants to produce large

quantities but narrow product mixes. Other functions of intermediaries include: Assuming risk, Provide working capital by paying for goods before they are sold, Information Flow, Financing, Payment and title flow, Negotiation, Contacts, and Promotion. A producer will use an intermediary when it believes that the intermediary can perform the function(s) more economically and efficiently than it can. "You can eliminate the middle man, but you can't eliminate their functions" a well accepted maxim in marketing (Littler and Wilson, (1995).

#### **2.1.5.4.2. Channel Conflict**

Channel members may disagree on the best methods to attain goals. Inevitable when individual short run goals are not compatible, Can occur between firms at the same level, or between firms at different levels, want to maximize profits and autonomy. Channel members belong to different channel systems, creating potential conflicts. Producers may try to circumvent intermediaries.

#### **2.1.5.4.3. Selection of Distribution Channels**

Should determine what the final buyer wants and determine the best way to reach them, Marketing Oriented! Determined by:

1. Organizational Goals, Objectives (same day delivery), resources and capabilities. Companies with wide product mixes can sell more directly to the retailers, have more promotional skills etc. (P&G)
2. Market Characteristics, Geography, greater distance use more intermediaries, market density, clustering, market size etc., industrial vs. consumer, Buyer Behavior, Where?/How?/ May need creativity
3. Product Attributes, IE Need to provide a service. Perish ability short channels, storage requirements, space, fashion, size (reduce handling), complexity, standard.
4. Environmental Forces, i.e. Competition, Technology need to determine the number of Intermediaries, determine the channel width, intensity of distribution, the products market exposure (Kotler & Garry, 2007).

#### 2.1.5.4.4. Types of Channels of Distribution

A channel of distribution or trade channel is the path or route along which goods move from producers to ultimate consumers. It is a distribution network through which a producer puts his products in the hands of actual users. A trade or marketing channel consists of the producer, consumers or users and the various middlemen who intervene between the two.

The channel serves as a connecting link between the producer and consumers. By bridging the gap between the point of production and the point of consumption, a channel creates time, place and possession utilities. A channel of distribution represents three types of flows:

- a) Goods flow from producer to consumers;
- b) Cash flow from consumers to producer as payment for goods; and
- c) Marketing information flows in both directions, from producers to consumers in the form of information on new products, new uses of existing products, etc. The flow of information from consumers to producers is the feedback of the wants, suggestions, complaints, etc.

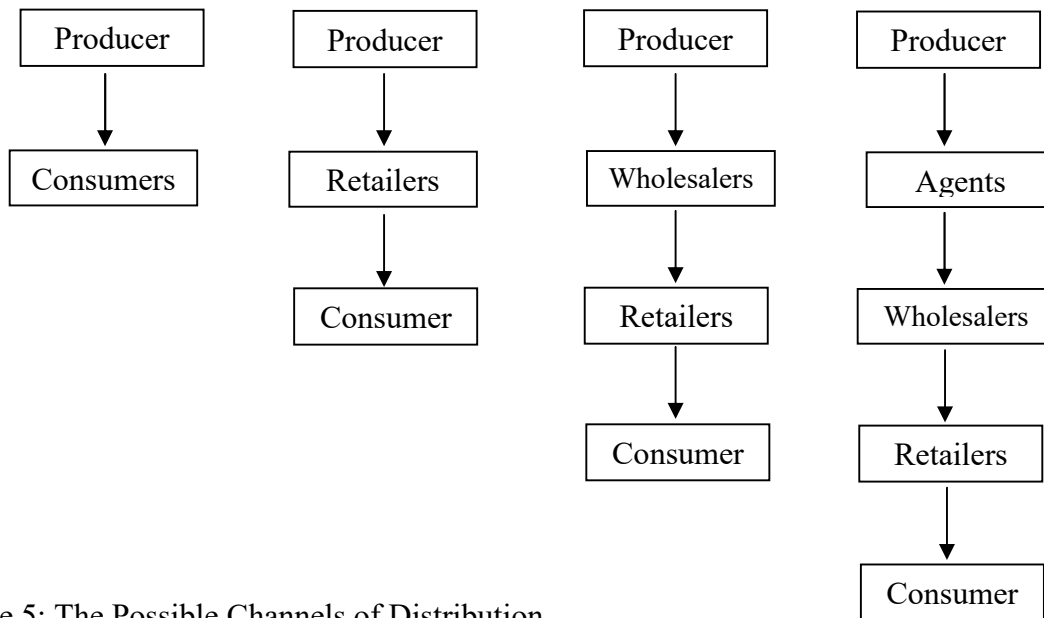


Figure 5: The Possible Channels of Distribution  
Source: Principles of Marketing/ Kotler, Armstrong 14<sup>th</sup> Edition

A brief explanation of different channels of distribution is given below:

1. Manufacturer → Customer:

This is also known as direct selling because no middlemen are involved. A producer may sell directly through his own retail stores, for example, Bata. This is the simplest and the shortest channel. It is fast and economical. Small producers and producers of perishable commodities also sell directly to the local consumers. Big firms adopt direct selling in order to cut distribution cost and because they have sufficient facilities to sell directly to the consumers. The producer or the entrepreneur himself performs all the marketing activities.

2. Manufacturer → Retailer → Customer:

This is one stage distribution channel having one middleman, i.e., retailer. In this channel, the producer sells to big retailers like departmental stores and chain stores who in turn sell to customer. This channel is very popular in the distribution of consumer durables such as refrigerators, T V sets, washing machines, typewriters, etc. This channel of distribution is very popular these days because of emergence of departmental stores, super markets and other big retail stores. The retailers purchase in large quantities from the producer and perform certain marketing activities in order to sell the product to the ultimate consumers.

2. Manufacturer → Wholesaler → Retailer → Customer:

This is the traditional channel of distribution. There are two middlemen in this channel of distribution, namely, wholesaler and retailer. This channel is most suitable for the products with widely scattered market. It is used in the distribution of consumer products like groceries, drugs, cosmetics, etc. It is quite suitable for small scale producers whose product line is narrow and who require the expert services and promotional support of wholesalers.

### **2.1.6. The Concept of Competitive Advantage**

A business firm must make unreserved effort to provide its customers with more advantages than its competitors must in order to be successful. These advantages could be achieved through the following winning strategies.

**Differentiation:** because of which the customers find the firm's product unique and more attractive in some way and therefore the customer, is willing to pay premium price. Some of the attributes firm uses to differentiate their products are:

Product feature for example Philips developed a television that can display two channels on the same screen.

After sale service convenience and quality, services could be a critical factor in deciding among alternatives.

**Cost leadership:** requires achieving a low cost position relative to once competitor. By targeting broadly defined markets with standard products, firms hope to gain the greatest possible benefits from economies of scale. Large portion of this R and D budget might be directed toward process oriented intended to make the product easier and cheaper to produce.

**Market Segmentation (focus strategy):** producers must recognize that they cannot appeal to all buyers in the same way. Buyers are too numerous, too widely scattered and too varied in their needs and buying practices. Moreover, different companies varied widely in their ability to serve different segments of the market. Rather than trying to compete in an entire market, each company must identify the parts of the market that it can serve best. Market segmentation helps the seller to divide the market into distinct groups of buyers with different needs, characteristics and to develop profiles of the identified potential marketing segments. This in turn will help to set the competitive positioning for the product and creating a detailed marketing mix. The best way of segmenting a market could be based on geographic, demographic, behavioral and psychographic/lifestyle (Emawaysh Addisu: 2002).

## **2.2. Empirical Literature**

There are researches conducted in Finland in the University of Applied Sciences Hotel Management Program by Karppinen (2011) addressing Strategic Marketing for a Hotel Helsinki. The aim of the thesis is to create a strategic marketing for Hotel Helsinki; first to assess the current marketing situation of the hotel and what possible needs and gaps it might have. With the basic information of the situation a marketing plan can be formed. The aim is also for the new marketing plan is realistic and applicable so that the hotel can use it in their marketing.

In the research a qualitative method was used and the data was collected using semi-structured questionnaire. In-depth interviews were conducted with the hotel owner and staff members. The results of the research formed the strategic marketing plan outlining the action plans on how Hotel Helsinki should proceed with its marketing. In this research a total of 4 people were

interviewed which makes the results reliable enough. In quantitative research method minimum number of people interviewed is usually three to five in order to get reliable results. If more people had been interviewed the reliability would have been higher but as the Hotel Helsinki is a small privately owned hotel and the target group for the interviews was the hotel staff the number of people to interview was limited.

The study shows that the hotel offer annual membership to its customers. All the members get a Hotel VIP Club or Hotel Express-card that allows them to get accommodation for half the price at hotels which have joined the organization. Hotel Helsinki offers these half the price-deals for the members and all the respondents agree that it is a useful and good working partnership. The hotel has a couple of distribution channels that are bringing customers in regularly, most of them through the internet. For example booking.com has been proven to be a good channel for the hotel at the moment. Hotel Helsinki co-operates with many of the educational institutes, especially with the vocational institutes of this particular field of hotel and restaurant business and the hotel has many trainees to come and do their practical training periods at the hotel.

Another study is on Marketing Strategy Competition among Beer Companies before Liquor Liberalization by the Sankrusme(2011). The purpose of the study is to analyze marketing strategy of beer companies before liquor liberalization in 2000 in Thailand. Research method was a qualitative approach. An in-depth interview of the key people and Beer Company expects 26 were conducted. The primary data was gathered from direct answers to specific questions. Secondary data was gathered from textbooks, journals, dissertations, newspapers, newsletters, seminars, etc.

The study shows Carlsberg beer entered the market with a strategy of combining Carlsberg beer with local liquors through agents that were available throughout the country together with advertising. Advertising via television attracted consumers in a broad scope complementing its cheap price due to selling local liquors with Chang beer. They spent up to 500 million baht just for the promotion. There was a big competition between Singha and Chang beer in mobilizing various strategies to compete in every aspect such as rebate, exchange distribution and promotional gift. The main strategy applied continuously was the attractive price that was lower than competitors' price by selling local liquors with Chang beer in economic crisis that caused

consumers' purchasing power to decrease. Therefore, price is an important factor in determination to buy beers.

The company produced new beers to be in completed amounts for every segment for the purpose of: (1) Selling for competition, (2) Scrambling for market share and insertion into the marketing space, (3) The liquidity in laying of market policy and cooperation with alliance, and (4) Having an increased amount of products to serve the demand for Singha Draft beer with a mild taste to attract customers who like the smooth taste.

Kotler and Singh (1981), Porter, (1985), and George and Robin, (1983) all expressed their views on the importance of competitive strategies as moves to attract customers, withstand competitive pressures, seek new edges in market places, and strengthen firms' market positions. Also, all of the different marketing strategies propounded, apart from the niche business strategies (Griffin, 1999) are being utilized by multinational companies to the expansion of their market shares. The researcher is of the opinion that all categories of organizations in an industry should be able to adopt marketing strategies to the development and growth of their organizations as their potentials could carry them.

Viewing the stages of the development of the four marketing mix elements from Borden's to McCarthy (1964), as also supported by Kotler, et al, 1999 and Palmer, 2004, it was found out that the four elements did not cover services as intangible products under service marketing. It is so much believed today that the 4Ps, that is product, price, place and promotion are only applicable to physical or tangible products while the additional 3Ps, that is people, process and physical evidence as suggested by Booms and Bitner (1981) are only applicable to intangible products. Therefore, as expressed by Goi (2005, p.8), the researcher supports the view that the initial 4Ps of McCarthy ought to cover both tangible and intangible products.

McDonald and Dunbar (1995) outline comprehensive objectives of segmentation as a management and marketing tool. They explain it in a primarily strategic manner as it is their contention that segmentation can be used to gain competitive advantage. To fit this objective the key elements in the process are the construction of the market map and identifying the 'what, where, when, and why' of buyer behavior that is crucial to designing market segment implementation plans.



### 2.3. Conceptual Framework

Based on the above theoretical and empirical literatures the researcher has developed the following conceptual framework

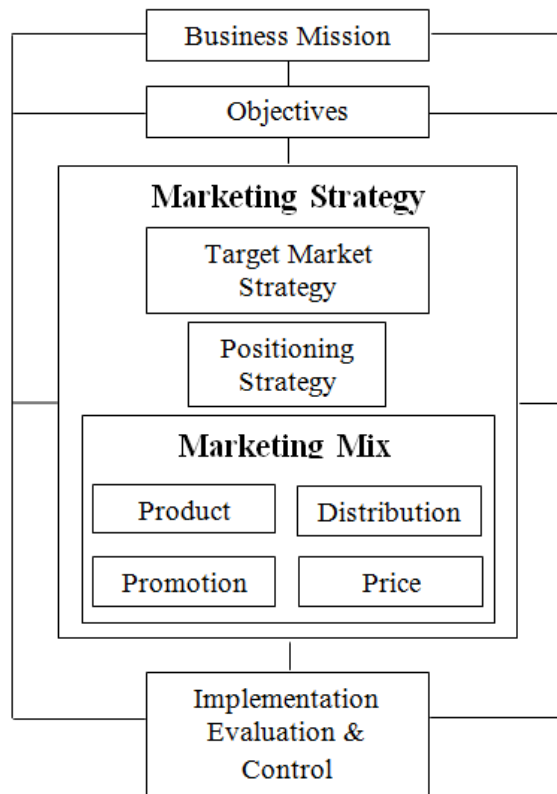


Figure 6: Model of Conceptual Frame work

Source: By own Source May, 2017

# **C H A P T E - T H R E E**

## **RESEARCH METHODOLOGY**

This chapter presents a detailed discussion of the research methodology employed in the study. It covers the research design, the population and sampling technique, instruments for data collection, method of data analysis and ethical research consideration.

### **3.1. Research Design**

The study was conducted based on the descriptive research design using mixed research technique to investigate the problem. In an effort to address the problem, both primary and secondary data were used. To achieve these objectives questionnaires, interviews and document reviews were employed.

#### **3.1.1. Research Approach**

The study used mixed approach. The study has drawn a conclusion using qualitative and quantitative approach towards assessing the marketing strategy practice in Raya Brewery S.C

#### **3.1.2. Research Type**

The study is a descriptive study used to describe the Marketing Strategy practices of Raya Brewery S.C. Descriptive research includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present. In this case, describing the Marketing Strategy Practice of Raya Brewery. The main characteristic of this method is that the researcher has no control over the variables; he can only report what has happened or what is happening.

### **3.2. Population and Sampling Technique**

#### **3.2.1. Target Population**

The target populations of the study were the managers and employees of the concerned department in Raya Brewery (i.e. who are working under corporate sales and marketing department). Considering the time and resources available, the target population was only limited in Addis Ababa, Mekelle, Maichew and Shire Regions. In addition to this, the data was collected through interview from marketing manager of the company.

### **3.2.2. Sampling Techniques**

The sample was taken from corporate marketing and sales department of the company. The selections of the respondents were carried out by using purposive sampling research technique to select the respondents and the location of the study based on the expectation no other departments were actively concerned about marketing strategies.

The researcher took all the respondents of Sales and Marketing staffs as a total population of the study.

### **3.2.3. Sample Size**

The sample sizes of the study were 49 people who are working under corporate sales and marketing department. Out of 49 people questionnaires were distributed for 48, and one was interviewed.

## **3.3. Research Instrument**

In order to obtain relevant data both primary and secondary data collection instruments were used. To collect primary data, structured questionnaires and personal interviews were employed. Managers and marketing and sales department workers were targeted as sources of data. To obtain secondary data, different documents of the organization like, department report, market research documents, annual report were referred.

## **3.4. Data Collection**

Primary data was collected through personal interview with the marketing manager of the Raya brewery was conducted on the marketing strategy of the company and closed-ended as well as open-ended questionnaires were distributed to the employees (who are working under marketing and sales department). On the other hand, secondary data was gathered from company annual reports, Department reports, market research documents, different books, journals, and other published secondary sources.

## **3.5. Method of Data Analysis**

In data analysis, quantitative and qualitative data analysis was used. After completing data collection completeness of the information was checked. The questionnaires were edited, coded,

arranged based on common characteristics. After all these are accomplished the data collected by open ended and interview questionnaires were analyzed qualitatively. Closed ended questionnaires were analyzed quantitatively and the final findings were reported using tables, percentages, and likert scale (five point scale) statement computations.

### **3.6. Reliability and Validity**

Research results have to be valid and reliable. Assessments of reliability and internal and external validity are an important part in the evaluations of research results. (Malhotra & Birks, 2000)

#### **3.6.1. Validity**

Validity is the degree to which a test measures what it purports to measure (Creswell, 2003: 190-92). Questionnaires were tested on potential respondents to make the data collecting instruments objective, relevant, suitable to the problem and reliable as recommended by Dawson (2002: 95). Issues raised by respondents were corrected and questionnaires were refined. Besides, proper detection by an advisor was also taken to ensure validity of the instruments. Finally, the improved version of the questionnaire was printed, duplicated and dispatched.

#### **3.6.2. Reliability**

The reliability of instruments measures the consistency of instruments. Creswell (2003: 190-92) considers the reliability of the instruments as the degree of consistency that the instruments or procedure demonstrates. The reliability of a standardized test is usually expressed as a correlation coefficient, which measures the strength of association between variables. Typically, a Cronbach alpha value of above 0.7 is usually considered to offer reasonable reliability for research purposes. Constructs were identified and their reliability coefficients (Cronbach's) as ranged from 0.83. Since, instruments were developed based on research questions and objectives; it is possible to collect necessary data from respondents. Then, instruments are consistent with the objectives of the study.

### **3.7. Ethical Consideration**

While conducting the study, ethical issues were primarily considered. Before conducting the data collection all the necessary information about the study was provided to the sample respondents,

i.e. who is conducting the study, for what purpose, and the like, this has helped them to decide whether or not to participate in this study. They were also notified that their participation in the study is voluntary; they are not harmed as a result of their participation or non-participation in the study. They were also aware that anonymity and confidentiality of their response are guaranteed.

# CHAPTER - FOUR

## DATA PRESENTATION AND ANALYSIS

In this section, the overall marketing strategy practices of Raya Brewery S.C will be discussed. The company's marketing strategy depends on the environmental conditions. Hence, it can re-adjust itself according to the conditions.

This data analysis and interpretation part is composed of different data and information that were gathered through secondary data (written documents) and primary data (personal interviews with marketing managers and the result of questionnaires from employees' opinions).

The focus of this section is mainly on the marketing strategy practices of the company with respect to Target marketing and marketing mixes (Product strategy, Pricing, Place/distribution and Promotion strategy) that constitutes for marketing strategy applications/practices.

### 4.1. Profile of Respondents

As Table 1 shows, the questionnaires were distributed to 48 employees of marketing department staffs. Among these 45 (94%) were kind enough to fill the questionnaires properly and return them on time. The rest 3 (6%) were failed to complete and return the questionnaires. All the returned questionnaires were completed and considered for the analysis.

**Table 1: Total Number of questionnaires distributed, returned and unreturned**

Questionnaires	Number	Percentage
Returned	45	93.75%
Unreturned	3	6.25%
Total Distributed	48	100%

**Source:** Own Survey, May 2017

## 4.2. Questionnaire Analysis

*Table 2: General information of respondents*

Descriptions of Respondents	Response	
	Number	Percentage
<b>A) Gender</b>		
Male	36	80%
Female	9	20%
Total	45	100%
<b>B) Age (Years)</b>		
Less than 20	0	0%
21 to 35	23	51.11%
36 to 50	16	35.56%
51 to 65	6	13.33%
More than 65	0	0%
Total	45	45%
<b>C) Educational Level</b>		
1 to 12 Grade	0	0%
Certificate	0	0%
Diploma	16	35.56%
BA / B.Sc.	26	57.77%
MB / MA / MSC	3	6.67%
PHD	0	0%
Total	45	100%
<b>D) Position</b>		
Senior Manager	1	2.22%
Manager	2	4.44%
Staff	42	93.33%
Total	45	100%
<b>E) Service Year in Raya</b>		
Less than 1 Year	0	0%
2 to 5	43	95.56%
6 to 10	2	4.44%
More than 10	0	0%
Total	45	100%

Source: Own Survey, May 2017

From the above information about 80% employees were male and the least amount 20% staffs were females. The age of majority employees were between 21 and 35 years old that accounts 51.5%. Employees who were between 36 to 50 years are 35.5% and from 51 to 65 years old were 13.3%. This indicates that there is a potential advantage for working by young employees especially to achieve future objectives of the company's marketing strategy and the young employees are more eager to work.

When we saw the level of education, 35.56% of the respondents were Diploma holders and 57.77% were first degree whereas 6.67% were second degree holders. Here, we can conclude that all the respondents are educated and more than Diploma holders. This implies that it is a good advantage for marketing strategy application and gives the organization a competitive advantage because nowadays the Brewery industries are in a highly competitive market. In addition to, all respondents were expected to understand the questionnaire and respond correctly.

With respect to the position of the respondents, 93.3% of the respondents are ordinary staffs (non management), 4.44% are managers and 2.22% are senior managers. This shows majority of the respondents are under the category of ordinary staff (non management) members. To end, the highest number of respondents (95.56%) have experienced of 2 to 5 years in the company. 4.44% of the respondents had 6 to 10 years of experience. These shows Raya Brewery as a new established company the employer also are new.



**Table3: Responses in relation with the marketing strategies element.**

<b>Mission, Vision and Objective of the Company</b>	<b>Frequency</b>	<b>Percentage</b>
Yes	3	6.67%
No	42	93.33%
	45	100%
<b>Target Customers</b>	<b>Frequency</b>	<b>Percentage</b>
Individual customers	23	51.10%
Hotels, Restaurants and Groceries	18	40%
Other intermediaries	4	8.90%
	45	100%
<b>The Company Product's Quality</b>	<b>Frequency</b>	<b>Percentage</b>
Very good	45	100.00%
Good	0	0%
Medium	0	0%
Poor	0	0%
Very poor	0	0%
	45	100%
<b>Prices of the Product</b>	<b>Frequency</b>	<b>Percentage</b>
Very cheap	0	0%
Cheap	14	31%
Affordable	31	68.90%
Expensive	0	0%
Very expensive	0	0%
	45	100%
<b>Product availability and Accessibility</b>	<b>Frequency</b>	<b>Percentage</b>
Excellent	37	82%
Very good	6	13.30%
Good	2	5%
Poor	0	0%
Very poor	0	0%
	<b>45</b>	<b>100%</b>
<b>Best strategy of Advertising</b>	<b>Frequency</b>	<b>Percentage</b>
Media (TV, Radio, Newspaper)	16	35.60%
Word of mouth	13	28.90%
Free sampling	6	13.30%
Internet	4	8.90%
Billboard	6	13.30%
	45	100%

Source: Own Survey, May 2017

## **Vision, Mission and Objective of the Company**

As the above table shows, 93.33% of the respondents said that the Company doesn't have clear mission, Vision and Objective where as the rest 6.67% respondents said the Company have clear Mission, Vision and Objective. This implies that the company doesn't have clear mission, vision and objective.

## **Target Market**

As the above table shows, 51.1% of the respondents said that the target markets are individual customers. 40% of the respondents replied hotels, restaurants and groceries where as the rest of 8.9% of the respondents said the target customers are other intermediaries like retailers and whole sellers. Thus, the company's target customers are individuals who have the interest of drinking bottled beer and draught beer. Moreover, as the researcher got additional information from the interviews of the managers, as a policy of the company, the target customers are any individual: Who are more than 18 years old; hence, below 18 years old, they were tangers and not allowed to drink beer at this stage, which have a good income level, Who have not any medical problems, Who are not prohibited by religion and Who are living in city (for city residents), this implies that those target customers are more users/drinkers of the company products.

## **Product Quality**

Product qualities must exceed from the offering itself. As indicated in the table, all respondents are replied the company's product qualities are quite surely very good. The analysis reveals that the company provides quality products.

Furthermore, the managers also witnessed about the company's product quality. They said, firstly the company provides two types of products (i.e. bottled beer and draught beer) .These products are produced with excellent qualities because in almost all stages of production, the company gives a high emphasis for quality by objecting the lion share of the market. In each stage of the fermentations, there are laboratory technicians who controlled the quality of the Brewery.

## **Price of the Product**

As far as the theory is concerned, a large number of internal and external factors are examined before prices can be set. As per the response, 68.9% of the respondents revealed that the pricing strategies of the company's products are affordable and 31.1% said it is cheap. The response implies that the company pricing strategy is reasonable and affordable as a result most individual customers can handle this price.

However, the marketing managers were revealed that the company has not any written pricing policy. The prices of the products are depends on different factors like:

- Transportation charges: Costs are incurred by transporting inputs and distributing the final products
- Competitors' costs: costs incurred in order to stand out competitors resulting in different pricing by competitors' pressure.
- Economic factor: inflation and deflation affects the pricing strategy
- Gross profit costs: a margin that the company maintains in order to gain and survive after covering its direct costs.
- Over head costs: costs that are incurred for different marketing activities, wages, salaries etc
- Net profit: the ability of paying the owners in the form of dividends
- Direct costs: costs that are incurred by raw materials, taxes, machineries etc

Generally, the pricing strategy is not in a single way because there is a highly turbulent environment and the price also will change according to the conditions. The company like any other organization, prices its products to maximize its profits or the price must cover the whole costs and should gain some profits. It works hard to lower its production, over head and administrative costs by cutting redundant operations, increase efficiency and productivity.

## **Products Availability and Accessibility**

Distribution strategies are concerned with the channels of a firm that employ to make its goods available to customers.

As the above table depicts, 57.78% of the respondents said, the availability and accessibility of the products are admirable. 13.33% replied very well, 4.44% of the respondents responded as it

is good and 24.44% of the respondents responded as it is poor specially those respondents who work in Addis Ababa. Above 50% if the response implies the distribution system of the company is brilliant and determines the product's marketing presence and the buyers' accessibility to the product. Thus, products availability is so nice and buyers can get the product easily in almost everywhere in Maichew, Mekelle and Shire Region but not in Addis Ababa.

## Promotion

The table clearly reveals that the best strategy of advertising is through media communication (TV, Radio, newspaper) as 35.6% of the respondents replied and 13.3% responses filled that the finest advertising strategy is word of mouth. 34.90% of the respondents said the best advertising strategy of the company is through free sampling and billboard. The remaining 8.9% responded as the preminent way of advertising means is through internet websites.

From this we can concluded that the best way of advertising means of the company's products is through media advertisement. This media advertisement includes TV shows the facial expression, Radio reaches at least in all regions, and newspapers. Generally advertising can reach geographically dispersed buyers efficiently.

**Table 4: Employee opinion regarding the marketing mix elements.**

<b>Company's Marketing Mix to appeal marketing strategy</b>	<b>Frequency</b>	<b>Percentage</b>
Product	0	0%
Price	0	0%
Promotion	0	0%
Place	0	0%
All the above mixes	45	100%
	45	<b>100%</b>
<b>Product Distribution Strategy</b>	<b>Frequency</b>	<b>Percentage</b>
Intensive Distribution	22	48.89%
Exclusive Distribution	2	4.44%
Selective Distribution	20	44.44%
Other	0	0%
I have no clue	1	2.22%
	45	100%

<b>Process of Selling the Products</b>	<b>Frequency</b>		<b>Percentage</b>			
Direct personal selling	11		24%			
Direct online selling	0		0%			
Indirect through the channels	34		76%			
Word of mouth	0		0%			
Telemarketing	0		0%			
	45		100%			
<b>Effectiveness of Promotional tools</b>	<b>Least effective (1)</b>		<b>Effective (2)</b>		<b>Most effective (3)</b>	
	<b>Number</b>	<b>Percentage</b>	<b>Number</b>	<b>Percentage</b>	<b>Number</b>	<b>Percentage</b>
Advertising			18	40%	27	60%
Personal Selling	1	2.20%	42	93.30%	2	4.50%
Sales Promotion			20	44.50%	25	55.50%
Public Relation	3	6.70%	20	44.50%	22	48.80%

Source: Own Survey, May 2017

### **Marketing mix Strategy**

Marketing mixes are controllable elements of the company's products, prices, promotion place/distribution strategies that are essential for the marketing strategy implementation. As shown in the above table, all employees (100%) responded the company exploits all the 4Ps of marketing mix elements. The response implies that the company uses all the 4Ps marketing mix elements for the purpose of marketing strategy implementation because each ingredient affects the other and each mix must be suitable to the target customers and to maximize its profits, gain market share and for competitive advantages.

### **Distribution Strategy**

Regarding the distribution strategy of the company, accordingly, 48.89% the responds have said the company uses an intensive distribution strategy, and similarly 44.44% have said the company uses selective distribution strategy. Others 4.44% have said the company uses exclusive distribution strategy. On the other hand 2.22% the respondent have said that they don't have any clue about the company's distribution strategy.

In an interview with the marketing manager, the manager said that the company uses intensive distribution for Maichew, Mekelle and Shire Regions and Selective distribution for Addis Ababa Region. This implies that the company use intensive and selective distribution strategies along with exclusive agents to sell its products in the target markets.

### **Selling Mechanism**

The above table shows about 75.6% of the respondents agreed with the selling mechanisms of the product are done by through indirect channels. The remaining 24.4% answered that the selling process is through direct personal selling. The implication of selling for the company product is mainly through indirect channels. These indirect channels are intermediaries/agents who address the products from the producer to the consumers. Raya Brewery has its criteria to select the best intermediaries such as; they must have financial capacity, skilled and experienced manpower, necessary logistics (or transportation), they must be legal or licensed, has storage capacity, well structured, and reputed. They should also be capable of maintaining closer contact with the company and different roots under its chain.

### **Promotion Mix**

The above table reveals, as a majority of the respondents replied advertising; sales promotion and public relations are the most effective mechanisms of the company's promotional tools and the other majority of respondents indicate that personal selling is effective.

These all indicate the company's promotional mix strategies 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. Moreover, the managers underlined about the promotional tools as the company gives attention for it and go beyond using Medias or vehicles; it also gives emphasis for social marketing activities like:

- Constructing roads, schools, clinics, Bridges etc
- Participating in HIV/AIDS prevention
- Contributing to popular events by means of sponsoring various exhibitions, music festival, public gatherings, religious events, research forums etc.

**Table 5: Responses in relation to market segmentation and positioning.**

<b>Basis of Market Segmentation</b>	<b>Frequency</b>	<b>Percentage</b>
Geographic location	19	42.20%
Psycho graphical or Lifestyle Segmentation	9	20%
Economic situation	4	8.90%
Demographic	13	29%
Total	45	100%
<b>Attribute for Product (Brand) Positioning</b>	<b>Frequency</b>	<b>Percentage</b>
Quality	20	44.44%
Price	0	0%
Availability	10	22.22%
Test/Flavor	15	33.33%
Other	0	0%
Total	45	100%

Source: Own Survey, May 2017

### **Segmentation**

The table indicates that the majority of respondents said that the bases of the company’s market segmentations are geographic location and demographic segmentation which accounts 42.2% and 28.8% respectively. Nearly 20% respondents answered as the basis of segmentation is psychographic or Lifestyle Segmentation and the least number of respondents said that it is based on economic situation. From this responses, we can concluded that the basis of the company’s market segmentation is the geographic location that can take many forms i.e. from urban to rural, north to south, warm areas to cold areas etc.

Besides, the managers said that the basis of the company market segmentation is based on the facility of infrastructures like water, electricity, telecommunication, cultures, values, religion and urban areas. It is believed that, even though all the alternatives were the basis of market segmentation, geographic segmentation is the common form of the company’s market segmentation mechanism.

## Positioning

Regarding to positioning 44.44% of the respondents have said the company take quality for brand positioning, 22.22% where the company uses Availability, on the other hand 33.33% of the respondents have said the company take Test/ Flavor as brand positioning. This implies that the company doesn't have similar positioning strategy for all target markets. Moreover the marketing manager said that mainly the company takes quality and availability as brand positioning strategy for Maichew, Mekelle and Shire Regions and Test/Flavor for Addis Ababa Regions.

*Table 6: Employee opinion regarding to problems*

<b>Communication effectiveness between Marketing and other departments</b>	<b>Number</b>	<b>Percentage</b>
Very good	0	0%
Good	31	68.89%
Somewhat good	5	11.11%
Poor	9	20%
Very poor	0	0%
Total	45	100%

Source: Own Survey, May 2017

Effective communication between departments is essential to accomplish strategic objectives easily. The above table shows that 68.89% of the respondents reflected that the communication effectiveness between marketing and other departments are good, 11.11% of the respondents reflected that the communication effectiveness between marketing and other departments are good and the remaining 20% said it is poor. This replies the marketing department of the Raya Brewery not only has a positive relationship and communication with other departments but also there are a problems regarding to communication effectiveness between Marketing and other departments however, above 60% of the respondents responded there are positive communication between marketing and other departments. This positive communication helps the department to accomplish the marketing strategy practices effectively and also reduces costs as well as saves time.



**Table 7: Opinions of employees regarding Marketing Strategy Effectiveness**

<b>Company overall marketing strategy</b>	<b>Frequency</b>	<b>Percent</b>
Most Effective	11	24.44%
Moderately Effective	25	33.33%
Least Effective	9	20%
Total	45	100%

**Source:** Own Survey, May 2017

From the table represents, majority (33.33%) of the respondents have rated the overall marketing strategy practices of the company as moderately effective and others 24.44% and 20% have rated it as most effective and least effective.

**Table 8: Opinions of employees regarding overall Marketing Strategy Practices**

<b>I can perform the marketing Strategy practices of the company effectively</b>	<b>Frequency</b>	<b>Percent</b>
Strongly Agree	11	24.44%
Agree	28	62.22%
Undecided	6	13.33%
Disagree	0	0%
Strongly Disagree	0	0%
Total	45	100%

**Source:** Own Survey, May 2017

As table shows, 62.22% of the respondents have agreed, and 24.11% have strongly agreed that they can perform their duties with the existing marketing strategy practice of the company. On the other hand 13.33% of the respondents have undecided on effectively performing their duties in line with the existing marketing strategy practice of the company.

Generally, as it can observed from the above Tables, the overall marketing strategy practices of the company along with the employee's commitment discharging their responsibility for the effectiveness of the marketing strategy practice of the company is positive. However, there is an indication of less effectiveness in implementing its marketing programs, and strategies, in which resulted in inconsistent employees' commitment towards performing their duties to discharge the

marketing practices of the company. Indeed, these indications will have a long term negative impact on the company's profitability.

### **4.3. Main Problems**

In the end, 32 respondents which represent 71.11% of the total respondents have given their different opinion on the open ended question asked regarding the major problems that company has encountered in implementing its marketing strategies.

The problems mentioned by the respondents are:

- Lack of continual commitment to carry out marketing strategies in practice.
- The company does not give more training to the marketing department staff due to hat reason the marketing department delays in implementing the marketing strategy
- Lack of strong marketing promotion especially on the media (TV Radio, etc)
- Place or distribution channel strategies shortage of distribution channel, poor on time delivery services of products to customers.
- Shortage of working capital and foreign currency, shortage of raw materials which in turn has problems to produce and deliver the product on time to customers,
- Lack of raw material availability in the local market
- Human resource capacity staff capacity lack of skilled man power, poor employees' commitment , poor employee motivation and employees' conflict of interest
- Low sales volume, less customer satisfaction, less attention in the area of promotion and advertising the company's product nationally.

These different opinions shows that lack of focusing on designing the right strategy, as well as the lack of exposure to follow up the implementation of the company's marketing strategy led to those of different problems

1. Less attention to designing the fight strategy (Promotion, Distribution and Pricing)
2. Less attention to coordinated marketing research, less attention to staff training and lack of continual commitment to carry out marketing strategies in practice. This in turn has contributed to the shortage of working capital and low sales volume.

#### **4.4. Interview Analysis**

To gather more information about marketing strategy practices of Raya Brewery, interview questions were forwarded to the marketing managers of the company. Accordingly the interviewee's responses to the questions are depicted briefly as follows. However, most interview responses are presented and analyzed in the questionnaire analysis part as a supportive response.

##### **1. Regarding the competitors and the marketing strategies designed to win the competitors**

Currently, there are a number of competitors in the market, such as; Dashen beer, Harar, Meta Abo beer, Habesha beer, Waliya beer, St. George beer, Heineken beer and Bedele beers. Two other beer factories, Zebidar Brewery in Welkite, SNNP Region and Mojo Beer in Mojo, Oromia region are under formation.

This implies that there is an intensive competition in the market. The Raya Brewery Company is not doing better than its competitors. For example, beyond delivering quality products and selecting best partners, Raya Brewery marketing strategy focuses on implementing an efficient distribution net work along with creative and innovative marketing. It gives special attention in training and upgrading the skills and competence of employees and partners.

Furthermore Raya Brewery has contributed a lot in social activities such as HIV/AIDS, sports, urban sanitation, road construction, participate in the development of arts and support war victims to be a winner in the market.

##### **2. The overall marketing strategy of the company in relation to promote modern marketing and to achieve the company's objectives.**

As per the interviewee replied, modern marketing is a complex practice that involves the production of quality and standard products, the establishment of various and efficient distribution networks, popularizing the product with fair prices and delivering continuous services after distribution. In this connection, Raya Brewery as a newly establish company hasn't done a lot with regard to marketing strategies of its products. The marketing strategy of the company is not effectively practiced and it is not customer oriented. This indicates the Brewery's marketing strategy is not effectively implemented by its employees to achieve its objectives because the workers doesn't have enough awareness about the overall marketing strategy

however the employee showed great commitment and dedication to keep the Brewery and its product popular. These strategies will effectively accomplished by improving the type, quality and quantity of the products, by using modern and state of the art technologies machines and the same bottles used by all modern Breweries and these do not get broke, bored or eroded easily: the bottles are also distributing in strong and handy creates.

In the near future the company think to implementing the marketing strategies effectively by advertising the product by erecting artistic notice board in towns, at main public squares, sight catching places, major outlets and inlets, public service stations and on vehicles, by using modern distribution networks to sufficiently supply and distribute to all parts of the country at an affordable prices, by contributing to popular events by means of sponsoring various exhibitions, music festivals, public gatherings, religious events, research forums, mass media programs etc and by providing training in the country and abroad, to production, technical and marketing personnel and thus improving their capability and capacity.

The managers also explained that the company prepares a plan to have a marketing strategy check lists which facilitate the marketing strategy practices to be implemented in effectively. These are: by define what the company is, identify the products that the company provides, identifies the target buyers/end users, determine whether the company will be a market category leader, follower, challenger, or niche player, and describes the unique characteristics of the products that distinguish them from the competition, define whether the pricing will be above, below, or at parity with the competitors and establish whether the company will lead, follow, or ignore changes in competitors' pricing, identify the distribution channels through which the products will be made available to the target market/end users, describe how advertising and promotions will convey the unique characteristics of the products, describe any research and development activities or market research plans that are unique to the business, describe the image or personality of the company and its products. These shows the employees can accomplish their duties easily by referring the marketing strategy check lists as a result the marketing strategy of the company will be implemented successfully.

### **3. Problems of marketing strategy practices/implementation**

In fact when you run a business, everything might not be easily accomplished. Likewise the company faced with some problems while implementing the marketing strategies. The interviews were forwarded the following problems regarding the marketing strategy practices/implementation. These are:

- Infrastructure problem: it is the major problem which hampers the company's marketing strategy to not to implement well. With any facility of infrastructures (like roads to transport beers, electricity to stay it with a refrigerator, water, telecommunication etc.), it will be very difficult to address for all regions.
- Economic problem: as we know the income of individuals are not equal, some may have good income, in the contrarily some may not have enough money even to eat bread. Due to these financial problems, all people may not be drinking our beer/draught.
- Intensive competition: there are direct/substitute/local as well as international competitors in the market. These competitors may affect our marketing strategy.
- Shortage of raw materials: sometimes there is a shortage of raw materials when the rain is not enough for malt production.
- Seasonality: there is some seasonality of consumption of beers. For example, in the fasting season most people may not drink alcohol beverages. So, during this season there will be less consumption of beer/draught.
- Socio cultural problems: these are cultural entities like norms, religious and values which encumbers the marketing strategy to implement effectively. For example, some religions prohibited alcohol drinks including Raya beer; some cultures have their own habits of drinks like areki (katikala), teji, tella, etc. These all may affect the marketing strategy practices.
- Working capital of the company
- Awareness creation for the customers
- Shortage of supplies, there is a high demand in the market
- High cost of advertising programs

These all implies that the company has faced a problem of implementing the marketing strategies and these problems may hinder the strategies to not to achieve the objectives of the company successfully.

#### **4. Future plan of Raya Brewery S.C**

According to the managers, as a future plan, Raya Brewery S.C is already on the way to expand the existing plant capacity that increase its production capacity to 1.2 Million HL per year.

The beer market in Ethiopia is expanding day to day. Today more than 13 million hectoliters of beer (1 hectoliter is equal to 100 liters) is consumed per year in Ethiopia. Five years ago it was only 1.5 million hectoliters. There is a shortage of beer in the market today. This reveals that there is a high demand of beer in the country, Ethiopia. To fill the gap between the demand and supply of beers, it is a need to expand the new ventures in different regions of the country.

The company has not yet prepared a long term strategic planning which shows as future plan in which where lies the company reach in the coming five to ten years. It is only depending on it's annual plan of operation (marketing plan). The company forecasts its annual sales plan and struggles to achieve that planned sales.

#### **5.The company's business strategy**

The company's overall business strategy is not limited to the specific strategy. By analyzing the internal, external and SWOT matrix, the Brewery will design its business strategy as: differentiation: by making the products unique to the customers and making attractive to pay premium price, cost leadership: the company provides the products in lower prices than competitors. By enhancing Large portion of R&D budget the company will directed towards process oriented intended to make the product easier and cheaper to produce and focus strategy: by dividing the market in to distinct groups of the buyer, the company can compete the market because buyers are too numerous, too widely scattered and too varied in their needs and buying process. So, it is difficult to address for all buyers in the same way. This indicates that Raya Brewery uses a combination of different business strategies to achieve its target.

#### **6.Distribution strategy of the company**

“Quality product is the key to the company success” said the marketing Manager of the Brewery. “And as a result, everyone is willing to carry out our products.” they added. This shows that once quality product is produced, it will not have any problem to distribute it and Raya Brewery produces quality products and distributes it through direct and indirect channels but in Addis Ababa market the availability of the product is poor even though the company forms distribution

system. An agent is assigned to each market or region or a big territory. For an agent to be selected by the company, it must have financial capacity, skilled and experienced manpower, necessary logistics (or transportation), it must be legal or licensed, has storage capacity, well structured, and reputed. The agent should also be capable of maintaining closer conduct with the company and different roots under its chain.

**Problems rose from interviewee during the interview**

- There is lack of focusing on the right strategy
- Shortage of working capital
- No written pricing policy

## **C H A P T E R - F I V E**

### **S U M M A R Y , C O N C L U S I O N A N D R E C O M M E N D A T I O N**

In chapter four we have seen different analysis for the study. On this chapter we will summarize the findings and draw a conclusion based on the summery. After the conclusion, recommendations and managerial implications will be forwarded. Major findings will be stated on the summery section and conclusions will be drowned.

#### **5.1. Summary**

The summary of the findings are presented as follows

- The company's market segmentation is the geographic location that can take many forms i.e. from urban to rural, north to south, warm areas to cold areas etc.
- The company's target customers are any individuals who are more than 18 Years old and have the interest of drinking bottled beer and draught beer.
- The marketing mix elements adopted by the company are the 4P's (Product, Price, Place and Promotion).
- Majority of the respondents were witnessed that the company produce and offers very good product quality to the market.
- The company pricing strategy is reasonable and affordable but the company has not any written pricing policy and the price of the products are depends on Transportation charges, Competitors' cost, Economic factor, Gross profit cost, Over head cost, Net profit, and Direct cost.
- The company use intensive and selective distribution strategies along with exclusive agents to sell its products in the target markets.
- Products availability is so nice and buyers can get the product easily in almost everywhere in Maichew, Mekelle and Shire Region but not in Addis Ababa.
- The best way of advertising means of the company's products is through media advertisement.
- Majority of the respondents replied advertising; sales promotion and public relations are the most effective mechanisms of the company's promotional tools.



- The marketing department of the Raya Brewery not only has a positive relationship and communication with other departments but also there are a problems regarding to communication effectiveness between Marketing and other departments.
- The selling process for the company product is mainly through indirect channels. These indirect channels are intermediaries' agents who address the product from the producer to the consumers.
- The Marketing strategies are the means by which the marketing objectives will be achieved, the employees and managers of the marketing department are not genuinely performing their duties to achieve the company's objectives despite the staffs are committed for their work.

## **5.2. Conclusion**

The findings and discussion part of this study are concluded as follows:

- The response from the consumers shows that the company provides quality products. Furthermore, the interview from the marketing managers also witnessed about the company's product quality and the factory has latest equipments that make its production modern.
- The price of the company is affordable for most of the consumers; as a result most individual consumers can handle this price.
- The quality of the beer is the main reason for the consumers to prefer the raya products. In addition to this, participating in the different developmental activities also benefit the company in building good public relation in the north region.
- The company segmentation is geographic segmentation based on the facility of infrastructures like water, electricity, telecommunication, cultures, values, religion and urban areas.
- The company exploits all the 4Ps of marketing mix elements to achieve its target. These marketing mix elements are product, price, promotion and place/distribution strategy. Therefore, all the mixes are essential for the company to achieve its customer requirements.
- The company set the price its product based on competitors' pricing method. However, it doesn't have any written pricing policy (strategy). The pricing strategy may change

because there is a dynamic environment & the price may change according to the conditions in the market. Hence, the company has to set a price strategy as a base to determine price which will help it to be competitive & to maximize its profits.

- The company promotional tools are advertising, personal selling, sales promotion and public relation. The company's promotional mix strategies create a good image for the brewery in the north region and gained popularity as the company's perspectives of quality products. Moreover, the company gives emphasis for social marketing activities like; constructing roads, schools, clinics, Bridges etc and participating in HIV/AIDS prevention as major promotional tools.
- The best way of advertising means of the company is media advertisement. This media advertisement includes TV, Radio and newspapers.
- The distribution system of the company is accessible and determines the product's marketing presence and the buyers' accessibility to the product. Thus, product availability is sufficiently available and buyers can get the product almost everywhere in the northern region were as in Addis Ababa region not like northern region.
- The selling processes of the products are mainly through intermediaries.
- The company marketing strategy exists without vision, mission and objective statements.
- The marketing strategies of the company are moderately effective.

### **5.3. Recommendation**

This section presents researcher's recommendation based on the finding and conclusion of the study. Therefore, the study recommends the following points based on the analysis;

- The company should develop and put its mission, vision and value statements for all stakeholders. Since these statements are a frame for the marketing strategy activities to be achieved in the long run.
- The distribution system of the company is good and determines the product's marketing presence and the buyers' accessibility to the product. Thus, product is sufficiently available and buyers can get the product almost everywhere in the northern region were as in Addis Ababa region not like northern region. Therefore the company should do same for Addis Ababa region for the product availability.

- The Marketing Mix Analysis has the dignity to help the company implement the right marketing strategies to satisfy and penetrate the company's customer groups, which is phrased as target markets. Therefore, the company should constantly alter the sub elements of each marketing mix to successfully compete with its competitors and offer the greatest value to its customers.
- The company should develop continues and supportive training programs for their employees.
- In the research project, the researcher has assessed the marketing strategy practices of the Raya Brewery on the organization's side. So, for future the researcher recommends to see the overall marketing strategy of the company by involving the organization, customers, intermediaries, government (government regulations in Brewery industries) and a survey study of marketing strategy practices in the Brewery industries of Ethiopia.

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# APPENDICES



**APPENDIX 1: Questionnaire for employees of Marketing and Sales Department of Raya Brewery  
St. Marry University School of Graduate**

***Department of Marketing***

**MA in Marketing Management Program**

**Questionnaires to be filled by employees of the Marketing and Sales Department of Raya  
Brewery S.C**

Dear Respondents;

The purpose of this questionnaire is to enable me to carry out a research for the partial fulfillment of master's degree in Marketing Management. The research focuses on Raya Brewery S.C with the topic of "*Assessment of Marketing Strategy Practices*". A Marketing Strategy questionnaires are tools used to collect data from people regarding Marketing. Hence, to gather information, I kindly seek your assistance in responding to the questions listed below. Any information you present will be kept entirely confidential and will be used only for academic purpose. Your cooperation and on time response will be highly appreciated.

NB:

- Writing your name is not necessary
- You can give more than one answer
- Put "√" for your choice in the box provided

Thank You in Advance!

**Part I: General Information**

1. Gender

Male  Female

2. Age(in years)

Under 20  21-35  36-50  51-65  Over 65

3. Educational level

1-12 Complete  Certificate  Diplomas

BA/BSC  MA/MSc/MBA  PhD

Other (if any) \_\_\_\_\_

4. Position

Senior Manager  Managers  Staff

5. How long have you been employee of Raya Brewery S.C?

Less than one year  Two to five year  Five to ten years

Ten to fifteen years  More than fifteen years

**Part II: Questions Related to Marketing strategy elements**

**A. Questions Related to Product**

6. What are the customers' primary reasons for buying or wanting to use the company's products?

Quality of product  Proximity of supply

Lower price than others  Effective promotion  Customer preference

Other (if any) please specify \_\_\_\_\_

7. What is your opinion about the Products quality?

Very good  Medium  Very poor

Good  Poor

**B. Question Related to Price**

8. What is your opinion concerning the Price of the company's products?

- Very cheap       Affordable       Very expensive   
Cheap       Expensive

**C. Question Related to Distribution**

9. The company's Products availability and accessibility are?

- Excellent       Good       Poor   
Very good       Fair

10. What factor is used by the company in selecting distributor?

- Financial capacity       Product factor       distributing capacity   
Market Factor       Competitive factor

**D. Question Related to Promotion**

11. What would you suggest as the best strategy of advertising the company's product?

- Media (Newspapers, Radio, TV)       Word of mouth       Billboard   
Free Sampling       Internet   
Other (kindly suggest another method) \_\_\_\_\_  
\_\_\_\_\_

***Part III: Question related to Marketing Mix***

12. What marketing mix strategies does the company use?

- Product       Price       All of the above mixes   
Promotion       Distribution

13. On the rate 1 to 3, where 1 represents “Least effective”, 2 represents “Moderately effective”, 3 represents “Most effective” how would you rate the appropriateness of the following promotional mixes to the company? (Please put a tick mark for each provided box)

Promotional tools	1	<input type="checkbox"/>	2	<input type="checkbox"/>	3	<input type="checkbox"/>
Advertising	1	<input type="checkbox"/>	2	<input type="checkbox"/>	3	<input type="checkbox"/>
Personal selling	1	<input type="checkbox"/>	2	<input type="checkbox"/>	3	<input type="checkbox"/>
Sales promotion	1	<input type="checkbox"/>	2	<input type="checkbox"/>	3	<input type="checkbox"/>
Public relation	1	<input type="checkbox"/>	2	<input type="checkbox"/>	3	<input type="checkbox"/>

**Part IV: Question related to Targeting, segmentation and Positioning**

14. Who are the company’s major Customer Groups?

Individual customers/consumers

Hotels, Restaurants and Groceries

Other intermediaries

Others please specify \_\_\_\_\_

15. What are the bases of segmenting the market?

Geographic location  Economic situation

Psychological or life cycle  Demographic

Other (if any) please specify \_\_\_\_\_

\_\_\_\_\_

16. Does the Company have clear attribute for Product Positioning?

Yes  No

17. What attributes according to you the Company use for Product (Brand) Positioning?

Quality  Price

Availability  Test / Flavour

Other (if any) please specify \_\_\_\_\_

\_\_\_\_\_

***Part V: Questions Related to the Overall Marketing Strategy***

1. Does the company have Clear Mission, Vision and Objective Regarding to the marketing strategy point of view:

Yes

No

1. On the rate 1 to 3, where 1 represents “least effective” 2 represents “Moderately effective” and 3 “Most effective” how you rate the company’s overall marketing strategy?

1

2

3

2. How would you rate the communication effectiveness between corporate Sales and Marketing department and other department?

Very good

Somewhat good

Very poor

Good

Poor

3. I can perform the marketing strategy practices of the company effectively.

Strongly agree

Undecided

Strongly disagree

Agree

Disagree

4. What are the major problems encountered in implementing marketing strategies?

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5. If you have further comments please indicate in the space provided below.

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**PPENDIX 2: Interview Question for Raya Brewery Marketing Manager  
St. Marry University School of Graduate  
*Department of Marketing*  
MA in Marketing Management Program**

**Interview questions with Marketing Manager of the Raya Brewery S.C**

Dear respondents;

The purpose of this interview question is to enable me to carry out a research for the partial fulfillment of master's degree in Marketing Management (MA). The research focuses on Raya Brewery S.C with the topic of "Assessment of Marketing Strategy Practices". A Marketing Strategy interview questions are tools used to collect data from people regarding Marketing. Hence, to gather information, I kindly seek your assistance in responding to questions listed below. Any information you present will be kept entirely confidential and will be used only for academic purpose. Your cooperation and on time response will be highly appreciated.

Thank You in advance!

1. Who are your target consumers? And how does the company positioned its products?
2. What is the company's overall business strategy (Differentiation, cost leadership, focus strategy)?
3. Is there any competition? Who are your competitors? What are your major competitive advantages?
4. What are the marketing strategies offered by the company (in terms of 4Ps)
5. What are the problems you encountered in implementing the marketing strategies?
6. What is your future plan to expand your products or to increase your market share?
7. What factors do you consider in setting pricing strategy? Or what are the bases for your pricing strategy?
8. What distribution objectives and strategies are the company pursued?
9. What promotional tools do the company used?
10. What is the status of promotional mixes done by the company in terms of personal selling, sales promotion, participating in bazaars and exhibitions, brochures etc.
11. Over all how do you evaluate the company's current marketing strategies?