

ABSTRACT

In every product category, consumers have more choices, more information and higher expectations than ever before. To move consumer from trial to preference, brands need to deliver on their value proposition, as well as dislodge someone else from the consumer's existing preference set. The title of the study is Determinants of consumer beer brand preference in Ethiopia: a case study on Addis Ababa City beer consumers. Therefore; the general objective of the study was to look at the determinants of consumer beer brand preference in Ethiopia in case of Addis Ababa City beer consumers. Specifically to examine the effects of consumers' demographic characteristics, advertising influence, reference groups influence and consumers' situational variation on beer brand preference. The finding from the multinomial logistic regression revealed what factors determine the probability attached to respondents beer brand preference. Accordingly; age, perceived beer quality, perceived social benefit, situational influence and peer influence had positive sign and significantly affect the probability of preferring St. George beer. Whereas; family size had negative sign and significantly affect the probability of preferring St. George. Moreover; advertisement, situational and peer influence had positive sign and significantly affect the probability of preferring Habesha beer. Whereas family size had negative sign and significantly affect the probability of preferring Habesha beer. Furthermore; advertisement and situational influence had positive sign and significantly affect the probability of preferring Walia beer. Whereas sex and marital status had negative sign and significantly affect the probability of preferring Walia beer. Still there is untapped market potential that producers should take such as a market segmentation strategy and design their products in a manner that make the products appeal to different categories of individuals that can influence of personal factors on customer satisfaction. A potentially successful strategy can be that which provides products that correspond to and appreciate customers' social status and age. It is also advised that any advertisement for beer brands should convey information about the advantages which the brand being advertised would offer over other brands. Moreover; situational influence was found to be significantly relevant to brand preference of beer, producers should in their advertisement emphasis social groups through segmenting the market into distinctive social classes.

CHAPTER ONE

INTRODUCTION

1.2 Background of the Study

In every product category, consumers have more choices, more information and higher expectations than ever before. To move consumer from trial to preference, brands need to deliver on their value proposition, as well as dislodge someone else from the consumer's existing preference set. Preference is a scale, and brands move up, down and even off that scale with and without a vigilant management strategy. (Kotler, 2012)

In the breweries industry, customer retention and acquisition is so intense due to the high levels of substitute products in any given market (Dapkevicius & Melnikas, 2009). Bruijin (2011) contends that the brewery industries all over the world are also struggling to retain their customers in an increasingly competitive market.

According to Bernard, (2012) the brewery industry faces new opportunities and challenges. Changing consumer demands and preferences require new ways of maintaining current customers and attracting new ones. The brewery industry is extremely competitive, with private labels greatly influencing the environment. Companies need a balanced geographic portfolio to maximize growth, with a strong presence in fast growing emerging markets that offer volume growth, as well as in developed markets that offer high revenues (Bernard, 2012).

Beer consumption in developing countries is often seen as one revealing (if crude) proxy for gauging the strength of economic activity. If beer sales are high and rising, incomes and economic activity are presumably growing strongly while the reverse should be true if beer sales are flat or falling (Access capital research, 2010).

Ethiopia's beer industry is currently comprised of eight companies participating in the beer production. These are Diageo, Heineken, Raya, Habash, BGI, and Dashen already under production; whereas Zemen & Zabider beer are under construction. One of the major actor for the growth of the industry came in the past few years when the government of Ethiopian transferred all state-owned breweries to private companies only keeping 49% share of Dashen Brewery, which still belongs to Tiret Endowment Fund that is owned by Amhara National

Democratic Movement (ANDM) one of the four member parties of the ruling party coalition (Ethiopian Peoples' Revolutionary Democratic Front) (Access capital research, 2010).

Beer industry in Ethiopia has been growing in recent years including a surge in demand associated with increased urbanization, population growth, and rising incomes. From a level of just one million hectoliters in 2003/04, 1.56 million hectoliter in 2006/07 and nearly 3.1 million hectoliters in 2008/09 total annual production capacity of the breweries in Ethiopia to around 10.5 million hectoliters. In addition, the country has also been importing beer from different countries. Unfortunately, investing in brewery is capital intensive undertaking and needs specialized knowledge and skills (CSA, 2015).

Therefore, this research was focused on the determinants of consumer beer brand preference in Ethiopian a case study on Addis Ababa City beer consumers.

1.2 Pilot Study

In the inception stage of these research the author assumed that previous researches were conducted so that problem statement can be firmly formulated with supporting empirical data from previous researchers in the study area. But lack of relevant literature in Ethiopia context forced to conduct pilot survey study to substantiate the problem statement of this research. Thus; the author purposively selected twenty three key informants three from beer producer (marketing and sales manager from St. George, Waliya and Habesh); and twenty respondents from hotel, restaurant and grocery who operates around Jemmo Condominium site in Addis Ababa.

Purposively selected respondents participated from grocery, hotel & restaurant managers and also marketing managers & sales representative who works in the beer industry are the one with skill and experience to identifies whether brand preference does existing or not, and to address the issues properly.

The pilot survey from beer service providers in the hotel, restaurant & grocery by using a questionnaire containing open-ended and multiple choice questions an attempt was made to understand consumers background such as age, gender, type of employment and their consumption level at time and situational factors, availability of variety of brands, customer handling, service setting, continuous updated music selection, cleanness and neatness of the service providing environment and materials, and customer handling mechanism. And also

information relevant information was found also from key informants from beer producer on the issue of beer brand preferences that helps to check weather company marketing strategies had impacts or not on their customer beer brand preference.

All questions were asked for all respondents were administered privately based on a convenience of customer service standards.

1.2.1 Pilot study Result from Grocery, Hotel and Restaurants

Pilot survey study showed that beer consumer drank at grocery; restaurants & hotel were 40%, 50% & 10% respectively. Whereas on average each beer service provider hosts 151-200 customers daily and they consume 1to 4 bottle beer at time. Most consumer age category range from varies 31-45 & 80% were male consumer. All types customers were served but mostly employee were their dominant customers and the number of consumers raise at the end of each months especially from the days 27th to 7th.

Moreover; out of the total twenty respondents eight of them agreed that their customer always shifts their brand preferences whereas eight of them randomly shift. Among surveyed 20 groceries, restaurants & hotel 80% (16) of them were found to have strong relationship with their customer.

Furthermore; the authors tried to find the reason for consumers shift their preferences rather than change place to find it in other place. This pilot study showed that situational factors like comfortable environment, sanitation, location accessibility, attractive events, updated music, and availability of different beer brands impacted on consumer brand preferences.

The study also indicated that service providers were decided their beer type and stock level based on both customer demand and producer supply whereas level of advertisement and locality of the products were not found to be important factor over stock level.

In addition to the above the other factor that influence impacted over consumer beer brand preferences was inter personal influence. Most of the respondents were found to have friendly approaches with their customer who is subjected to credit consumption and failed credit repayment.

1.2.2 Result from Key Informant Survey

In this sub-section of the result the author tried to understand about beer brand preference based on the information found from St.gorge, Heineken and Hebash beer factory. The pilot survey result from marketing and sales managers showed that companies' product preferences can be highly affected by company strategy in product selling, intermediaries' choice, quotas and related issues. Moreover; all surveyed companies applies different marketing and product selling strategies that creates the room for competition. Since beer brands available in Ethiopia market specifically in Addis Ababa have more or less similar sales price, volume, packaging design and test.

Beer producing company target customer whether to satisfy consumers who have different wants and needs. Most of the time customers gravitated toward the company's products and practice through referrals or repeat customers which can help a business become profitable and help a business grown and to build its reputation. Beer product sales price, higher, lower or the same price with its competitors, types of intermediary the companies use so far, (whole sellers, retailers, commission agents, consignees, retail, the company use only wholesalers, retailers and company own shop).

In other way based on the information from key informant, advertisement and sales promotion strategy the other approaches that company can be used to increase their market share. But the result showed these campaigns may temporarily successes full since the other reviver firm may also launches promotional campaigns in competitive ways .That may re pull back to the starting point the result obtained through campaigns. However, these campaigns the most important marketing tools that may helpful to create strong beer products brand.

So far competition based on sales price is not significantly seen, but beer companies are competing through cost and scale of production. Even if the producer are subjected to fixed sales price, knowledge of target customer and working for satisfying them was found to be critical for beer producers profitability and survival in the market.

Marketing scholars underline that searching for new customer much more costlier than referral or repeat customer. Thus; trying to design good approaches to satisfy target customer will end up creating loyal customer.

Implementing effective and efficient sales territory design and management & well in placed distributor selection strategy organization, availability of warehouse and transportation facility are important marketing tools to get large market share and also to get new one in the other untapped market places.

Finally; for the beer producing company to be sustain in already existed market and to penetrate the new one channel and distribution management, relationship and conflict management with channel member, evaluation of channel performance, advertisement and sales strategy implemented should be appropriate and needs continues assessments and evaluation.

1.3 Statement of the Problem

Ethiopia with a population closer to 100 million, the per capita consumption of beer stands at eight liters and is expected to reach nine or 10 by the end of 2015/16, which is very small compared to Kenya's above 15 liters and South Africa and around 60 liters. Moreover; in the capital Addis Ababa at least about half of the country's total beer production is consumed (CSA, 2010).

Ethiopian beer industry is witnessing growing competition with creative and innovative promotions techniques thanks to global breweries came on-board. Aggressive marketing since 2012 some breweries have been engaged in very aggressive marketing campaigns. Thus, prompted identification of customer demand, preference and the way to influence it is critical for breweries to stay competitively in the market (CSA, 2015).

The transformations in the global as well as local breweries industry has created a situation in which the survival and profitability of beer companies is dependent largely on their capacity to provide customer satisfaction and win customer preference (Nderitu & Ngugi, 2014). This is true for the Ethiopian brewery industry although major actors companies have appreciated the issue of customer beer brand preference was not studied so far.

With growing number of players, product offerings, evolving brand preference, many agree that beer industry of the second most populous nation in Africa is expected to continue its fastest growth. Brand preference research has not been investigated over the years though intensified products with similar attributes become more proliferated in the market place.

Unfortunately however, among previous brand preference literature in other country, there have been very few studies involving the product category of beer (Woodside and Flect Jr. 1979, Charlton and Enhrenburg, 1973, Orth et al 2004, Dovaliene et al., 2009, Bruijn ,2011, Musia 2013, Ali, 2014). Much of the brand preference research has been through probability models to test the impact of marketing mix variables as a predictor of brand preference of beer consumers (Chib et al, 2004, Bentz and Merunka, 2000, Wagner and Taudes, 1986). These variables (Referred in most of the research studies as the 4P's) are element such as Product features, displays (advertising, sales promotion), availability (stock inventory) and price.

According to Wagner and Taudes (1986), when used in probability modeling, marketing mix variables are non-stationary and heterogeneous among the population. More specifically, the study was done in Ethiopia on customer brand preference and satisfaction has attracted little scholarly attention. Besides, empirical studies on the determinants of customer preference and satisfaction within the breweries industry are limited to holistic approach rather than sector specific (Ali, 2014).

According to Musia (2013), factors such as customers' tastes and preferences, perceived value, perceived quality, and perceived price equally contribute towards customer's satisfaction in the brewery sector. Product price constitutes buyer's remorse, if value derived does not equal cost of the product. It is necessary therefore, that firm in the breweries sector should do market segmentation, pricing, and sales in a manner that caters to the specific needs of clients (Ali, 2014). Musia (2013), explain further that cost of products in the beer industry influences the rate of customer satisfaction. Similarly, brewery products availability, and the taste of the beer significantly influences customer satisfaction (Bruijn, 2011).

In contrary to Musia (2013), Ali (2014) and Bruijn (2011) Ethiopian beer products are retailed in similar prices and producers have little competition in price sphere. Thus, consumers are in their free will to substitute one for the other without worries of price.

A firms advertising and company's processes can have a tremendous influence on customer satisfaction and preference. In most organizations' internal factors and operational procedures have a relationship with customer satisfaction (Musia, 2013). Other factors that influence customer satisfaction and preference are usually beyond the control of the organization.

In most instances, there is nothing much brewery firms can do to control inflation. Inflation influences price of brewery products. According to Vlamudi (2010), higher inflation rates leads to higher prices, this leads to customer disquiet and dissatisfaction. It is necessary and critically important, for brewery firms to profile customer specific factors that relates satisfaction and preference. Equally, it is essential to profile those factors that do not. Companies that do manage to enhance customer's satisfaction do cater to clients specific needs, compared to those that do not (Gianforte, 2003).

On the other hand, Dovaliene et al., (2009), argues that external to the organization do also influence customer satisfaction and preference in the brewery sector. These factors may relate to the competitors marketing mix, government regulation and policies as well as the prevailing economic circumstances. Some of these external factors are vulnerable to the manipulation by powers within the organizations, while others are not (Oh, 2007). It is therefore incumbent upon organizations in the breweries sector to determine whether they should deal with individual factors, internal factors, or external factors.

Though there are several breweries operating in the country, fierce competition is expected among BGI Ethiopia, Dashen and Heineken, each with production capacity of over 8.45 million hectoliters of beer. BGI Ethiopia's production capacity stands at 3 million hectoliters from its three factories in Addis Abeba, Hawassa and Kombolcha, while Dashen has close to 3 million hectoliters production capacity per annum from its two brewery plats. Heineken, which owns Walia, Harar and Bedele breweries, has a capacity of 2.45 million hectoliters. On the other hand Meta Abo Brewery of Diageo, has a one million hectoliters of beer per year capacity followed by the new comers, Habesha and Raya breweries' with each production capacity of 0.65 and 0.60 million hectoliters, respectively.

However, with the current surge in competition within the breweries industry, especially among the various players; it is necessary to assess whether the breweries industry in Ethiopia has achieved aspects of customer satisfaction and if this is not the case to establish some of the strategies in addressing customer's expectations and win consumers brand preference.

In aggressive and costly marketing campaigns, Ethiopian breweries with a small production capacity may soon be swallowed by the big ones. Thus, their profit margins will not be as it used to be in the old days. For some of them survival depends on their marketing strategy and winning

the minds to secure loyal customers. In opposite argument with the above; there will be no merger or one being swallowed by another at this stage of Ethiopia's beer industry because the market is fragmented and unserved.

Furthermore, it is crucial to examine the company specific factors or internal factors as well as the external factors that influence customer brand preference. There are also customer specific factors that influence customer satisfaction (Henning-Thurau & Klee, 2010).

The motivation for the study emerges from the fact that not much has been done on customer brand preference in the breweries industry in Ethiopia. The literature on the determinants of customer brand preference in the brewery industry in Ethiopia is non-existent. Much of the study on the breweries, industry have focused on the issue of competition.

It is against this backdrop that we set out to discover the influence on consumers of such factors as demographic, advertisement, peer group influence and the influence of situational variation in making a particular brand choice in the beer category.

Brand choice research has been investigated for many years and has intensified as product categories have become more proliferated. Ten years ago in Ethiopia there were only a handful of beer brands in the market. Now, there are several brands of beer with brand extensions featuring beers that left consumers with more options and many different brands to choose from. Thus; absence of beer brand preference investigation leads the author of this research to conduct pilot survey.

1.4 Research Questions

❖ This study tried to answer the following research questions:

RQ1: How does beer consumption volume vary by situation and demographic feature?

RQ2: How does consumer beer brand preference vary by quality and price?

RQ3: How does consumer beer brand preference vary by situation?

RQ4: How does consumer beer brand preference vary by advertisement?

RQ5: How does consumer beer brand preference vary by peer and social group influence?

1.5 Objective of the Study

1.5.1 General Objective

The general objective of the study was to look at the determinants of consumer beer brand preference in Ethiopia in case of Addis Ababa City beer consumers.

1.5.2 Specific Objective

- (i) To examine the effects of consumers demographic characteristics on beer brand preference,
- (ii) To examine perceived beer brand quality and price on beer brand preference,
- (iii) To examine the effects of consumers' situational variation on beer brand preference,
- (iv) To determine advertizing influence on consumer beer brand preference and
- (v) To examine the effects of reference groups influence on consumer beer brand preference.

1.6 Hypotheses of the Study

H1: Demographic characteristics won't affect beer brand preference. Thus; age, sex, marital status, educational level and family size won't affect consumers' beer brand preference.

H2: Perceived beer brand quality and price won't affect beer brand preference,

H3: Consumers' situational variation won't affect beer brand preference,

H4: Advertisement of beer brand won't influence consumer beer brand preference for that brand.

H5: There was no strong relationship between reference groups beer brand preference.

1.7 Scope of the Study and Delimitation of the Study

Beer markets widespread around the world but the authors focused on Ethiopia specifically Addis Ababa. However, it needs far too much time to study the determinants consumers' beer brand preferences in Addis Ababa so the authors have scoped to study civil servant consumers' in Addis Ababa City Administration in a given period (2016).

In the study of beer brand preferences so many things could be incorporated shape, volume and color of beer container bottle and in addition location of the plant, alcohol content ,internal

factory situation, and external factors like governmental regulation, inflation and import beer influences over local beer products . However, for this study, the research paper focuses mainly on the influence on consumers of such factors as demographic, advertisement, peer group influence and the influence of situational variation in making a particular brand choice in the beer category. The study addressed final consumers who visit grocery bar& restaurant & hotels to purchase a certain amount of local beer that presented in bottle of any volume and taking one bottle beer, living on condominium and being civil servant will be considered as a population of the study.

1.8 Limitation of the Study

With the limit of time, this research was it is not realistic to conduct interviews or administer questionnaires with a large number of the population so the sample groups were expected to represent the whole population. The questions in questionnaire were adapted from other researches in the same field of study. In addition, the author analyzed the difference of all demographic features but not every relationship's strength and direction. Lack of relevant study literature in Ethiopia case leaded the author to conduct pilot survey. The pilot study from producer side representative marketing and sales mangers and from service provider side hotel, bar, grocery and restaurant managers were included so as to generate relevant information during these the author made a lot of time and resource devotion even to late hours.

1.10 Significance of the Study

This study can significantly add value to the existing limited body of knowledge in the area of beer brand preference especially in Ethiopia. Moreover, understanding of the determinants of consumer beer brand preference can generate relevant information that can be used as an input in decision making process of reconsidering or reaffirming their marketing strategies for breweries currently operating in Ethiopia as firm in beer industry, researcher and trader of beer.

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical Literature Review

2.1.1 Definition of Brand and Brand Preference

a) Definition of Brand

Brand is a name, term, sign, symbol, design, or some combination that identifies the products of a firm. Brands are a means of differentiating a company's products and services from those of its competitors. There is plenty of evidence to prove that customers will pay a substantial price premium for a good brand and remain loyal to that brand. It is important, therefore, to understand what brands are and why they are important. In the eyes of many customers, the brand *is* the company. Customers attach a high level of meaning to a brand, meaning that goes far beyond the brand's name and symbolism. For many customers a brand is a promise. This is the language that confirms the application of social-contract theory in branding. Customers form relationships with brands that are built on trust and often describe these relationships as being a type of bond, pact or contract. (Melewar , 2008).

Branding is a disciplined process used to build awareness and extend customer loyalty. It requires a mandate from the top and readiness to invest in the future. Branding is about seizing every opportunity to express why people should choose one brand over another. A desire to lead outpaces the competition, and gives employees the best tools to reach customers are the reasons why companies leverage branding (Wheeler, 2012).

b) Definition of Brand Preference

Brand preference is a measure of brand loyalty in which a consumer will choose a particular brand in presence of competing brands, but will accept substitutes if that brand is not available. Selective demand for a company's brand rather than product, the degree to which consumers prefer one brand over another. The percentage of people who claim that a particular brand is their choice. It represents which brands are preferred under the assumption of equality of price and availability (Kapferer ,2012)

2.1.2 Evolution of Brand Preferences

Consumers appear to have high willingness to pay for particular brands, even when the alternatives are objectively similar. The majority of consumers typically buy a single brand of beer, cola, or margarine (Dekimpe et al. 1997), even though relative prices vary significantly over time, and consumers often cannot distinguish their preferred brand in blind “taste tests” (Thumin 1962, Allison and Uhl 1964). Consumers pay large premium to buy homogeneous goods like books and CDs from branded online retailers, even when they are using a “shop bot” that eliminates search costs (Smith and Brynjolfsson 2001). A large fraction of consumers buy branded medications, even though chemically equivalent generic substitutes are available at the same stores for much lower prices (Ling et al. 2002).

Theorists have long speculated that willingness to pay for brands today could depend on consumers’ experiences in the past. Willingness to pay could be a function of past consumption, which could enter expected utility directly (Becker and Murphy 1988), through switching costs (Klemperer 1987), or through beliefs about quality (Schmalensee 1982). It could depend on past exposure to advertising (Schmalensee 1983, Doraszelski and Markovich 2007), or on past observations of the behavior of others, as in Ellison and Fudenberg (1995). At the extreme, brand preferences could be entirely determined by experiences in childhood (Berkman et al. 1997). Under these assumptions, consumers’ accumulated stock of “preference capital” could be a valuable asset for incumbent firms and a source of long-term economic rents.

In Bain’s (1956) view, “the advantage to established sellers accruing from buyer preferences for their products as opposed to potential entrant products is on average larger and more frequent in occurrence at large values than any other barrier to entry”.

Existing empirical evidence provides little support for the view that past experiences have a long lasting impact on brand preferences. Large literatures have measured the effects of advertising, but these studies often find no effects (e.g., Lodish et al. 1995), and the effects they do measure are estimated to dissipate over a horizon ranging from a few weeks to at most five or six months (Assmus, Farley, and Lehmann 1984, Bagwell 2007).

2.1.3 Brand preference and Consumer Choice

In every product category, consumers have more choices, more information and higher expectations than ever before. To move consumer from trial to preference, brands need to deliver on their value proposition, as well as dislodge someone else from the consumer’s existing

preference set. Preference is a scale, and brands move up, down and even off that scale with and without a vigilant management strategy (Kotler,2012).

Theories of adoption have often been used to explain how consumers form preference for various goods and services (Rogers, 1995, Tornasky and Klein, 1982; Mason, 1990; Charlotte, 1999). Generally, those theories emphasize on the importance of triability, relative advantage, risk, loss, social approval, product characteristics. Equally, several studies have long speculated that brand preference could be a function of past consumption which could enter expected utility directly (Becker and Murphy, 1988).

Through switching cost (Klemperer, 1987) or through beliefs about quality (Schmalensee, 1982). It could depend on past exposure to advertising (Schmalensee, 1983, Doraszelski and Mankovich 2007), or past observations of the behaviour of others as in Ellison and Fudenberg (1995). At the extreme, brand preference could be entirely determined by experience in childhood (Berkman, Lindquist and Sirgy, 1997). All have tremendous impact on the position of our brand in the consumers preference set, but the relative importance of each factor depends on the nature of industry under consideration, location and social characteristics of the consumer of different brands.

a) Shopping Behaviors

It is important to understand brand switching and exploratory behaviors in consumer brand choice decisions. Previous research has indicated a link between situational drivers and behaviors based on personality traits of a consumer. According to research by Raju (1980), consumers take a risk, seek variety, and have curiosity in purchase behaviors such as brand switching. Risk taking involves the consumer's need for innovation and alternatives in which they are not familiar with. There is more risk perceived with this behavior. When a consumer is variety-seeking, they are looking for alternatives that they are familiar with. The final consumer exploratory tendency is curiosity-motivated behavior, which the consumer seeks out information about a product or service through shopping or interpersonal communications (Raju, 1980; Wahlers et al. 1986).

Product Categories such as beer are a good fit for exploratory behaviors based on the desire for variety and brand-related factors. Consumers begin to have boredom with a brand and seek alternatives in product categories similar to beer. In extreme cases where consumers have a high level of involvement, these exploratory behaviors may not exist. For example, if the consumer

has a level of brand loyalty and habitually purchases the same brand irrelevant of factors influencing choice, then this consumer will most likely not seek alternative brands (Van Trijp, 1994; Van Trijp et al. 1996).

b) Consumption Behaviors

There are several behavioral factors that play a role in determining brand choice for consumers. Product usage is among one of these factors and plays a major influential role in impacting consumer behavior (Ram and Jung, 1989).

Product usage consists of two dimensions: usage variety and usage frequency (Zaichkowsky, 1985). Variety usage is how the product is used and depends upon the product category and situation. Market share for product brands could increase based on an event or situation. For example, sales and volume for specific brands of beer could fluctuate before and after the super bowl (Ram and Jung, 1989).

Therefore, brand choice measurements should take into account for temporal changes in brand choice behavior (Wilkie, 1986). There have been studies that have compared the differences in drinking consumption of males and females. These studies included usage measures consisting of quantity per occasion, average volume, and frequency of drinking (Green et al. 2004).

According to previous studies, there are three categories of drinkers in order to classify users: heavy, moderate, and light users (Redman et al. 1987). Frequency of purchases, the second dimension of product usage, deals with the amount of a single item purchased during a given time period. According to a study, frequency of purchases can provide insight on brand choice (Ram and Jung, 1989; Uncles and Ehrenberg, 1990). In addition, expenditures on the product category itself also have some insights based on how consumer's select a brand based on a product category (Orth, 2005).

2.1.4 Components of Brand Management

a) Branding

Branding is a disciplined process used to build awareness and extend customer loyalty. It requires a mandate from the top and readiness to invest in the future. Branding is about seizing every opportunity to express why people should choose one brand over another. A desire to lead

outpaces the competition, and gives employees the best tools to reach customers are the reasons why companies leverage branding (Wheeler, 2012).

b) Scope of Branding

Although firms provide the impetus to brand creation through marketing programs and other activities, ultimately a brand resides in the minds of consumers. It is a perceptual entity rooted in reality but reflecting the perceptions and idiosyncrasies of consumers. Branding is endowing products and services with the power of a brand. It's all about creating differences between products. Marketers need to teach consumers "who" the product is by giving it a name and other brand elements to identify it as well as what the product does and why consumers should care. Branding creates mental structures that help consumers organize their knowledge about products and services in a way that clarifies their decision making and, in the process, provides value to the firm (Kotler and Keler, 2012).

c) Managing Brands

Companies must manage their brands carefully. First, the brand's positioning must be continuously communicated to consumers. Major brand marketers often spend huge amounts on advertising to create brand awareness and build preference and loyalty. However, the fact is that brands are not maintained by advertising but by customers' *brand experiences*. Today, customers come to know a brand through a wide range of contacts and touch points. These include advertising but also personal experience with the brand, word of mouth, company Web pages, and many others. The company must put as much care into managing these touch points as it does into producing its ads. The brand's positioning will not take hold fully unless everyone in the company lives the brand (Kotler and Armstrong, 2011).

d) Elements of Brand

Elements of brand include names, logo & tagline (slogan). The right name is timeless, tireless, and easy to say and remember; it stands for something, and facilitates brand extensions. Its sound has rhythm. It looks great in the text of an email and in the logo. The wrong name for a company, product, or service can hinder marketing efforts through miscommunication or because people cannot pronounce it or remember it. It can subject a company to unnecessary legal risks or alienate a market segment. Finding the right name that is legally available is a gargantuan challenge. Naming requires a creative, disciplined, strategic approach (Wheeler, 2012).

A logo is a consistent visual shape and color that helps people recognize your brand. The logo, the logotype, a tagline, and a set of visual rules about what colors and designs to use can be combined to create your brand identity (also known as your brand ID or visual identity). These elements make up a core set of visual communications that are usually found in every communication you do. Their purpose is to provide consistent recognition and to communicate your brand identity and positioning. Because times, tastes, and visual styles change, it is necessary periodically to update or refresh your visual identity. The trick is to maintain the core visual identity and make only incremental equity changes over time that doesn't cause unacceptable equity loss. (Callen, 2009).

A tagline, slogan, or theme line is a short phrase that summarizes your brand and signs off your communication. It usually accompanies your brand name: before, after, or next to your name (Callen, 2009).

2.1.5 Characteristics of Good Brand

a) Brand Strategy

Effective brand strategy provides a central, unifying idea around which all behavior, actions, and communications are aligned. It works across products and services, and is effective over time. The best brand strategies are so differentiated and powerful that they deflect the competition. They are easy to talk about, whether you are the CEO or an employee (Wheeler, 2012).

Brands play a vital role in the relationship between company and customer; they help customers navigate the decision process by reducing risk and providing a shortcut to product identification. In many cases, brands allow customers to make a personal statement about who they are. For companies, brands not only provide a legal means to identify and protect their products, but also provide the key to product differentiation, which ultimately leads to competitive advantage. In fact, the value of a company's brand can constitute as much as 70 per cent of its intangible assets. Putting this into perspective, the total value of many companies often comprises 90 per cent intangible assets (Keller, 2003).

Thus, well over half a company's assets may be attributable to its brand(s). In the eyes of many customers, the brand *is* the company. David Aaker has said that brand identity goes beyond brand as a product and includes brand as an organization, person and symbol (Aaker, 1996).

In fact, at least 32 of the top 50 global brands boast names that are the same as or very similar to the organization's name (Clarke, 2004). Customers attach a high level of meaning to a brand, meaning that goes far beyond the brand's name and symbolism. To many customers a brand is a promise (Keller, 2000).

This is the language that confirms the application of social-contract theory in branding. Customers form relationships with brands that are built on trust and often describe these relationships as being a type of bond, pact or contract. These bonds lead to brand loyalty and the '... implicit understanding that the brand will behave in certain ways and provide [the customer with] utility through consistent product performance and appropriate pricing, promotions, distribution programmes and actions' (Keller, 2003).

The goal of branding is to build brand equity, the definition of which continues to be debated in the marketing literature (e.g., Aaker, 1991; Farquhar, 1989; Srivastava and Shocker, 1991). Commonly, brand equity has been discussed as the value, over and above the tangible value of a product, passed on to customers (both individuals and companies) by the brand and its components. Aaker (1991) explained brand equity as consisting of brand assets and brand liabilities that contribute to or detract from a product's value to the firm and/or its customers. Aaker and Keller, among others, advocate managing, maintaining and measuring brand equity.

b) Brand Positioning

Positioning is what you stand for in the mind of the market. Thus a good positioning answer at least one of three questions these are whom do you serve? What do you do for them? How are you different from their other choices? Or what are you good at?

It is extremely risky to change your market position. Target markets tend to hold onto their perceptions of your company for years, so it takes time and money to change. The change often creates confusion, which opens the door for competitors to take advantage. And the new position may not be believable for your brand because of your old position or the position of a competitor that already owns the position you want to take. In general, you are better off building on or refreshing or updating or tweaking your positioning, than you are changing it. (Callen, 2009).

It is also common to distinguish brands according to their positioning. Positioning a brand means emphasizing the distinctive characteristics that make it different from its competitors and appealing to the public. Positioning is a crucial concept. It reminds us that all consumer choices

are made on the basis of comparison. Thus, a product was only being considered if it is clearly part of a selection process. A brand's positioning is a key concept in its management. It is based on one fundamental principle: all choices are comparative. Remember that identity expresses the brand's tangible and intangible characteristics everything that makes the brand what it is, and without which it would be something different. Identity draws upon the brand's roots and heritage everything that gives it its unique authority and legitimacy within a realm of precise values and benefits. Positioning is competitive when it comes to brands, customers make a choice, but with products, they make a comparison (Jean, 2012).

c) Brand Identity

The purpose, in this case of the sender's side, is to specify the brand's meaning, aim and self-image. Image is both the result and interpretation thereof. In terms of brand management, identity precedes image. Before projecting an image to the public, we must know exactly what we want to project. Before it is received, we must know what to send and how to send it. Brand identity is the personality facet of the source. It should not be confused with the customer reflected image, which is a portrayal of the ideal receiver (Jean, 2012).

d) Brand Awareness

Brand awareness is the first component necessary for a consumer "branding" a product. Establishing brand awareness draws upon the consumers' use of brands to identify a producer or seller in the marketplace. Brand awareness occurs when consumers become conscious that a brand exists. When asked, they may report that they have been exposed to a brand they report having heard of the brand and that it is vaguely familiar. Consumers with more exposure may report more familiarity and are most likely able to identify the brand on sight, or when it is described (Lee et al., 2015).

e) Uses of Brand

Brands perform valuable functions for firms. First, they simplify product handling or tracing. Brands help to organize inventory and accounting records. A brand also offers the firm legal protection for unique features or aspects of the product. The brand name can be protected through registered trademarks; manufacturing processes can be protected through patents; and packaging can be protected through copyrights and proprietary designs. These intellectual property rights ensure that the firm can safely invest in the brand and reap the benefits of a valuable asset (Kotler and Keler, 2012).

Customer based brand equity occurs when the consumer has a high level of awareness and familiarity with the brand and holds some strong, favorable, and unique brand associations in memory. This association created through brand awareness and brand recognition on consumers' based on the ability to confirm prior exposure to the brand when given the brand as a cue. The other brand recall is consumers' ability to retrieve the brand from memory when given the product category, the needs fulfilled by the category, or a purchase or usage situation as a cue. Creating a high level of brand awareness for consumer will have created learning advantages, consideration advantages and choice advantages.

2.2 Empirical Literature

2.2.1 Demographic and Socio-economic Determinants

Demographic variables have been proven to be indicators for brand choice. Factors such as age and gender play a role in how consumers evaluate and ultimately purchase brands in several different product categories (Walsh and Mitchell, 2005). Based on studies involving demographics and drinking behaviors, males tend to drink in larger quantities in same sex groups, whereas women drink with mixed crowds or with a male (Hartford et al. 1983). Age is also a variable to be explored for college students because there are those of legal age and others that are obtaining beer illegally. There are a number of these college students that purchase beers illegally via a false ID or by having an older peer purchase it for them (Schwartz et al. 1998).

In aspect of marketing view, change in these variables have influence consumers' attitudes and buying patterns as the potential market segment possessing different needs for products and services (Mowen & Minor, 2001).

Understanding the customers' demographic is one of the efficient tools for marketer to response their specific requirement. Marketers can use demographic to build attitude toward their brand as "new experiences, new sensations, and new satisfactions" for customer in order to be different from other competitors in the market (Maxim, 1996). In accordance, Wells & Prensky (1996) claimed that demographic characteristic provide the stimulus toward the tangible and intangible change about the consumers' way of think, feeling, and acting. Wells & Prensky (1996) stated that the background characteristic can influence attitude. Also, Wu (2003) supported that the demographics are consumer background characteristics, which is the way of individuals describe themselves.

Starting with reading and viewing of media, response to the message they get, evaluating of products and services, and decision making (Wells & Prensky, 1996). Midanik et al. (1994) reported the correlation between demographic and attitude toward beer consumption by investigating Americans. They found that gender influence the frequency of beer drinking. Men drink more than women per week. Moreover, Suggs (1996) reported, in Botswana men and women have difference way of drinking attitude. Men believe that drinking is the right associated with their gender while women believe that drinking is privilege they must earn. Today women make or greatly influence most purchasing decisions. Many companies need to concern their attitudes, for instance, the Westin hotel chain has developed strong marketing relationship with women by conveying respectful attitude in the restaurants by asking the women to taste wine (Peter & Olson, 2005). It can be implied gender correlate and influence attitude toward products or services.

Individual factor that affects consumers' purchasing decision and beer consumption behaviour is age (Dowdall & Wechsler, 2002). If the consumer's age changes, the consumer's behavioural process and purchasing decision are change too. Age can also be used to segment the market for special product and service (Wells & Prensky, 1996). According to Blackwell, Miniard & Engal (2006, p.238), understanding consumers' needs in marketing analysis is related to age. For instance, group between ages 25 and 34 prefer to drink standard domestic beer drinkers whereas 35 to 44 year old choose light beer (Bennett, 2002). Older people drink more than younger people (Midanik et al., 1994).

Peter & Olson, (2005) identified that individuals at different income levels tends to have quite different behaviors, attitudes, and lifestyles. Consumers are primarily segmented by personal income since it affects the customers' confident to pay for luxury products. Personal income divides the market as upper (premium) market and lower market. This factor also related to the place they buy the product. (Wells & Prensky ,1996) claimed that income affects the types and brands of products which consumers can afford and are purchased.

Moreover, personal income can help the marketer to select the appropriate media to reach the targeted consumers (Evans, Jamal, & Foxall, 2006). The upper market consumers buy products

at upscale shopping centres. In contrast, lower income consumers emphasize on “reasonable” price and discounts. (Blackwell, Miniard & Engal, 2006).

Education affects drinking beer which at different occupation make different in using alcoholic beverage, cigarette and drug (Dowdall & Wechsler, 2002). It also affects the choice alternative to purchase the product which consumer gathering during pre purchasing process (Blackwell, Miniard & Engal, 2006).

Occupation affects beer buying decision of consumers (Putthangguranon, 2001).It can be predicted the nature of attitudes (McFayden, 1998). Besides, occupation and circumstances influence consumption patterns. For educational achievement is another variable that explain purchasing decisions and is closely associated with occupation and economic circumstance (Michman, Mazze & Greco 2003).

According to Wells & Prensky (1996) claimed that education and occupation might affect the consumer behavior process of evaluating and choosing of products. For instance, the working class will choose products based on function and comfort rather than what is trendy, also most of them will not take risks to try new products. These factors are related to personal income since both education and employment connected to one’s social class. Wells & Prensky (1996) referred to social class as one’s position in the social and economic structures of a society which is based on criteria of income, education and occupation. Level of education, occupation and income connected to social class that is useful to investigate consumers’ belief and behavior pattern (Peter & Olson, 2005). Michman, Mazze & Greco (2003) mentioned it is better determinant to define social class than income, which should include education and occupation. Therefore, it can be implied in different social class (include income, education, and occupation) result in different consumers’ attitudes toward products or services.

As mentioned above, gender, age, education, personal income, and employment status influence the attitude of drinking. These are the factors which consumers use to choose their beer preference to express their attitude in society (Bennett, 2002).

Therefore, the more marketers understand the consumer demographics, the more they can build the attitude to their brand in order to response the specific requirements of consumers. In

addition, Thach & Olson (2004) supported that it has made more sense to target demographic population for starting of marketing plan to know the certain requirements. Mayers, Gore, & Liu (2008) cited that demographics of customer should be used to segment the market. Manufacturers can predict the different consumption and launch the new different products to serve the specific market niches.

2.2.2 Advertising

Advertising is a non personal paid form where ideas, concept, products or services and information are promoted through media (visual, verbal and text) by an identified sponsor (Ayanwale et al, 2005, Bovee et al, 1995). Of all marketing weapons, advertising is renowned for its lasting impact on viewers mind and its exposure is much broader (Katke, 2007) Mackenzie (2004) stated that advertisements inform consumers about the existence and benefits of products and services, and to persuade consumers to buy them. Moreover, Kotler et al (2005) claim that advertising aim at attaining target consumers to either think or react to the product or brand. As a method of achieving advertisement goals, advertisements as well as their content play a vital role in the process of commercial communication.

More specifically, it is the advertised product and brand as well as the content of the advertisement that determine greater or lesser memory retention among the consumers (Royovela, 2005). Homer (2001) further stated that liking advertising message and content increases the tendency to like the product. That many firms use celebrity as the source of their marketing communication because celebrity source may attract more attention to the advertisement than non-celebrity. That consumer may associate characteristics of the celebrity with attributes of the product which coincide with their needs or desire. Panchayat (2001) states that advertising tends to use psychological tactics which makes people buy the product.

One of the goals of advertising is to develop a company image that establishes product personality so that consumers are able to form a bond with that product and will be more likely to repeatedly purchase it (Casswell, 2004).

Lowering the price of beer increases drinking rates, but limiting advertising in the area decreases the rate of binge-drinking overall (Kuo et al.,2003). Alcohol is often packaged in large volumes, such as kegs and liters; seemingly encouraging students to binge drink (Kuo et al., 2003). Large

volumes are sold in party balls, kegs, 24- and 30-can cases and are readily available in areas of a high college student population. The accessibility of these items has been correlated with higher binge-drinking rates, which implies that conversely limiting volume of alcohol in a container to be sold to the public or restricting advertising in the area can greatly reduce drinking behaviors in the area (Kuo et al., 2003). Advertising can increase the amount of alcohol consumed, but it can also depict a brand with a positive personality.

Advertising typically creates a personality for a brand that allows the consumer to identify with it. Dolich's 1969 study suggests that products chosen by the consumer are selected based on the congruence of the company's image with their own self-image. However, advertising is not the only factor in determining which brand to consume.

Another factor that influences brand preference and selection correlates with the image congruence hypothesis, or the idea that people prefer brands with a perceived image similar to that of their own self-image (Graeff, 1997). Not only do the consumers look for products that demonstrate morals that are similar to their own, they choose products whose advertised personality is most like how they want to be viewed by others.

2.2.3 Reference or Peer Group Influence

An average consumer belongs to one group or the other and to a reasonable extent, the group one belongs to or wishes to belong has one purchasing and consumption influence on him or her. Supporting this view Engel et al. (1978) who opine that each consumer is a member of many groups, but those that influence behavior are called reference group.

Though related in many aspects, different authors have given different definition of the term reference group. Accordingly, reference groups are groups with which an individual identifies Mordern (1991), groups whose presumed perspective or values are being used by individual as the basis for his or her current behavior (Hawkins, et al, 2001), persons or groups that serves as point of comparison for an individual in forming either general or specific values, attitudes or behavior (Schiffman and Kanuk, 2009), group of people who influence persons attitude, values and behavior (Stanton, 1981) and or groups used by individual to evaluate self and whose standards are used as basis of comparison for the individual's behavior (Bearden and Etzel,1982).

It is therefore a group real or imaginary that one looks for guidance in structuring his or her behavior pattern (Iyanga, 1998). The differences in opinion notwithstanding, what is important are that reference groups standards of behavior serves as guide or frames of reference for the individual. Reference group concept has been used by advertisers in their effort to persuade consumers to purchase product and brands, portraying products being consumed in socially pleasant situations.

The use of prominent/attractive people endorsing products, and the use of obvious group members as spokes person in advertisement are all evidence that marketers and advertiser make substantial use of potential reference group to influence consumers brand preference in the development of their communications. Alluding to reference groups in persuasive attempts to market products and brands demonstrates the belief that reference group exposes people to behavior and life styles, influence self concept development, contribute to the formation of values and attitudes, and generate pressure for conformity and attitudes to group norms (Kotler, 2004).

Social influences consist of influential factors determined by family and friends. In addition, adolescents are exposed to peer-pressure and group-think mentalities, which lead them to consuming brands that their friends and peers consume (Collins et al. 2003).

This social influence stems from persuasion by attitudes and behaviors of fellow peers (Jessor, 1981; Kandel, 1980). Therefore, normative influences can have an effect on brand choice for the beer product category. Throughout research on social behavior, other individuals' behaviors may serve as cues which could increase the potential for behavior. In addition, the behavior of others might remind the individual that alternatives to their own behavior are available (Bandura, 1977).

Social influence has an effect on brands that consumers choose. There is a social risk associated with every purchase decision a consumer makes. Opinion leaders, family/friend influence, reference groups, social class, culture, and subculture can affect the brands that a consumer purchases. This social risk is often associated with what the consumer believes are acceptable brands based on the brand perceptions in the individual's social group. For example, a consumer may purchase a higher priced, upscale brand in order to identify and be accepted by a higher social class (Hoyer and MacInnis, 2004).

2.2.4 Situational Variation of the Consumer

People consume products by themselves, with friends, on the beach, at carnivals, at parties and while having dinners with their boss or other relatives. Within these situations an individual may prefer a brand over the other because benefits sought out by consumers can differ by situation the consumer is in (Yang et al, 2002). According to Belk (1974), situations may be defined as those factors particular to a time and place of observation which have demonstrable and systematic effects on behavior. Consumers evaluate brands on the situation (Vazquez et al, 2002).

It is suggested from previous research that situational factors are a better predictor for consumer behavior than measures involving attitudes. Research has indicated that consumer preferences change according to the environment in which the consumers find themselves (Quester and Smart, 1998, Lai, 1991, Belk, 1974).

Consumer might choose a brand based on being in different situations and will therefore be motivated to drink a certain brand (Yang et al, 2002). That consumer may face similar environments but there are several motivating conditions that play a role on brand choice depending on the consumer.

According to Lai (1991), there are three types of situations that are used in marketing strategy among situational factors these are communication situation, purchase situation, and consumption situation. Situational drivers should have a frequent number of customers per situation.

A consumer might choose a brand based on being in different situations and will therefore, be motivated to drink a certain brand (Yang et al. 2002). According to drinking studies, around 80% of young people's total alcohol consumption occurs at a public place (Knibbe et al. 1991). The greatest occurrences of drinking are in the home or in bars (Wilks and Callan, 1990). In addition, heavy and light drinkers tend to drink twice as much during "happy hours" in bars than they do during times that are not involved in such promotions. Therefore, there are some interaction effects of brand benefits based on situational factors (Babor et al. 1978; Orth, 2005).

Consumers may face similar environments, but there are several motivating conditions that play a role on brand choice depending on the consumer (Yang et al. 2002). Several studies have shown this idea of situational influences proving that individuals prefer to drink different brands

based on different occasions (Bearden and Etzel, 1982). For example, Quester and Smart (1998) used the purchase of a bottle of red wine for a drink during the week (alone or with one's family) over dinner, for a dinner party at a friend's house on a weekend (with 5 to 6 close friends), and as a gift for an employer or respected friend. Orth (2005) evaluated three different situations based on drinking red wine with the same scale from Quester and Smart. Miller and Ginter (1979) explored situational impacts on brand choice with respect to fast food restaurants. The situation variations analyzed were lunch on a weekday, snack during a shopping trip, evening meal when rushed for time, and evening meal with the family when not rushed for time. All of the studies involving situational factors demonstrated significance based on impacting brand choice.

Areas that have been studied with situational drivers include product involvement, brand choice, and product attributes. High product involvement was considered a factor that influences behaviors with the interaction of situational drivers. Product factors have different levels of importance to consumers based on situation. Brand choice has been found to be impacted significantly by situational factors (Orth, 2005; Quester and Smart, 1998; Miller and Ginter, 1979; Yang et al. 2002).

It is important for marketers to understand where brands are effective in given situations. This gives marketers insights as to where the brands are being effectively communicated, purchased, and consumed (Miller and Ginter, 1979; Quester and Smart, 1998). However, one study has argued with these notions. Results from a research study using a probability models to determine preferences indicated that marketers do not have to make their brands congruent to consumers or their environment. It is suggested that the source of brand preferences must be understood in order to have an impact on situational factors that influence brand choice (Yang, et al. 2002).

Situation variation depends on the product category used for research (Belk, 1974). Beer is an important category to use because it is a narrowly defined product category in accordance with researching situational drivers (Miller and Ginter, 1979). Drinking beer is considered an activity that may occur in distinct situations. Therefore, there should be a clear variance according to their changing environment (Yang et al. 2002).

CHAPTER THREE

METHODOLOGY

3.1 Description of study area

Addis Ababa lies at an elevation of 2,300 meters (7,500 ft) and is a grassland biome, located at 9°1'48"N 38°44'24"E/9.03000°N 38.74000°E. The city is divided into 10 Sub-cities and 99 Kebele. Based on the 2007 census conducted by the Ethiopian national statistics authorities the population of Addis Ababa is 3,384,569 million; all of the population is urban inhabitant. The religion with the most believers in Addis Ababa is Ethiopian Orthodox with 74.7% of the population, while 16.2% are Muslim , 7.77% Protestant , and 0.48% Catholic.

Ethiopia's beer industries comprised of eight companies are producing beer. These are Diageo, Heineken, BGI, Dashen, Raya, and Habasha; Zemen and Zabider beer under construction. All of them are privately owned enterprises of which the first three are owned by foreign investor and the remaining are owned by local private producer respectively.

3.2 Research Strategy

In this study, both quantitative and qualitative research strategies were employed. The quantitative strategy was used to analyze the data using structured survey questionnaire from a representative sample of 261 that were selected from 51,168 study population of Addis Ababa City civil servants. The qualitative research strategy was used to analyze the data by using unstructured interviews with key informants: hotel managers and marketing officers.

The sampling area for this study were bars and restaurants that are found around condominium. Condominiums are the most preferable residential area this studies because it's easy of accessibility for the author and availability of rational consumer.

The study was done specifically at week end (Friday, Saturday and Sunday) since weekends are leisure time for most of civil servants

3.3 Research Design, Method and Data Collection

The research design that employed in this study was the cross-sectional data design and it was conducted by using questioners partly administered by the researcher.

There were three ways to measure brand preference directly; survey questions, brand choice measure, and constant sum measure. This study adopted the question measurement of brand preference. This Survey method was chosen because of its' capacity to measure human attitude and opinion. The study was done specifically at week end (Friday, Saturday and Sunday) since weekends are leisure time for most of civil servants.

Therefore; structured questionnaires mainly based on categorical scale type was used as a major instrument to collection of primary data. The questionnaires consist three sections; the first section was to elicited information on the demographic characteristics of the respondents, the second section was made up of items that seeks as source of information on independent variables of the study (i.e. beer quality and price, situational factors, advertisement influence and Social and peer group influence from beer consumers). While the third section was to measure the dependant variables of the study (i.e. beer brand preference).

In addition, twenty (20) structured interviews were conducted from key informants of hotel managers and marketing officers and three (3) structured questionnaires collected from consumer of beer from target group of study. The interview was done by using structured interviews with the key informants provided information that was not captured by the questionnaire from beer consumer. Since marketing officers and hotel managers faced different circumstances and set ups and also marketing systems exists among beer brand creating producers and also help us to crosscheck the consistency of the responses from the survey. Furthermore, secondary sources such as documents and related materials were also used to back up the findings from primary sources.

3.4 Study Population

The total population of Addis Ababa is 3.38 million in 2007 census and in 2016 it is expected to reached 4.04 million out of it 1.02 million are assumed to drink beer in one or another time. The city is assumed to have 5% civil servant out of 1.02 million. Thus, the study population was 51,168 in Addis Ababa city during the specified study period (CSA, 2009).

3.5 Sample Size

According to Fisher, (2007) the size of sample depends on the size of margin of error and the size of population. The authors applied the sampling technique by accept 5% of margin of error in order to make our report more reliable. Therefore, the estimating sample survey result for

study population of 51,168 is 261 samples with 5% margin of error. The sample size was determined with the use of Top man formula as presented below.

$$n = \frac{E P x Q}{Z^2}$$

Where:

n = required sample size

Z = Precision Level (i.e. 1.96)

P = Probability of positive response (0.2)

Q = Study Population Size

E = Tolerable error (0.05)

Therefore, the sample size will be: $n = \frac{E P x Q}{Z^2} = \frac{0.05 * 51,168 * 0.2}{1.96^2} = \underline{\underline{261}}$

$$Z^2 \quad 1.96$$

3.6 Sampling Procedure

Two stage sampling was employed to collect primary data. In the first stage purposive sampling was used to select 25 bar and restaurants across Addis Ababa city condominiums based on their customers size by the judgment of researcher himself and data collectors and in the second stage by using simple randomly sampling from each bar and restaurants 12 respondents who are civil servants were selected.

For Contingency purpose an extra thirty nine (39) respondents were added in sampling procedure for errors committed during sample collection.

3.7 Questionnaire Design

The study employed three types of questionnaires these are dichotomous question, multiple choice questions, and likert scales each consisting 1-5 question. This helped respondents to issue their opinion about beer products they consume. Moreover, the collected was computed using Stata-12 which is widely used by previous researchers.

3.8 Model Specification

Given the nature of beer brand preference (BPi) for Walya, Harare , Bedale, St. George, Meta Abo, Habash and Others (Meta, Bedele, Harar & Dashen) the estimation was based on multinomial logit (MNL) model which enabled us to treat the possible outcomes of brand preference. This method was used to analyze the impact of various explanatory variables on the probability of being in one or another brand category (outcome). The advantage of the MNL is that it permits the analysis of decisions across more than two categories, allowing the determination of choice probabilities for different categories (Wooldridge, 2002).

Multinomial logistic regression was used to predict categorical placement in or the probability of category membership on a dependent variable based on multiple independent variables. The independent variables can be either dichotomous (i.e., binary) or continuous (i.e., interval or ratio in scale).

Multinomial logistic regression is a simple extension of binary logistic regression that allows for more than two categories of the dependent or outcome variable. Like binary logistic regression, multinomial logistic regression uses maximum likelihood estimation to evaluate the probability of categorical membership.

Multinomial logistic regression does necessitate careful consideration of the sample size and examination for outlying cases. Like other data analysis procedures, initial data analysis should be thorough and include careful univariate, bivariate, and multivariate assessment. Specifically, multicollinearity should be evaluated with simple correlations among the independent variables. Also, multivariate diagnostics (i.e. standard multiple regression) can be used to assess for multivariate outliers and for the exclusion of outliers or influential cases. Sample size guidelines for multinomial logistic regression indicate a minimum of 10 cases per independent variable (Wooldridge, 2002).

Multinomial logistic regression is often considered an attractive analysis because; it does not assume normality, linearity, or homoscedasticity. A more powerful alternative to multinomial logistic regression is discriminant function analysis which requires these assumptions are met. Indeed, multinomial logistic regression is used more frequently than discriminant function analysis because the analysis does not have such assumptions. Multinomial logistic regression does have assumptions, such as the assumption of independence among the dependent variable choices. This assumption states that the choice of

or membership in one category is not related to the choice or membership of another category (i.e., the dependent variable). The assumption of independence can be tested with the Hausman-McFadden test. Furthermore, multinomial logistic regression also assumes non-perfect separation. If the groups of the outcome variable are perfectly separated by the predictor(s), then unrealistic coefficients will be estimated and effect sizes will be greatly exaggerated. (Wooldridge, 2002)

Variable selection or model specification methods for multinomial logistic regression are similar to those used with standard multiple regression; for example, sequential or nested logistic regression analysis. These methods are used when one dependent variable is used as criteria for placement or choice on subsequent dependent variables (i.e., a decision or flow-chart) (Wooldridge, 2002).

To describe the MNL model, let y denote a random variable taking on the values $\{1, 2, \dots, J\}$ for J , a positive integer, and let x denote a set of conditioning variables. In this case, y denotes respondents' beer brand preference and x contains respondents' attributes like age, education, reference group influence, advertisement, situational variation and so forth. The question is how, *ceteris paribus*, changes in the elements of x affect the response probabilities $P(y = j / X)$, $j = 1, 2, \dots, J$. Since the probabilities must sum to unity, $P(y = j / x)$ is determined once we know the probabilities for $j = 2, \dots, J$. Let x be a $1 \times K$ vector with first element unity. The MNL model has response probabilities:

$$P(Y = j / X) = \frac{\exp(X\beta_j)}{\left[1 + \sum_{K=1}^J \exp(X\beta_K) \right]} \dots\dots\dots(1)$$

Where β_j is $K \times 1$, $j = 1, \dots, J$. Because the response probabilities must sum to unity,

$$P(y = 0 / X) = \frac{1}{\left[1 + \sum_{K=1}^J \exp(X\beta_K) \right]} \dots\dots\dots(2)$$

When $J=1$, β_1 is the $K \times 1$ vector of unknown parameters, and we get the binary logit model.

The outcome or response probabilities of this study was categorized based the number of respondents' preference to beer brand. Accordingly the top three highly preferred beer brands and the remaining as others was possible outcomes or response probabilities.

Unbiased and consistent parameter estimates of the MNL model in equation (1) require the assumption of independence of irrelevant alternatives (IIA) to hold. More specifically, the IIA assumption requires that the probability of preferring a beer brand in one category by a given respondent needs to be independent from the probability of preferring another brand in another category (that is, P_j/P_k is independent of the remaining probabilities). The premise of the IIA assumption is the independent and homoscedastic disturbance terms of the basic model in equation (1).

The parameter estimates of the MNL model provide only the direction of the effect of the independent variables on the dependent (response) variable, but estimates do not represent either the actual magnitude of change nor probabilities.

The magnitudes of the coefficients of MNL model are difficult to interpret. Thus, either we compute partial effects, as in equation (3), or compute differences in probabilities. These results are easily obtained by comparing fitted probabilities after multinomial logit estimation. The fitted probabilities can be used for prediction purposes: for each observation i , the outcome with the highest estimated probability is the predicted outcome. This can be used to obtain a percent correctly predicted, by category if desired (Wooldridge, 2002).

Therefore, differentiating equation (1) with respect to the explanatory variables provides partial effects of the explanatory variables given as:

$$\frac{\alpha P(y = j / X)}{\alpha X_k} = P(y = j / X) \left\{ \beta_{jk} - \frac{\left[\sum_{K=1}^J \beta_{hK} \exp(X\beta_K) \right]}{g(X, \beta)} \right\} \dots\dots\dots(3)$$

Where β_{hk} is the k^{th} element of β_h and

$$g(X, \beta) = 1 + \sum_{h=1}^J \exp(X\beta_h) \dots\dots\dots(4)$$

The marginal effects or marginal probabilities are functions of the probability itself and measure the expected change in probability of a particular category with respect to a unit change in an independent variable from the mean (Wooldridge, 2002).

Regarding the overall model fit, chi-square (i.e. the LR (likelihood ratio) test for the current model compared to the null model) and the McFadden's Pseudo R-square will be used to validate the regression output.

3.9 Method of Data Analysis

Both descriptive and econometric method analysis of data was employed in this study. Descriptive statistics such as mean, percentage, frequency, chi-square and one-way analysis of variance was used to present demographic features of the finding.

One-way ANOVA hypothesis-testing technique was used to test the equality of two or more means by examining the variances of samples that are taken. This test allowed us to determine whether the differences between the samples are simply due to random error (sampling errors) or whether there are a systematic treatment effect that causes the mean in one group to differ from the mean in another. Moreover; Pearson's chi-squared test (χ^2) was applied to test sets of categorical data to evaluate how likely it is that any observed difference between the sets arose by chance.

The econometric analysis was done by using the marginal effect of Multinomial Logit regression for demographic characteristics of consumers, beer quality and price; advertisement, situational influence; and social and peer groups influence effects on consumers beer brand preference.

Moreover; demographic characteristics of consumers, beer quality and price; advertisement, situational influence; and social and peer groups influence as independent variables and beer brand preference as dependent variable were exhaustively tested to meet model specification assumptions.

This model helped us to see the direction of the effect and hidden characteristics of the data. Therefore; validity of the regression model was carefully tested for independence of irrelevant alternative (IIA), heteroscedasticity, multicollinearity, autocorrelation, and also for specification errors.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Inferential and Descriptive Analysis

4.1.1 Demographic Characteristics of Respondents'

This sub-section presents the demographic features of 261 sample respondents. These features are found to be of great help in terms of clearly depicting the diverse background of the respondents on beer brand preference and the impact this diversity has had on the descriptive and statistical results.

Table 4.1: Respondents Demographic characteristics Inferential and Descriptive Analysis Result

Inferential and Descriptive Analysis of Demographic Characteristics of Sampled Respondents													
SN	Variable		Observation	Percent	Freq.	Mean	Std. Dev.	F-Test		Bartlett's test for equal variances		Pearson chi2 Test	
								F	Prob > F	chi2(3)	Prob>chi2	chi2	Pr
1	Sex	Male	216	83%	261	0.828	0.378	0.600	0.618	3.051	0.384	1.804	0.614
		Female	45	17%									
2	Age				261	38.456	9.757	11.310	0.000	7.171	0.067		
3	Marital Status	Single	58	22%	261	0.812	0.471	4.790	0.003	31.607	0.000	24.102	0.001
		Married	194	74%									
		Divorce	9	3%									
4	Family Size				261	2.935	1.657	4.860	0.003	19.310	0.000	86.956	0.000
5	Educational level	No Formal Education	4	2%	261	2.241	0.898	0.840	0.476	0.068	0.995	31.593	0.000
		Primary to Secondary Edu	69	26%									
		College Diploma	48	18%									
		First Degree & Above	140	54%									

Source: Own survey (2016)

The statistical summary provided in Table 4.1 shows that male respondents 82% (216) is higher than that of female-headed households 18% (45). The mean age of a typical respondents is about 38 years with the youngest being 24 and the oldest 60 years old. Majority of respondent attained

first degree and above 54% (140), 26% (69) attained primary to secondary education, 18% (48) have attained college diploma and only 2% (4) have not attained formal education. On average, each respondent has a family size of three; however the range varies from one to a maximum of nine.

The summary of one-way ANOVA result above shows that age, family size and marital status of respondents are statistically significant which means a change in their variance significantly explain the respondents preferred beer brand variance as a whole. Whereas; respondents' educational status and sex are statistically insignificant in explaining respondents beer brand preference. Moreover; the Pearson chi² test showed that marital status, family size, and educational status are found to significantly affect respondents beer brand preference. Whereas, sex of the respondent is found to be statistically insignificant.

4.1.2 Variables that Determine Respondents' Beer Brand Preference

The one-way ANOVA summary test result in the table below shows that respondents perceived beer quality, perceived beer price, perceived social benefit, peer influence, and exposure to advertisements tends to have significant different effect on respondents beer brand preference. Whereas; situational influence tend to have insignificant effect on respondents beer brand preference.

Moreover; the Pearson chi² test result revealed that perceived beer quality, perceived beer price, perceived social benefit, peer influence, situational influence, and exposure to advertisements are found to significantly affect respondents beer brand preference. Summarized test output of each variable was presented below.

Table 4-2: Inferential and Descriptive Analysis Result for Variables that Determine Respondents' Beer Brand Preference

Descriptive Analysis and Non-Parametric Tests By Using One-ANOVA and Pearson chi2 Test for Determinants Variables of Beer Brand Preference													
SN	Variable	Observation	Percent	Freq.	Mean	Std. Dev.	F	Prob > F	Bartlett's test for equal variances		Pearson chi2 Test		
									chi2(3)	Prob>chi2	chi2	Pr	
1	Percieved Beer Quality	Poor Quality Beer	6	2%	261	3.881	0.716	3.460	0.017	2.269	0.519	16.611	0.055
		Normal Quality Beer	66	25%									
		Good Quality Beer	142	54%									
		Best Quality Beer	47	18%									
2	Beer Price	cheap	13	5%	261	3.100	0.906	3.340	0.020	30.207	0.000	43.239	0.000
		Low	39	15%									
		Normal	135	52%									
		Fair	57	22%									
		Expensive	17	7%									
3	Percieved Social Benefit	Bad Social Benefit	46	18%	261	2.483	0.897	13.170	0.000	27.319	0.000	66.034	0.000
		No Social Benefit	69	26%									
		Normal Social Benefit	120	46%									
		Fair Social Benefit	26	10%									
4	Percieved Advertisement Effect	Poor	19	7%	261	2.954	0.964	3.540	0.015	16.592	0.001	48.868	0.000
		Low	59	23%									
		Normal	109	42%									
		Medium	63	24%									
		High	11	4%									
5	Situational Influence	Very Unlikely	4	2%	261	3.625	0.758	1.570	0.198	8.737	0.033	35.537	0.000
		Unlikely	7	3%									
		Maybe	97	37%									
		Likely	128	49%									
		Very Likely	25	10%									
6	Peer Influence	Very Unlikely	36	14%	261	2.640	0.846	5.750	0.000	23.818	0.000	42.224	0.000
		Unlikely	49	19%									
		Maybe	149	57%									
		Likely	27	10%									

Source: Own survey (2016)

a) Perceived beer quality benefits

The descriptive result shows that majority of 54% (142) respondents enjoyed good quality beer and 18% (47) enjoy best while only 25% (66) of the respondents perceive their preferred beer is of normal quality, thus benefited. The remaining 2% (6) of the respondents perceive the beer they consume is of inferior quality, thus not benefited.

The Pearson chi² and one-way ANOVA test for the perceived beer quality or performance benefits on respondents beer brand preference in the table:4-2 shows statistically significant difference among each categories. Whereas, Bartlett test for equal variance shows statistically insignificant connection.

b) Perceived beer price

The descriptive result shows that the majority of 74% (192) respondents enjoyed normal to fair price while only 20% (52) of the respondents perceive that they are enjoying cheap to low beer price. The remaining 7% (17) of the respondents perceive that they are affected by expensive beer price.

The Pearson chi² and one-way ANOVA test for the perceived beer price on respondents beer brand preference in the table: 4-2 shows statistically significant difference among each categories.

c) Perceived Beer Social Benefit

The descriptive result shows that 46% (120) of the respondents have expressed their agreement to normal social benefit; whereas 26% (69) of the respondents perceived no benefit at all and 18% (46) perceived bad social outcomes. The remaining 10% (26) of the respondents perceive fair social benefit.

The Pearson chi² and one-way ANOVA test for the perceived social benefits on respondents beer brand preference in the table:4-2 shows statistically significant difference among each categories. Respondents beer social benefit as a result consuming preferred beer are acceptability, good impression from others, increased social approval, and emotional reliefs.

d) Advertisement Influence

The result shows that 42% (109) of the respondents have said do have normal effect, 24% (63) medium effect, 22% (59) low effect, 7% (19) poor effect and only 4% (11) have high effect.

Medium and high effect of advertisement is seen on St. George 11% (29) and on Habesha 12%(31). Poor and low advertisement effect is observed on St. George 13% (34) on Habesha 7%(18), on walia 6%(16) and Others 4%(10). (See Annex-2)

As can be seen on the Pearson chi2 test respondents beer brand preference response to advertisement is statistically significant (Pearson chi2> Pr = 0.000).

The one way ANOVA test also revealed that there is a statistically significant difference with respondents beer preference outcome among the five degree of advertisement categories (Prob >F= 0.015). Though advertisement is not a sufficient condition by itself. Advertisement quality is a critical factor too its quality refers to message content, famous personality involved, and visual effect. These composition can either boost output sales and thus production or restrain such a capability.

a) Situational Influence

The majority of respondents 58.5% (153) are very likely or likely shift preferred beer on different events; whereas only 5% (11) of respondents are very unlikely or unlikely to shift beer preference on different events. Moreover; 37% (97) of the respondents may or may not be affect their beer preference on different events.

Though the one-way ANOVA for the effects situational factors on respondents beer brand preference is only statistically significant at 80% confidence interval, Pearson chi2 test shown in the Table 4.1 statistically significant difference (Pearson chi2> Pr = 0.000).

Basically situational factors were defined as places, events etc... on which beer is consumed for different purposes.

b) Peer Influence

The descriptive result shows that 57% (149) of the respondents may or may not shift their beer preference by peer influence, 33% (85) of respondents are unlikely to be affected their beer preference by peer influence, and only 10% (27) of the respondents are likely to affect their beer preference by peer influence.

The Pearson chi2 test and one-way ANOVA for the situational factors on respondents beer brand preference in the table below shows statistically significant difference among each categories.

4.1.3 Consumption Volume, Consumption Year and Beer Brand Preference

The table below shows that the summarized analysis result for beer preference, consumption volume and year of consumption.

Table: 4-3 Inferential and Descriptive analysis of Beer Preference, Consumption Volume and Consumption Year

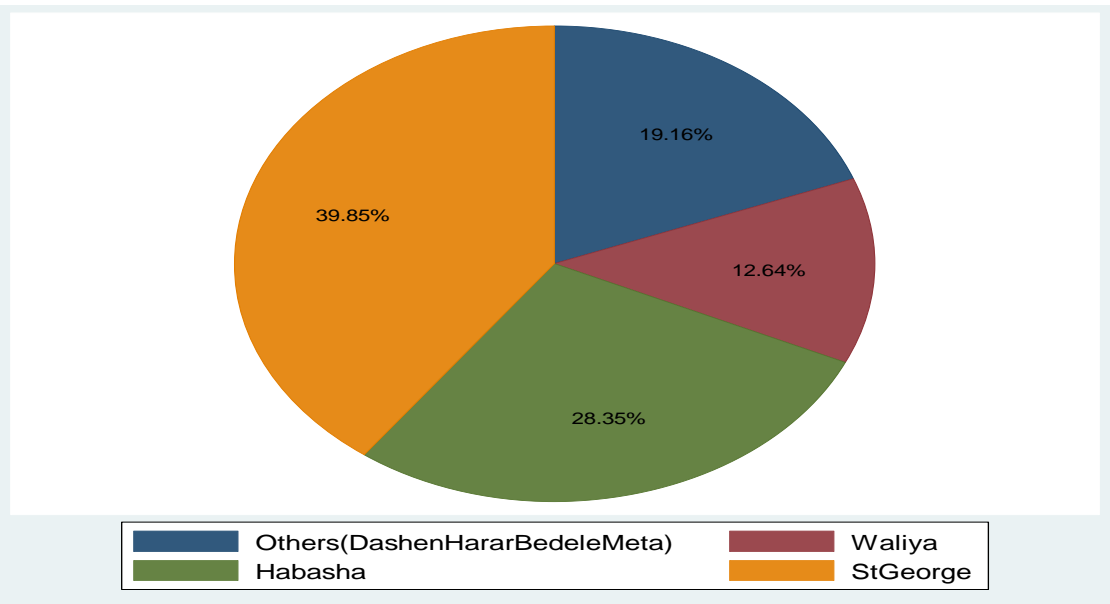
Descriptive Analysis and Non-Parametric Tests By Using One-ANOVA and Pearson chi2 Test													
SN	Variable		Observation	Percent	Freq.	Mean	Std. Dev.	F	Prob > F	Bartlett's test for equal variances		Pearson chi2 Test	
										chi2(3)	Prob>chi2	chi2	Pr
1	Beer Brand Preference	St. George	104	40%	261	2.889	1.133						
		Habesha	74	28%									
		Walia	33	13%									
		Others	50	19%									
2	Consumption Volume	1 to 4 Beer at a Time	184	71%	261	1.349	0.579	1.910	0.128	9.171	0.027	14.091	0.029
		5 to 10 Beer at a Time	63	24%									
		Above 10 Beer at a Time	14	5%									
3	Consumption Year			261	8.119	9.062	59.720	0.000	263.127	0.000			

Source: Own computation (2016)

a) Respondents Beer Preference

The pie chart below depicted that respondents percentage beer preference for St. George, Habesha, Others (Meta, Bedele, Harar & Dashen), and Walia is 39.85% (104) , 28.35% (74), 19.16% (50), and 12.64% (33) respectively.

Fig: 4-1 Respondents Beer Preference



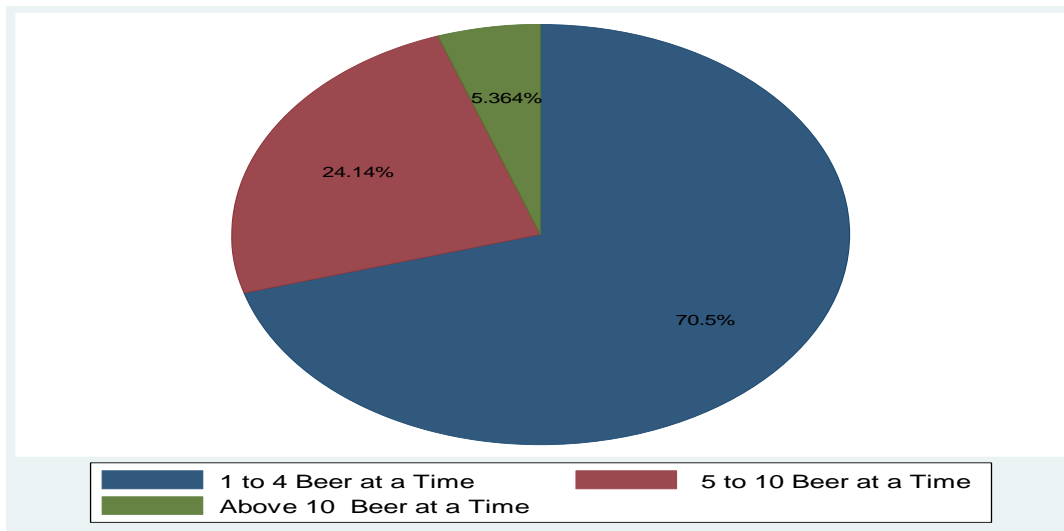
Source: Own computation (2016)

The result from these study is comparable with beers previous market share. Data collected by Fortune in 2014 indicates 38% market share hold by BGI (St George), Heineken which owns Walia, Harar and Bedele breweries holds 35% of the market and Diageo owner of Meta Abo Brwery, and Dashen Brewery S.C takes third stage with 27% market share.

a) Consumption Volume

The graph below depicted that respondents consumption volume for 1 to 4, 5 to 10 and above 10 beers at a time is 70.5%, 24.14%, and 5.36% respectively. the Person chi2 test result shows that respondents consumption volume level have statistically significant effect on preferred beer. Whereas, the F-test of one-way ANOVA only significant at 13% level of significance. These result seems to have deep impact on expansion scheme of beer production.

Fig: 4-2 Respondents consumption volume

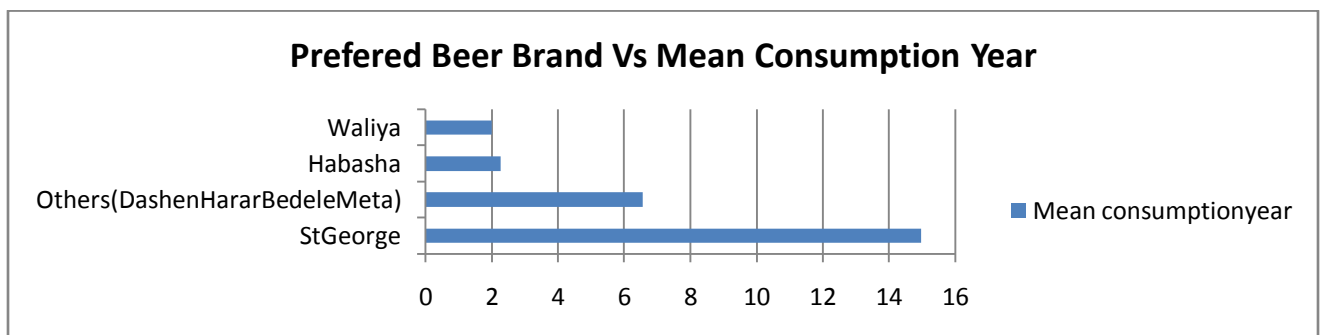


Source: Own survey (2016)

b) Consumption Year

The graph below depicted that respondents mean consumption year for St. George, Others (Meta, Bedele, Harar & Dashen), Habesha and Waliya is 15, 6.56, 2.27, and 2 respectively. Moreover; the mean consumption year of a typical respondents is about 8 years with the shortest period of consumption being 1 and the longest period 43 years. Moreover; the one-way ANOVA test result showed consumption year do have statistically significant effect on respondents beer preference.

Fig: 4-3 Respondents consumption experience



Source: Own survey (2016)

4.2. Multinomial Logit Estimation Result for Determinants of Beer Brand Preference

The likelihood ratio statistics as indicated by chi2 statistics are highly significant ($P < 0.0000$), suggesting the model has a strong explanatory power. We tested whether the assumption of IIA holds in our model using the Hausman tests. The result consistently indicates that the assumption is not violated and hence application of multinomial logit model is appropriate. The Pseudo R2 is 0.68, indicating the specification fits the data well the variables included in the model explain 68% of the variation in the respondents beer brand preference. The maximum likelihood estimate for the multinomial logistic regression for the probability of preferring St. George, Habesha, Walia and Others as base outcome is presented in Table 4.4.

The result of the MNL regression showed that most of the variables tested for the probability of respondents beer brand preference had expected sign.

Thus; age, perceived beer quality, perceived social benefit, situational influence and peer influence had positive sign and significantly affect the probability of preferring St. George. Whereas; family size had sign and significantly affect the probability of preferring St. George. Nevertheless; sex, age, marital status, educational level and advertisement had positive sign, but they are statistically insignificant while perceived beer price of the respondent had negative sign and have statistically insignificant effect on the probability of preferring St. George.

Advertisement, situational and peer influence had positive sign and significantly affect the probability of preferring Habesha. Whereas family size had negative sign and significantly affect the probability of preferring Habesh. Nevertheless; sex, age, marital status, and perceived beer price had negative sign, but they are statistically insignificant while educational level, perceived beer quality and perceived social benefit of the respondent had positive sign but they have statistically insignificant effect on the probability of preferring Habesha.

Advertisement and situational influence had positive sign and significantly affect the probability of preferring Walia. Whereas sex and marital status had negative sign and significantly affect the probability of preferring Walia. Nevertheless; age, and peer influence had negative sign, but they are statistically insignificant while family size, educational level, perceived beer quality and perceived social benefit of the respondent had positive sign but they have statistically insignificant effect on the probability of preferring Walia.

Family size, marital status, perceived social benefit and situational influence had positive sign and significantly affect the probability of preferring Other beers (Harar, Dashen, Meta & Bedele). Whereas age and peer influence had negative sign and significantly affect the probability of preferring Other beers (Harar, Dashen, Meta & Bedele). Nevertheless; educational level, perceived beer price, and advertisement had negative sign, but they are statistically insignificant while sex and perceived beer quality had positive sign but they have statistically insignificant effect on the probability of preferring Other beers (Harar, Dashen, Meta & Bedele).

Table: 4-4 Multinomial Logit Estimates of Respondents' Beer Brand Preference

Multinomial logistic regression		Number of obs = 261		LR chi2(33) = 143.61		Prob > chi2 = 0.0000	
Log likelihood = -268.03097		Pseudo R2 = 0.6813					
Variables	St. George						
	prefered beer brand	Std. Err.	z	P>Z	[95% Conf. Interval]		
Base Outcome Other (Bedele, Meta, Dashen & Harar)							
St. George							
Sex	0.0885	0.5414	0.1600	0.8700	-1.1496	0.9726	
Age	0.0841	0.0269	3.1300	0.0020	0.0314	0.1368	
Familysize	-1.7363	0.5680	-3.0600	0.0020	-2.8494	-0.6231	
Marital Status	0.1307	0.1449	0.9000	0.3670	-0.4146	0.1532	
Educational level	0.2854	0.2357	1.2100	0.2260	-0.1765	0.7473	
Percieved Beer Quality	0.5992	0.3086	1.9400	0.0520	-1.2041	0.0057	
Percieved Beer Price	-0.2793	0.2839	-0.9800	0.3250	-0.2770	0.8357	
Percieved Social Benefit	1.0782	0.3055	3.5300	0.0000	1.6769	-0.4795	
Advertismment Effect	0.2675	0.2228	1.2000	0.2300	-0.1691	0.7042	
Situational Influence	0.5019	0.2781	1.8000	0.0710	1.0470	0.0432	
Peer Influence	0.5795	0.2584	2.2400	0.0250	0.0730	1.0859	
_cons	2.4432	2.2636	0.8800	0.3280	-1.9935	6.8798	
Habesha							
Sex	-0.6105	0.5628	-1.0800	0.2780	-1.7135	0.4925	
Age	0.0160	0.0287	0.5600	0.5770	0.0403	0.0724	
Familysize	-1.7073	0.5831	-2.9300	0.0030	-2.8501	-0.5644	
Marital Status	-0.1894	0.1742	-1.0900	0.2770	-0.5307	0.1520	
Educational level	0.2763	0.2376	1.1600	0.2450	0.1894	0.7421	
Percieved Beer Quality	-0.0991	0.3341	-0.3000	0.7670	-0.7539	0.5558	
Percieved Beer Price	0.1248	0.2930	0.4300	0.6700	0.4495	0.6992	
Percieved Social Benefit	0.1029	0.3152	0.3300	0.7440	-0.7206	0.5148	
Advertismment Effect	0.2909	0.2380	1.8200	0.1020	0.1756	0.7574	
Situational Influence	0.7612	0.3004	2.5300	0.0110	1.3500	-0.1724	
Peer Influence	0.8572	0.3089	2.7800	0.0060	0.2518	1.4626	
_cons	1.4674	2.3738	0.6200	0.5360	-3.1852	6.1200	
Walia							
Sex	-1.2660	0.7858	-1.6100	0.1070	-2.8061	0.2741	
Age	-0.0309	0.0337	-0.9200	0.3590	-0.0970	0.0351	
Familysize	0.2488	0.6583	0.3800	0.7050	-1.0414	1.5391	
Marital Status	-1.6916	0.3982	-4.2500	0.0000	-2.4722	-0.9111	
Educational level	0.5437	0.3608	1.5100	0.1320	-0.1634	1.2507	
Percieved Beer Quality	0.6248	0.5028	1.2400	0.2140	-0.3606	1.6103	
Percieved Beer Price	-0.2710	0.3897	-0.7000	0.4870	-1.0348	0.4927	
Percieved Social Benefit	-0.4201	0.3885	-1.0800	0.2800	-1.1814	0.3413	
Advertismment Effect	0.8693	0.3352	0.5900	0.0510	1.5264	-0.2123	
Situational Influence	0.8471	0.3831	2.2100	0.0270	-1.5980	-0.0962	
Peer Influence	-0.7411	0.3591	-0.5600	0.2390	-1.4449	-0.0374	
_cons	11.1636	3.2916	0.3900	0.7010	4.7121	17.6151	

Source: Own survey (2016)

As indicated earlier, the parameter estimates of the Multinomial Logit model provide only the direction of the effect of the independent variables on the dependent variable: estimates do not represent actual magnitude of change or probabilities. Thus, the marginal effects from the Multinomial Logit, which measure the expected change in probability of a particular category with respect to a unit change in an independent variable, are reported and discussed. In all cases

the estimated coefficients should be compared with the base category. Table 4.5 presents the marginal effects along with the levels of statistical significance.

Table 4.5 Marginal effects of the explanatory variables on the probability of beer brand preference

Variables	St. George			Habesha			Walia			Others		
	Margenal Effect	Std. Err.	P>Z	Margenal Effect	Std. Err.	P>Z	Margenal Effect	Std. Err.	P>Z	Margenal Effect	Std. Err.	P>Z
Sex	0.0936	0.5414	0.8700	-0.0983	0.5628	0.2780	-0.0521	0.7858	*0.107	0.0567	0.0661	0.3910
Age	0.0193	0.0269	***0.002	-0.0078	0.0287	0.5770	-0.0028	0.0337	0.3590	-0.0087	0.0039	**0.028
Familysize	-0.2033	0.5680	***0.002	-0.1213	0.5831	***0.003	0.0595	0.6583	0.7050	0.2651	0.8019	***0.001
Marital Status	0.0234	0.1449	0.3670	-0.0023	0.1742	0.2770	-0.0582	0.3982	***0.000	0.0371	0.0221	*0.093
Educational level	0.0236	0.2357	0.2260	0.0124	0.2376	0.2450	0.0119	0.3608	0.1320	-0.0479	0.0343	0.1620
Percieved Beer Quality	0.1465	0.3086	*0.052	0.0540	0.3341	0.7670	0.0349	0.5028	0.2140	0.0577	0.0458	0.2080
Percieved Beer Price	-0.0572	0.2839	0.3250	-0.0090	0.2930	0.6700	-0.0164	0.3897	0.4870	-0.0318	0.0413	0.4410
Percieved Social Benefit	0.2465	0.3055	***0.000	0.1303	0.3152	0.7440	0.0048	0.3885	0.2800	0.1114	0.0442	**0.012
Advertismment Effect	0.0423	0.2228	0.2300	0.0339	0.2380	*0.102	0.0403	0.3352	*0.051	-0.0360	0.0337	0.2850
Situational Influence	0.0859	0.2781	*0.071	0.0803	0.3004	**0.011	0.0138	0.3831	**0.027	0.1000	0.0405	**0.014
Peer Influence	0.0404	0.2584	**0.025	0.1078	0.3089	***0.006	-0.0475	0.3591	0.2390	-0.1007	0.0397	**0.011

Source: Own computation from own Survey
Note: ***1% significance level, **5% significance level, *10% significance level

The result indicated that respondents sex decreases the probability of preferring Walia and have no statistically significant effect on St. George, Habesha and Others (Meta, Bedele, Harar & Dashen) preference. Thus being female decrease the probability of preferring Walia by 0.05. The result is consistent with Hartford et al., (1983) finding which involving demographics and drinking behaviors, males tend to drink in larger quantities in same sex groups, whereas women drink with mixed crowds or with a male.

Moreover; an increase in age by one year significantly increases the probability of preferring St. George 0.02 where as it decreases the probability of preferring Habesha by 0.03 and Others (Meta, Bedele, Harar & Dashen) 0.01. According to Blackwell, Miniard & Engal (2006), understanding consumers' needs in marketing analysis is related to age. For instance, Bennett, (2002) study group between ages 25 and 34 prefer to drink standard domestic beer drinkers whereas 35 to 44 year old choose light beer. Older people drink more than younger people (Midanik et al., 1994).

The result also revealed that being married decrease the probability of preferring Walia. Whereas it increase the probability of preferring Other beers (Meta, Bedele, Harar & Dashen); and have

no statistically significant effect on St. George and Habesha preference. Thus being married increases the probability of preferring Others beer (Meta, Bedele, Harar & Dashen) by 0.04 and it decrease the probability of preferring Walia by 0.06. On the other hand, a change in respondents family size by one significantly decrease the probability of preferring St. George by 0.2, Habesha by 0.12 where as it increases the probability of preferring Others (Meta, Bedele, Harar & Dashen) by 0.27.

Educational status of respondents increases the probability of preferring Walia at 15% of significancy level; and have no statistically significant effect on St. George, Habesha and Others beer (Meta, Bedele, Harar & Dashen) preference. Thus; educational status increases the probability of preferring Walia beer by 0.012. This result shows that the educated segment of respondents preferred Walia more than other. The finding is consistent with Michman, (2003) in which educational achievement explained purchasing decisions and it was also closely associated with occupation and economic circumstance. Moreover; Wells & Prensky (1996) claimed that education and occupation might affect the consumer behavior process of evaluating and choosing of products. For instance, the working class will choose products based on function and comfort rather than what is trendy, also most of them will not take risks to try new products. Therefore; the more marketers understand the consumer demographics, the more they can build the attitude to their brand in order to response the specific requirements of consumers.

Perceived beer quality increase the probability of preferring St. George only and a change in perceived beer quality scale increases the probability of preferring St. George by 0.15. Perceived beer quality include test, production process, health and social outcome from the way it is defined, it is expected that the beer quality variable is positively related to beer brand preference. Consistent with studies conducted by Warui & Ngugi, (2013) quality of products, quality of price, and quality of service were all fundamental influencers of customer satisfaction. Poor quality products for instance, precipitate low satisfaction levels, with customers preferring to go for other substitute products with higher quality. Vadlamudi, (2010) also indicated that customers are always looking for value for their money in both the services and products that they purchase.

As it is expected respondents perceived beer price don't have statistically significant effect on any of the beer categories' presented. These is basically because; the four categories' of beer under study typically don't compute on sales price sphere. Ethiopian beer market exhibits

similarity of price irrespective of production cost and product quality. The result deviated from many previous researches. According to Kuo et al., (2003) study; lowering the price of beer increases drinking rates, but limiting advertising in the area decreases the rate of binge-drinking overall.

Respondents perceived social benefit has a significant positive effect on the probability of preferring St. George and Others beer (Meta, Bedele, Harar & Dashen). Thus a change in perceived social benefit response scale increases the probability of preferring St. George by 0.25 and Others (Meta, Bedele, Harar & Dashen) by 0.11.

Advertisement significantly increases the probability of preferring Habesha and Walia. Table: 4-5 indicates a change in respondents response scale for advertisement impact revealed that the probability to prefer Habesha and Walia increases by 0.03 and 0.04 respectively. The result is consistent with the findings from Kuo et al (2003), Graffe (1997), Dolich, (1969). Katke, (2007) and Mackenzie, (2004) findings that advertisements inform consumers about the existence and benefits of products and services, and helps to persuade consumers to buy them. Moreover, Kotler et al., (2005) claim that advertising aim at attaining target consumers to either think or react to the product or brand. Though, as a method of achieving advertisement goals, advertisements as well as their content play a vital role in the process of commercial communication. Homer, (2001) further stated that liking advertising message and content increases the tendency to like the product. It is clear that consumer may associate characteristics of the celebrity with attributes of the product which coincide with their needs or desire.

Situational factor has a significant positive effect on the probability of preferring all beer categories. Thus; a change in respondents situation response scale increase the probability of preferring St. George by 0.09, Habesha by 0.08, Walia by 0.014 and Others beer (Meta, Bedele, Harar & Dashen) by 0.11. In line with Quester and Smart (1998), Orth (2005), Miller and Ginter (1979) studies involving situational factors which demonstrated significance based on impacting brand choice. Moreover; areas that have been studied with situational drivers include product involvement, brand choice, and product attributes.

According to Yang et al., (2002) high product involvement was considered as a factor that influences behaviors with the interaction of situational drivers. Product factors have different levels of importance to consumers based on situation. Brand choice has been found to be

impacted significantly by situational factors. Moreover; Yang et al., (2002) finding consider drinking beer as an activity that may occur in distinct situations so that there should be a clear variance according to their changing environment.

Peer influence has a significant positive effect on the probability of preferring St. George, Habesha; but it has a significant negative effect on preferring Others beer (Meta, Bedele, Harar & Dashen). Thus; a change in respondents peer influence increases the probability of preferring St. George by 0.04, Habesha by 0.11 but it decrease the probability of preferring Others beer (Meta, Bedele, Harar & Dashen) by 0.1. The result is consistent with previous research findings (Collins et al., (2003); Hoyer and Macinnis, (2004); Jessor, (1981), Kandel, (1980); Bandura, (1977) and Iyanga, (1998)).

According to Collins et al., (2003) peer influences consist of influential factors determined by family and friends. In addition, his study indicated adolescents are exposed to peer-pressure and group-think mentalities, which lead them to consuming brands that their friends and peers consume. Hoyer and Macinnis, (2004) in their study revealed also that opinion from leaders, family/friend influence, reference groups, social class, culture, and sub-culture can affect the brands that a consumer purchases. As a result a consumer may purchase a higher priced, upscale brand in order to identify and be accepted by a higher social class. Moreover; according to Jessor, (1981) and Kandel, (1980) peer influence stems from persuasion by attitudes and behaviors of fellow peers. In addition, Bandura, (1977) revealed that the behavior of others might remind the individual that alternatives to their own behavior are available.

Therefore, normative influences can have an effect on brand choice for the beer product category. Throughout research on social behavior, other individuals' behaviors may serve as cues which could increase the potential for behavior. There is a social risk associated with every purchase decision a consumer makes. This social risk is often associated with what the consumer believes are acceptable brands based on the brand perceptions in the individual's social group. According to Iyanga, (1998) study it is a group real or imaginary that one looks for guidance in structuring his or her behavior pattern.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.1 Summary and Conclusions

Ethiopia with a population closer to 100 million, the per capita consumption of beer stands at eight liters and is expected to reach nine or 10 by the end of 2016/17, which is very small compared to Kenya's above 15 liters and South Africa and around 60 liters. One of the major actor for the growth of the beer industry came in the past few years when the government of Ethiopian transferred all state-owned breweries to private.

These study tried to assess determinants of beer brand preference in Addis Ababa, Ethiopia based on primary data collected from 261 sampled civil servant respondents. Consumers beer brand preference was justified on the basis of utility maximization. The study reviewed empirical evidences on factors which determines beer brand preference in developing countries. The evidence shows that peer influence, situational factors, advertisements are among the major determinants which affect beer brand preference in developing countries including Africa. In Ethiopia empirical works show that weak brand loyalty or inconsistent beer preference due to weak market segmentation and product differentiation.

The respondents in the study area were characterized by a relatively average living standard and respondents covered in this study were civil servants. Thus, the result revealed that out of a total 261 respondents, beer brand preference result was St. George 40% (104), Habesha 28% (74), Others (Meta, Bedele, Harar & Dashen) 19% (50) and Walia 13% (33).

The statistical findings from one-way ANOVA and Pearson chi² showed that age, marital status, family size, perceived beer quality, perceived beer price, perceived social benefit, advertisement situational influence and peer influence have statistically significant association with the beer brand preference.

The finding from the multinomial logistic regression revealed what factors determine the probability attached to respondents beer brand preference. Accordingly; age, perceived beer quality, perceived social benefit, situational influence and peer influence had positive sign and significantly affect the probability of preferring St. George. Whereas; family size had sign and significantly affect the probability of preferring St. George.

Moreover advertisement, situational and peer influence had positive sign and significantly affect the probability of preferring Habesha. Whereas family size had negative sign and significantly affect the probability of preferring Habesh.

Finally, advertisement and situational influence had positive sign and significantly affect the probability of preferring Walia. Whereas sex and marital status had negative sign and significantly affect the probability of preferring Walia.

5.2 Recommendations

Based on the findings discussed above the following recommendation forwarded:

The company can take a market segmentation strategy and design their products in a manner that make the products appeal to different categories of individuals. The managers should appreciate the influence of personal factors on customer satisfaction. In so doing, they should implement a product design strategy that appeals to greater number of customers.

A potentially successful strategy can be that which provides products that correspond to and appreciate customers' social status and age. Design a product that appeal to different genders is also a potentially effective strategy given that women also consume beer.

The advertisement should encourage group purchasing and the positive effect of such purchase (security, acceptability of choice, championship etc.) and depict friendship situation. The advertisement should emphasize the situation in which the consumer may find his/herself such as parties and dining out. Based on the finding it is advised that any advertisement for beer brands should convey information about the advantages which the brand being advertised would offer over other brands.

Since situational influence was found to be significantly relevant to brand preference of beer, producers should in their advertisement emphasis social groups. They should exploit this further through segmenting the market into distinctive social classes.

Managers in the industry should implement policies that will address the external factors that affect customer satisfaction and should control strategically and use environmental factors such as competition and market saturation to ensure that they maintain customers' loyalty to their products and have a competitive advantage than their competitors.

Future researchers should conduct more research on customer dynamics in the breweries industry, principally on how customers perceive satisfaction to provide information that may allow for the evaluation of this study. Such an assessment will facilitate the understanding of customers behavior in the breweries industry.

Reference

- Aaker, D. (1991 & 1996) *Managing Brand Equity* (New York, NY: The Free Press).
- Ali, M. J. (2014). *Factors Influencing Marketing of Alcoholic Beverages In Kenya: A Case Study of East African Breweries*. *European Journal of Business and Social Sciences*. Vol. 3 (2), 122 – 153.
- Allison, Ralph I., and Kenneth P. Uhl (1964), “Influence of Beer Brand Identification on Taste Perception,” *Journal of Marketing Research*, 1(3), 33-39.
- Assmus, Gert, John U. Farley, and Donald R. Lehmann (1984), “How Advertising Affects Sales: Meta- Analysis of Econometric Results,” *Journal of Marketing Research*, 21(1), 65-74.
- Ayanwale, A.B, Alimini, T and Ayalambe, M.A (2005). *The influence of advertising on consumer brand preference*. *Journal of Social Science* 10(1), 9-16
- Babor, T. F., and Mendelson, J. H., Greenberg, I., and Kuehnle, J. (1978), *Experimental analysis of the ‘happy hour: effects of purchase price on alcohol consumption’*, *Psychopharmacology*, Vol. 58, pp. 35-41.
- Bagwell, Kyle (2007), “The Economic Analysis of Advertising,” *Handbook of Industrial Organization*, 3, 1701-1844.
- Bain, Joe S. (1950), “Workable Competition in Oligopoly: Theoretical Considerations and Some Empirical Evidence,” *American Economic Review*, 40(2), 35-47.
- Bandura, A. (1977). *Social Learning Theory*. New York: Prentice Hall.
- Bearden, W. O. and Etzel, M. J. (1982), *Reference group influence on product and brand purchase decisions*, *Journal of Consumer Research*, Vol. 9, No. 2, pp. 183-194.
- Becker, Gary S., and Kevin M. Murphy (1988), “A Theory of Rational Addiction,” *Journal of Political Economy*, 96(4), 675-700.
- Belk, R. (1974), *An exploratory assessment of situational effects in buyer behavior*, *Journal of Marketing Research*, Vol. 11, pp. 156-163.
- Berkman, Harold W., Jay D. Lindquist, and M. Joseph Sirgy (1997), *Consumer Behavior: Concepts and Marketing Strategy*, NTC Business Books, Lincolnwood, IL.
- Bovee, L.C, Thill, V.J, Dovel, G.P and Wood, M.B (1995) *Advertising Excellence Boston*:
- Brujin, B. (2011). *Alcohol Marketing Practice In Africa: Findings From the Gambia, Ghana, Nigeria and Uganda*. Utretch, NE: World Health Organization
- Casswell, S. (2004, November/December). *Alcohol brands in young peoples' everyday lives: New developments in marketing*. *Alcohol and Alcoholism*, 39(6), 471-476. Retrieved September 15, 2007, from EBSCOhost database.

- Casswell, S., & Zhang, J.-F. (1998). *Impact of liking for advertising and brand allegiance on drinking and alcohol-related aggression: A longitudinal study*. *Addiction*, 93(8), 1209-1217. Retrieved September 15, 2007, from Blackwell-Synergy database.
- Chalotte, S. (1999) *Brand asset management- how business can profit from the power of brand* *journal of consumer marketing* 19(4), 551-538.
- Charlton, P. and Ehrenberg, A. S. C. (1973), *McConnell's experimental brand choice data*, *Journal of Marketing Research*, Vol. X, pp. 302-307.
- Clare, K., Ramatapa, E. & Currin, B. (2004). *Study of the Liquor Industry in South Africa*. Study conducted by Reality Research Africa for the Department of Trade and Industry.
- Collins, R. L., Schell, T., Ellickson, P. L., and McCaffrey, D. (2003), *Predictors of beer advertising awareness among eighth graders*, *Addiction*, Vol. 98, pp. 1297-1306.
- Dekimpe, Marnik G., Jan-Benedict E. M. Steenkamp, Martin Mellens, and Piet Vanden Abeele (1997), "Decline and Variability in Brand Loyalty," *International Journal of Research in Marketing*, 14(5), 405-420.
- Doraszelski, Ulrich, and Sarit Markovich (2007), "Advertising Dynamics and Competitive Advantage," *Rand Journal of Economics*, 38(3), 557-92.29
- Dovaliene, A., Gadeikiene, A. & Piligrimiene, Z. (2007). *Customer Satisfaction and Its Importance for Long-Term Relationships with Service Provider: The Case of Odontology Services*. *Engineering of Economics*. Vol. 5 (55), 59 -67.
- Ellison, Glenn, and Drew Fudenberg (1995), "Word-of-Mouth Communication and Social Learning," *Quarterly Journal of Economics*, 110(1), 93-125.
- Engel, J.F., Blackwell, R.D., and Kollart, D.T (1978) *Consumer behavior Illinois: The Dryden press*.
- Farquhar, P. H. (1989) 'Managing Brand Equity', *Marketing Research*, pp. 24 33. *Marketing*, *Journal of Marketing*, 56 (January), pp. 55-68.
- Gianforte, G. (2003). *Proactive Customer Service: Seizing Initiative to Exceed Customer Expectations, Cut Cost and Out-Service The Competition*. New York, NY: RightNow Technologies Inc.
- Green, C. A., Perrin, N. A., and Polen, M. R. (2004), *Gender differences in the relationships between multiple measures of alcohol consumption and physical and mental health*, *Alcohol Clin Exp Res*, Vol. 28, pp. 754-764.
- Graeff, T. R. (1997, January). *Consumption situations and the effects of brand image on consumers' brand evaluations*. *Psychology and Marketing*, 14(1), 49-70. Retrieved September 16, 2007, from EBSCOhost database
- Hartford, T. C., Weschsler, H., and Rohman, M. (1983), 'The structural context of college drinking', *Journal of Studies on Alcohol*, Vol. 44, pp. 722-732.

- Hawkins, D.I., Best, R.J. and Coney, K.A. (2001) *Consumer behavior: Building strategy* Chicago:
- Henning-Thurau, T. & Klee, A. (2010). *Customer Satisfaction and Relationship Quality on Customer Retention: A Critical Reassessment and Modal Development*. Oxford, UK: Oxford University Press.
- Hoyer, W. D. and MacInnis, D. J. (2004), *Consumer Behavior, 3rd Edition*, Boston: Houghton Mifflin Company.
- Inyanga, J. (2008), *Group influence on consumer behavior*. *Journal of business and Social Sciences* 3(1), 69-83.
- Jean-Noëlkapferer (2012) *the new strategic brand management*
- Jessor, R. (1981), *The perceived treatment environment in psychological theory and Research*. In D. Magnusson (ed.), *Toward a Psychology of Situations: An Interactionist Perspective*, Hillsdale, NJ: Lawrence Erlbaum Associates.
- Kapferer J.N. (2012) *_Brand Marketing_ New Strategic Brand Management*
- Katke, (2007). *The impact of television advertising on child health and family spending*. *Internation marketing conference on marketing and society*. Retrieved on <http://www.itul>
- Keller, K. (2000) 'The Brand Report Card', *Harvard Business Review*, Jan–Feb
- Keller, K. (2003) *Strategic Brand Management: Building, Measuring, and Managing*
- Klemperer, Paul (1987), "Markets with Consumer Switching Costs," *Quarterly Journal of Economics*, 102(2), 375-394.
- Knibbe, R. A., Oostveen, T., and Van de Goor, I. (1991), *Young people's alcohol consumption in public places: Reasoned behavior or related to the situation?* *British Journal of Addiction*, Vol. 86, pp. 1425- 1433.
- Kotler (2004), *Marketing management: Analyses, planning, implementation and control*. New-Delhi: Prentice hall
- Kotler, P. & Keller, K.L. (2011). *Marketing Management*. 14th edition. Upper Saddle River, NJ: Pearson. Nb 2011 doc.
- Kotler, P., & Armstrong, G. (2007). *Marketing: An Introduction*. (8th Ed.). New York, NY: Pearson Prentice Hall.
- Kotler, P., Wong, V., Sanders, J and Armstrong. G. (2005). *Principles of Marketing* Harlow: Pearson Education Limited.

- Kuo, M., Wechsler, H., Greenberg, P., and Lee, H. (2003), *The marketing of alcohol to college students: The role of low prices and special promotions*, *American Journal of Preventive Medicine*, Vol. 25, No. 3, pp. 204-211.
- Lai, A. (1991), *Consumption situation and product knowledge in the adoption of a new product*, *European Journal of Marketing*, Vol. 25, No. 10, pp. 55-67.
- Lee, Yang, Mizerski and Lambert-2015, *on the Strategy of Global Branding and*
- Ling, Davina C., Ernst R. Berndt, and Margaret K. Kyle (2002), "Deregulating Direct-to-Consumer
- Lodish, Leonard M., Magid Abraham, Stuart Kalmenson, Jeanne Livelsberger, Beth Lubetkin, Bruce Richardson, and Mary Ellen Stevens (1995), "How T.V. Advertising Works: A Meta-Analysis of 389
- Mackenzie, (2004). *English for business studies and Economics students*. Cambridge: Cambridge University Press.
- Mason, C. H. (1990). *New product enteries and product class demand* *Marketing science*, 3(4), 58-73
- Melewar T.C and Elif Karaosmanoglu (2008) *Contemporary Thoughts on Corporate Brand and Corporate Identity Management* England Palgrave Macmillan Murray, Brian H.,'
- Miller, K. E. and Ginter, J. L. (1979), *An investigation of situational variation in brand choice behavior and attitude*, *Journal of Marketing Research*, Vol. XVI, pp. 111-123.
- Mordern, A.R. (1991). *Elements of marketing*. London: D.P publication limited
- Musia, Z. M. (2013). *Factors Influencing Competitive Advantage By East African Breweries LTD within Beer Manufacturing Sector in Kenya*. Thesis. Project Thesis Submitted to the Nairobi Business School in Partial Fulfillment of the Requirements for a Masters of Business Administration.
- Nderitu, K. M & Ngugi, K. (2014). *Effects Of Green Procurement Practices On An Organization Performance In Manufacturing Industry: Case Study Of East African Breweries Limited*. *European Journal of Business Management*, 2 (1), 341-352.
- Oh, H. (2007). *Service Quality, Customer Satisfaction, and Customer Value: A Holistic Perspective*. *Hospitality Management*. Vol. 18, 67 – 82.
- Orth, U. R. (2005), *Consumer personality and other factors in situational brand choice variation*, *Brand Management*, Vol. 13, No. 2, pp. 115-133.
- Panchayat, D. (2001), *Advertising exposure, loyalty and brand purchase. A two stage model for choice* *Journal of marketing research* 5(8), 134-144.

- Quester, P. G. and Smart, J. (1998), *The influence of consumption situation and product involvement over consumers' use of product attributes*, *Journal of Consumer Marketing*, Vol. 15, No. 3, pp. 220-238.
- Raju, P. S. (1980), *Optimum stimulation level: Its relationship to personality, demographics, and exploratory behavior*, *Journal of Consumer Research*, Vol. 7, No. 3, pp. 272-282.
- Ram, S. and Jung, H. (1989), *The link between involvement, use innovativeness and product usage*, *Advances in Consumer Research*, Vol. 16, pp. 160-166.
- Redman, S., Sanson-Fisher, R. W., Wilkinson, C. Fahey, P., and Gibberd, R. W. (1987), *Agreement between two measures of alcohol consumption*, *Journal of Studies on Alcohol*, Vol. 48, pp. 104-108. 127
- Rogers, E.M. (1995), *Diffusion of innovation* New – Jersey: Prentice Hall.
- Royo-vela, M(2005). *Emotional and informational content of commercials: Visual and Auditory circumplex spaces, product information and their effects on audience evaluation*. *Journal of cultural issues and research in advertising* 27(9), 13-38.
- Schiffman, L.G and Kanuk, L.L (2009). *Consumer behaviour*. New Delhi: Prentice hall of India. *European Journal of Business and Management* www.iiste.org ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online) Vol.5, No.17, 2013
- Schmalensee, R. (1983). *Advertising and entering deterrence: An exploratory model* *Journal of political economy* 91(4), 636-653.
- Schmalensee, Richard (1982), “*Product Differentiation Advantages of Pioneering Brands*,” *American Economic Review*, 72(3), 349-365.
- Schwartz, R. H., Farrow, J. A., Banks, B., and Giesel, A. E. (1998), *Use of false ID cards and other deceptive methods to purchase alcoholic beverages during high school*, *Journal of Addictive Diseases*, Vol. 17, No. 3, pp. 25-33.
- Smith, Michael D., and Erik Brynjolfsson (2001), “*Consumer Decision-Making at an Internet Shopbot*”
- Srivastava, R. and A.D. Shocker (1991) ‘*Brand Equity: a Perspective on its Meaning*’
- Stanton, W. J (1981) *fundamentals of marketing* London: McGraw-Hill inc
- Thumin, Frederick J. (1962), “*Identification of Cola Beverages*,” *Journal of Applied Psychology*, 36(5), 358-360.
- Tornasky, L.O and Klein, K.J. (1982). *Innovation characteristics and adoption. Implementation. A meta-analysis findings* *IEEE Trans on Engineering Management*, 29, 28-46.

- Vadlamudi, S. (2010). *Breweries Industry in Industry in Transition: Embracing New Markets, Products and Consumers. White Paper. Tata Consultancy Services. 73*
- Van Trijp, H. C. M., Hoyer, W. D., and Inman, J. (1996), *Why switch? Product category level explanations for true variety-seeking behavior, Journal of Marketing Research, Vol. 33, No. 3, pp. 281-292.*
- Van Trijp, H. M. C. (1994), *Product-related determinants of variety-seeking behavior for foods. Appetite, Vol. 22, pp. 1-10.*
- Vazquez, R., Belen del Rio, R., and Iglesias, V. (2002), *Consumer-based brand equity: Development and validation of a measurement instrument, Journal of Marketing Management, Vol. 18, No. ½, pp. 27-48.*
- Wahlers, R. G., Dunn, M. G., and Etzel, M. J. (1986), *The congruence of alternative OSL measures with consumer exploratory behavior tendencies, Advances in Consumer Research, Vol. 13, No. 1, pp. 398- 402.*
- Walsh, G. and Mitchell, V. (2005), *Demographic characteristics to consumers who find it difficult to decide, Marketing Intelligence and Planning, Vol. 23, No. 2/3, pp. 281-295. 129*
- Wilkie, W. L. (1986), *Consumer Behavior, New York: John Wiley and Sons.*
- Wooldridge, J.M. (2002): *Econometric Analysis of Cross Section and Panel Data. The MIT Press Cambridge, Massachusetts London, England (page 453-550)*
- Yang, S., Allenby, M. G., and Fennell, G (2002), *Modeling variation in brand preference: The roles of objective environment and motivating conditions, Marketing Science, Vol. 21, No. 1, pp. 14-21.*
- Zaichkowsky, J. L. (1985), *Familiarity: Product use, involvement or expertise? In E. C.*

Annex-I: Pearson Chi2 Tables

Effects of Sex on beer brand preference			
Prefered Beer Brand	Sex		
	Male	Female	Total
Others(Dashen, Harar, Bed & Meta)	40	10	50
Walia	27	6	33
Habesha	59	15	74
St. George	90	14	104
Total	216	45	261

Effects of marital status on beer brand preference				
Prefered Beer Brand	Marital Status			
	Single	Married	Divorce	Total
Others(Dashen, Harar, Bed & Meta)	3	47	0	50
Walia	7	23	3	33
Habesha	26	48	0	74
St. George	22	76	6	104
Total	58	194	9	261

Effects of family size on beer brand preference				
Prefered Beer Brand	Family size			
	1-3 family	4-6 family size	7-9 family size	Total
Others(Dashen, Harar, Bed & Meta)	25	25	0	50
Walia	23	6	4	33
Habesha	51	23	0	74
St. George	58	39	7	104
Total	157	93	11	261

Effects of educational level on beer brand preference					
Prefered Beer Brand	educational level				
	NO formal edu	Primary& seco.	College Diplo	Frist degree& above	Total
Others(Dashen, Harar, Bed & Meta)	0	15	10	25	50
Walia	0	9	4	20	33
Habesha	4	14	25	31	74
St. George	0	31	9	64	104
Total	4	69	48	140	261

Effects of beer brand Quality or performance benefits on beer brand preference					
Prefered Beer Brand	Beer brand Quality or performance benefits				
	Poor quality	Normal quality	Good quality	Best quality	Total
Others(Dashen, Harar, Bed & Meta)	0	12	24	14	50
Walia	0	6	21	6	33
Habesha	0	18	41	15	74
St. George	6	30	56	12	104
Total	6	66	142	47	261

Effects of price on beer brand preference						
Prefered Beer Brand	Beer Price					
	Cheap	Low	Normal	Fair	Expensive	Total
Others(Dashen, Harar, Bed & Meta)	0	3	30	17	0	50
Walia	3	10	11	6	3	33
Habesha	0	8	40	23	3	74
St. George	10	18	54	11	11	104
Total	13	39	135	57	17	261

Effects of beer social benefit on beer brand preference					
Prefered Beer Brand	Beer social benefit				
	Bad Social outcome	No Social	Normal social	Good Social	Total
Others(Dashen, Harar, Bed & Meta)	0	16	34	0	50
Walia	13	7	10	3	33
Habesha	4	18	33	19	74
St. George	29	28	43	4	104
Total	46	69	120	26	261

Effects of advertisment on beer brand preference						
Prefered Beer Brand	Advertisment					
	Poor	Low	Normal	Medium	High	Total
Others(Dashen, Harar, Bed & Meta)	4	6	29	11	0	50
Walia	0	16	14	3	0	33
Habesha	0	18	25	28	3	74
St. George	15	19	41	21	8	104
Total	19	59	109	63	11	261

Situational Influence on beer brand preference						
Prefered Beer Brand	Situational Influence					Total
	V.Unlikely	Unlikely	Maybe	Likely	Very Like	
Others(Dashen, Harar, Bed & Meta)	0	0	19	21	10	50
Walia	0	0	16	17	0	33
Habesha	0	7	26	34	7	74
St. George	4	0	36	56	8	104
Total	4	7	97	128	25	261

Peer or Reference group Influence on beer brand preference					
Prefered Beer Brand	Peer or Reference group Influence				Total
	V. Unlikely	Unlikely	Maybe	Likely	
Others(Dashen, Harar, Bed & Meta)	10	7	30	3	50
Walia	12	8	6	7	33
Habesha	0	16	48	10	74
St. George	14	18	65	7	104
Total	36	49	149	27	261

Annex-II: Econometric Estimation Validation and Diagnostic Tests

1. Breusch-Pagan / Cook-Weisberg test for heteroskedasticity

Ho: Constant variance

Variables: fitted values of preferred beer brand

chi2(1) = 1.72
 Prob > chi2 = 0.0189

2. Cameron & Trivedi's decomposition of IM-test

Source	chi2	df	p
Heteroskedasticity	261.00	74	0.0000
Skewness	50.40	11	0.0000
Kurtosis	19.64	1	0.0000
Total	331.03	86	0.0000

3. Ramsey RESET test using powers of the fitted values of preferred beer brand

Ho: model has no omitted variables

F(3, 246) = 2.98

Prob > F = 0.0123

4. BIC and AIC

Model	Obs	ll(null)	ll(model)	df	AIC
BIC	261	-402.4401	-379.5252	12	783.0504
					825.8246

Note: N=Obs used in calculating BIC; see [R] BIC note

5. Variance Inflation Factor Test

Variance Inflation Factor Test		
Variable	VIF	1/VIF
Sex	3.20	0.31
Age	3.19	0.31
Familysize	3.13	0.32
Marital Status	2.77	0.36
Educational level	2.75	0.36
Percieved Beer Quality	2.47	0.41
Percieved Beer Price	2.27	0.44

Percieved Social Benefit	2.23	0.45
Advertisement Effect	2.20	0.46
Situational Influence	2.18	0.46
Peer Influence	2.11	0.47
Mean VIF	2.59	0.40

6. Variance Inflation Factor Test

Correlation matrix of coefficients of regress model

e(V)	sex	age	maritalsta~s	family~e	educat~l	prefer~o	prefer~e	prefer~t	effect~e	situational~i	peer.infl~r	_cons
sex	1.0000											
age	-0.2031	1.0000										
maritalsta~s	0.1222	-0.1745	1.0000									
familysize	0.1779	-0.4092	-0.2792	1.0000								
educationa~l	-0.0823	0.2032	-0.1387	-0.2156	1.0000							
preferredb~o	-0.1259	0.2228	0.0580	-0.0507	0.0760	1.0000						
preferedbe~e	0.2271	-0.1152	-0.1260	0.0215	-0.0469	-0.4597	1.0000					
preferedbe~t	-0.0085	0.0715	0.2376	-0.1536	0.1787	0.2149	-0.4680	1.0000				
effectsofa~e	0.0281	0.1956	0.0613	-0.0994	0.0820	0.0076	-0.0130	-0.2318	1.0000			
situational~i	-0.0716	-0.0623	0.1738	0.1345	-0.0920	-0.0802	-0.1390	0.0188	0.1191	1.0000		
peer.infl~r	-0.1512	0.0511	-0.0948	0.1656	0.1402	0.0358	-0.0536	-0.2592	0.1394	-0.0194	1.0000	
_cons	-0.1093	-0.4593	-0.1716	0.0267	-0.3456	-0.4989	0.1198	-0.1982	-0.4122	-0.3785	-0.2899	1.0000

Annex-III: Survey Questions

It was a research study questionnaire for partial fulfillment of Master Degree in Marketing Management at St. Marry University College. The title of the study was Determinants of Consumer Beer Brand Preference in Ethiopia: A Case Study on Addis Ababa City Administration Beer Consumers.

Please takes a few moments to read over the questions carefully and there are no rights or wrong answers, so please try to answers the questions honestly. Your results will remain confidential, and you will be anonymous upon the completion of this survey. Please fill out the following information in order to receive credit for participating in this study.

If you have any questions, you may contact Ato Tsegaye Fereja via its' mobile phone number 0911330099. Finally, I would like to thank you very much for your participation in this study.

I. Demographic and Socio-economic Characteristics of Beer Consumer

1. What is your gender?

- a) Male []
- b) Female []

2. What is your current age (write in number in years)? _____

3. What is your occupational status?

- a) Student []
- b) Self-employed []
- c) Civil servant []
- d) Private []
- e) Unemployed []

4. What is your marital status?

- a) Married []
- b) Single []
- c) Divorced []

5. If married, please specify your current family size? -----

6. If you are employed, which one the following is your current employer?

- a) Governmental []
- b) Private []
- c) Self employed []

7. What is your current education level attained?

- a) First degree & above []
- b) Diploma(10+1& 10+V []
- c) Elementary & High School Completed []
- d) Have taken no formal education, but able to read and write []
- e) Have taken no formal education, and can't read and write []

Construct: Brand Choice

1. Think about the brands of beer you have consumed in the **past month**. What brands were they? Please check as many or as few as apply.

- A/St. George
- B/Harara
- C/ Bedele
- D/ Meta Abo
- E/ Walia
- F/ Habesha
- G/Castel
- H/ Rayya
- I/ Amber Dashen

II. Construct: Situational Factors

The following questions ask about your perceptions and attitudes regarding your preferred beer brand. Please answer them to the best of our knowledge.

1. Please indicate by circling how likely you are to drink **beer** in the following **situations** (place a circle around a number for each situation).

	Very Un Likely	Un Likely	May be	Likely	Very Likely
In a bar or club with a date					
In a bar or club with friends					
At a sporting event					
Family events					
At a restaurant with a date					
At a restaurant with friends					
Party with friends at home					
Alone at home					

Construct: Situational Factors

2. In addition to these situations, what are other occasions or situations that you drink beer? Please indicate your response in the blanks provided below.

Construct: Quality/Performance Benefits

3. Please indicate the extend of your agreement with the following statements about the **quality of your preferred beer brand** (place only one circle for each statement).

	Strongly Disagree	Disagree	May be	Agree	Strongly Agree
Has consistent quality					
Is well made					
Has an acceptable standard of quality.					
Has poor craftsmanship					
Is a brand that would last a long time among other brands of beer?					
Would perform consistently.					

Construct: Health Benefits

4. Please indicate in the blanks below all the health benefits from **your preferred beer brand** that you can think of

Construct: Price/Value for Money Benefits

5. Please indicate the extend of your agreement with the following statements about the **pricing of your preferred beer brand** (place only one circle for each statement).

	Strongly Disagree	Disagree	May be	Agree	Strongly Agree
Is reasonably priced					
Offers value for money.					
Is a good product for the price.					
Is economical					

Construct: Normative/Personal (Social) Benefits

6. Please indicate the extend of your agreement with the following statements about the **social impact of your preferred beer brand** (place only one circle for each statement).

	Strongly Disagree	Disagree	May be	Agree	Strongly Agree
Is a product that I would enjoy					
Things about my brand preference make me want to use it.					
Makes me feel relaxed					

Construct: Emotion Benefits

7. Please indicate the extend of your agreement with the following statements about the Emotion Benefits **you** expected from your **preferred beer brand** (place only one circle for each statement).

	Strongly Disagree	Disagree	May be	Agree	Strongly Agree
Makes me feel good					
Would give me pleasure					
Evokes thoughts of happiness.					
Eliminates all fear					
Avoided discomfort					
Eliminates all anger					
Makes me anxious					
Makes me want to use it.					

Construct: Environment (Stewardship) Benefits

8. Please indicate the extend of your agreement with the following statements about the environmental impact of your preferred beer brand (place only one circle for each statement).

	Strongly Disagree	Disagree	May be	Agree	Strongly Agree
Is produced in an environmentally friendly way?					
Is made without polluting the environment?					
Is made by people who care for the environment?					

Construct: Health Benefits

9. Please indicate the extend of your agreement with the following statements about the health implications of your preferred beer brand (place only one circle for each statement).

	Strongly Disagree	Disagree	May be	Agree	Strongly Agree
Comes with lots of health benefits					
Promotes one's health when enjoyed in moderation					

IV. Construct: Reference Group Influence

1. Do you like to ask opinion from other before buying beer?
 - a) Very often []
 - b) Often []

- c) Seldom []
d) Never []
2. Do you think that, your preferred beer brand varies based on conditions (what, when, how & where) you make buying decision?
- a) Very often []
b) Often []
c) Seldom []
d) Never []
3. If you agree Very often or often your preferred beer brand varies, when do you consume beer?
- a) With friend []
b) With family member []
c) With co-worker []
d) With boss []
e) A lone []
4. Please indicate by circling how likely shift your beer brand preference in the following situations (place a circle around a number for each situation).

Serial	Description	Not Very Likely (1)	Not Likely (2)	Neutral (3)	Likely (4)	Very Likely (5)
a	In a bar or club with friends					
b	At a sporting event with friends					
c	Family events					
d	At a restaurant with a date					
e	At a restaurant with friends					
f	Party with friends at home					
h	Alone at home					
i	Holiday Festival					

- 5 Please indicate the extent of your agreement with the following statements about why shift your preferred brand beer (place only one circle for each statement).

Serial	Description	Strongly Disagree	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree
1						

		(1)				(5)
a	It helps me feel acceptable					
b	It improves the way I am perceived by others.					
c	It makes a good impression on other people					
d	It gives me other social approval					
e	It is a product that I would enjoy & relaxed					
f	Availability make me want to use it					
h	The influence of other found nearby					
i	The influence of other found nearby (Friend, Family member, co-workers)					
j	Not depart from other colleagues in situation					
k	Taking too much beer					
l	It eliminates all fear, anger& anxious					

V. Construct: Advertisement Influence

1. Do you agree that your beer brand preference is related to exposure to it's' advertisement?

- a) Strongly Agree []
- b) Agree []
- c) Undecided []
- d) Disagree []
- e) Strongly Disagree []

2. If the assure is strongly agree or agree, what makes you influence in your brand choice from the advertising?

- a) The famous personality of endorsing the brand []
- b) The message & content included in the adverting []
- c) The chosen of brand by majority of your group member []
- d) The influence of sales person who introduce the brand while purchasing []
- e) The influence of friends or co-workers who themselves were influenced by adverts []

f) The volume of advertisement []

3. What qualities in advertisement do you like most in the preferred beer brand that you don't like in other competing brands?

- a) Taste []
- b) Price []
- c) Advertisement []
- d) Others [] please specify

4. Do you feel that the preferred beer brand advertisements persuade you in terms of other advertisement contents?

- a) Yes []
- b) No []
- c) Maybe []

5. Do you agree that loyalty to the preferred beer brand depends on the volume of advertising?

- a) Strongly agree []
- b) Agree []
- c) Undecided []
- d) Disagree []
- e) Strongly Disagree []

6. What appeals to you in the preferred beer brand adverts?

- | | |
|---|---|
| a) Visual effects of the advert [] | g) It create brand conscious [] |
| b) Exploit insecurity of Consumption [] | h) It fulfill my secrets needs [] |
| c) Physical attribute of the bottle [] | i) Benefit of the product [] |
| d) Back ground music [] | j) The famous personality of advertiser [] |
| e) The volume of advertisement creates memory [] | k) The message expressed create an idea [] |
| f) The volume of advertising [] | l) Nothing [] |