



**ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES  
GENERAL MBA DEPARTMENT**

**ASSESSMENT OF MARKETING STRATEGY  
PRACTICES OF EAST AFRICA BOTTLING SHARE COMPANY  
(EABSC)**

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**A THESIS SUBMITTED TO SCHOOL OF GRADUATE STUDIES  
OF ST. MARY'S UNIVERSITY IN PARTIAL FULFILLMENT OF  
THE REQUIREMENTS FOR THE DEGREE OF MASTERS OF  
ARTS IN GENERAL MANAGEMENT**

**ADDIS ABABA  
MAY, 2018**

**ST. MARY'S UNIVERSITY  
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## ENDORSEMENT

This is to certify that *Yihun Daniel* carried out his thesis on “*Assessment of Marketing Strategy Practices Of East Africa Bottling Share Company (EABSC)*” and submitted in partial fulfillment of the requirements for the award of the degree of Masters of Art in General Management at St. Marry University with my approval as university advisor.

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## **DECLARATION**

I, Yihun Daniel, declare that this thesis titled “*Assessment of Marketing Strategy Practices Of East Africa Bottling Share Company (EABSC)*” is my original work; prepared under the guidance of Dr. *Asfaw Yilma*. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

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## **Acknowledgement**

I would like to express my appreciation to my advisor, Dr. *Asfaw Yilma*, for his constructive advice and comments. I want to acknowledge the staff of East Africa Bottling Share Company for their cooperation and also a big thank you to all of you who were by my side and supporting me for the accomplishment of this research.

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## **List of Acronyms**

**ASM:** Area Sales Manager

**CCBA:** Coca-Cola Beverages Africa

**CSD:** Carbonated Soft Drink

**EABSC:** East Africa Bottling Share Company

**GT:** General Trade

**NARTD:** Non Alcoholic Ready to Drink

**NSM:** National Sales Manager

**NGO:** Non-Governmental Organization

**OCCD:** Official Coca-Cola Distributor

**PCI:** Pepsi Cola International

**RSM:** Regional Sales Manager

**SKU:** Stock Keeping Unit

**SPSS:** Statistical Software for Social Science

**STP:** Segmentation, Targeting and Positioning

**SWOT:** Strength, Weakness, Opportunities and Threats

**TMM:** Trade Marketing Manager

## **Abstract**

*One of the core activity in profit oriented Company to stay in a business is having a well-developed marketing strategy. The success or failure of a company depends on its marketing strategy. Having this in mind, this study has been designed to assess the marketing strategy practices of East Africa Bottling Share Company (EABSC). The main objective of the study was to assess the marketing strategy of EABSC. The research was carried out through the use of case study design employed by using both qualitative and quantitative approaches. Both primary and secondary data collection instruments were used to collect data. Open ended questionnaire survey along with interview was used for the purpose of data collection. The selections of the respondents were carried out by using purposive sampling technique because it is believed that marketing department staffs have more exposure about the marketing activities of the company than other departments and the researcher took all the respondents of marketing staffs as a total population of the study. The findings show that the company has identified its target market and uses all the 4ps of marketing mix element in the marketing strategies. The price of the company's products and services are affordable And its products and services availability and accessibility are good with the practices of both direct and indirect channel distribution strategy. On the other hand, the company's communication effectiveness between marketing department and other departments were not effective. Ineffective communication and lack of coordination were found to be affecting the implementation of the strategy. Based on these, it is recommended that EABSC should investigate its marketing strategy and revisit its current performance against the problem.*

**Key Words:** *Marketing strategy, Target marketing, Market segmentation, Positioning and marketing mix.*

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

With the growing competition in the domestic and international markets, more demanding and assertive customers, rapid advancement in technology, and changing government policies and laws, the marketing environment has changed dramatically and is becoming more turbulent. Marketing is a major stakeholder in new product development, customer management, and value/supply chain management. Marketing strategy is a marketing logic by which the company hopes to create customer value and achieve profitable customer relationship.”(Kotler and Armstrong, 2012)

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

Marketing strategy is the process of planning and implementing company marketing policies towards realizing company goals in accordance with the company vision. Marketing strategies, including the general ones such as price reduction for market share growth, product differentiation, market segmentation, as well as numerous specific strategies for specific areas of marketing are road maps to the accomplishment of the objectives.

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

**Strategy** is a careful plan or method or an adoption that serves or appears to serve an important function in achieving evolutionary success.(Ludikova,2008,PP 14)

**Marketing Strategy** is a set of integrated decision and actions by which a business expects to achieve its marketing objectives and meet the value requirements of its customers. (Slater and Olson, 2001, PP1056)

**Target Marketing** is the identification of the market segments that are identified as being the most likely purchasers of a company's products. (Whalley, A., 2010, PP 76)

**Market Segmentation** is the process of dividing the total market for a particular product or product category into relatively homogeneous segments or groups.(Ferrell and Hartline,2010,PP 167)

**Positioning** is the strategy that enables a firm to competitively and strongly place its brand in the customers mind such that it becomes the most preferred brand.(Saxena,2002,PP 181)

East Africa Bottling Share Company produces a wide range of beverage products (SKUs) like Coca-Cola, Fanta (Orange, Pineapple & Strawberry), Sprite, Schweppes tonic and Coke Light. The company distributes its products through different channels mainly through Agents, Official Coca-Cola Distributors (OCCDs) and Depots to reach its consumers.

Coca-Cola was first bottled in Ethiopia's capital, Addis Ababa, in 1959 by the Ethiopian Bottling Share Company, which later opened a second branch in Dire Dawa in 1965. The two plants were nationalized in 1975 and ran as public companies until 1996 when they were bought by Ethiopian entrepreneurs through privatization. Just prior to this, in 1995, Coca-Cola SABCO bought shares in the business in 1999, signed joint venture agreement with Ethiopian owners. With its leadership working hand in hand with employees, the business has seen significant growth over the years. Processes and functions have improved resulting in considerable sales increases. (Coca Cola Sabco, n.d.)

East Africa Bottling Share Company currently is a Coca-Cola Franchise Bottler in Ethiopia under Coca-Cola Beverages Africa (CCBA) which is the anchor bottler in Africa currently operating in nine countries servicing approximately 250 million Customers and employing more than 10,000 employees. East Africa Bottling Share Company has opened third production plant in Bahirdar in 2016. It also makes use of depots in Adama, Hawassa, Awash and Woldiya with an aggressive expansion plan throughout the country, alongside creating job opportunity to more than 1,600 employees. (Coca Cola Sabco, n.d.)

Market analysts forecast a deepening gap in the demand and supply of soft drinks based on the shortages witnessed recently due to the construction of roads that connect different rural areas along with general improvement of the country's infrastructure which contributes to increased demand and better distribution for soft drinks. This helped in increased production and sales of Soft drinks placing EABSC number one in terms of market share, and meeting over 50% of the total consumption in the nonalcoholic ready to drink category (NARTD). (The Retail Audit, April, 2018)

The major functional department of corporate sales and marketing must work to accomplish strategic objectives of the company. Having this in mind, East Africa Bottling Share Company endeavors with the vision of “the best Coca-Cola bottler in the world” The Best: In sales volume growth and in return on capital employed, A consumer driven, customer orientated, manufacturer, sales & Distribution Company that markets the products and brands of the Coca-Cola Company.

With the purpose of “Continually increasing profit, sustainable unit case sales of our products by satisfying new and existing consumers: through excellent service to and with our customers at an increasing return in measuring ourselves against the best Coca-Cola bottlers in the World.” Thus, the purpose of the study is to assess the marketing strategy practices of the East Africa Bottling Share Company and to identify whether it is aligned with the target market, marketing mix and corporate mission to satisfy customer requirements.

## **1.2 Statement of the Problem**

One of the core activities in a company in order to stay in business is having a well-developed strategy. To achieve a set of organizational goals and objectives, companies design and implement various strategies. The strategy can be corporate, business or functional. According to Phley (2005) Strategy is defined as the art of coordinating the means to achieve the ends. For others, marketing strategies refers to segmentation of its consumers, provision of successful goods and services for each consumer segment and also employment of right promotion tools and pricing strategies to accomplish the company's objectives (Fifield, 1994).

To succeed in today's competitive market place companies need to identify their target market, the needs and wants to their customers aligned with marketing mixes, and the marketing position of

competitors. They must also spend significant efforts to find the most efficient marketing mix in order to implement a successful marketing strategy. The marketing mix's (price, product, place, and promotion) are essential elements of a marketing strategy (Roger Brooks bank, 1994).

Everyone understands that marketing strategy influences the company's ability to generate profits and to stay strong in the business. Even if EABSC has been operating for the past 59 years in Ethiopian market earning remarkable achievements, consumption is shifting to water and stills industries and the market share of EABSC is continually declining. For this reason the marketing strategy of the company needs to be well formulated and developed because having static marketing strategy have an adverse impact on the company when different local or international companies enter in the market. For this reason it will be difficult to win in the market when stiff competition commence in the long run.

This study arises from the need to assess practice of marketing strategies of EABSC more effectively and efficiently. These industry issues and problems demand that firms continually assess their internal processes and capabilities to remain competitive in price as well as product and service quality.

### **1.3. Research Questions**

This study was undertaken to assess the marketing strategy practices in EABSC. More specifically, possible solutions are provided to the following basic research questions.

- What are the basic factors have been considered in formulating the marketing strategy?
- To what extent are target marketing, segmenting and positioning addressed in the strategy?
- How are the marketing strategies practiced and implemented?
- What are the major challenges in implementing the strategy?
- What kind of practice is used in evaluating and reviewing the strategic marketing documents?

## **1.4 Objectives of the Study**

### **1.4.1 General Objective**

The general objective of the study is to assess the Marketing Strategy Practices of the East Africa Bottling Share Company (EABSC)

### **1.4.2 Specific Objectives**

The specific objectives are:

- To identify the company's marketing mix strategies that will appeal to the target market.
- To investigate how the company strategically positions and segments the market to achieve its objectives.
- To identify problems encountered in the marketing strategy implementation EABSC and to give recommendations.
- To investigate the practice used in evaluating and reviewing the strategic marketing documents.

## **1.5 Scope of the Study**

The scope of the study covers how the marketing strategies are practiced in EABSC to achieve its stated goals that align with target markets, positioning, segmenting and the marketing mixes to satisfy customer requirements. The focus of the study is delimited to the data obtained from the rates using questionnaires and interviews in the Addis Ababa branch only while further study of other regions in the country will have a significant effect on the comprehensiveness of the study.

## **1.6 Limitations of the Study**

The study is limited and focused on marketing strategy practices of EABSC from the company perspective only. As a result the input from customers was not incorporated in this research. Lack of cooperation from interview respondents was limited the outcome of the research. Interview

method were not certain to clearly reveal real situations due to personal biased and some officers were not willing to give the true situation because of fear disclosure of confidential information.

## **1.7 Significance of the Study**

The study is intended to help the company's management to redirect their attention to this highly essential function. The study is focused on how marketing mix, corporate mission, and target marketing are used in order to enhance, maintain and attract customers and to identify how those tools should affect their marketing strategy and under taking such study is very crucial for any business entity so as to shape its marketing strategy. The study will help the company look at its problems, to take in alternative consideration, and to give basic knowledge about marketing strategy and its significance in the beverage industry.

The study also contributes towards the advancement of theoretical knowledge and serves as a reference material for similar studies in future.

## **1.8 Organization of the Research**

The research work is divided into five (5) chapters. Chapter one concerns itself with the general introduction grouped under the following headings; Background of the study, Statement of the problem, Objectives of the study, Significance of the study, Research questions, Scope and limitation of the study and Organization of the study. Chapter two involves the review of various related literatures on the relevant subject under the study. Chapter three includes the various methods used for collecting the data for the research work. These methods include administration of questionnaires, interviews and review of documents. Chapter four presents discussions and representation of results and provides analysis of the data gathered for the study. Finally, the fifth chapter provides summary, conclusions and recommendations.



# **CHAPTER TWO: REVIEW OF RELATED LITERATURE**

## **2.1 Theoretical Literature**

### **2.1.1 Marketing Strategy Overview**

Strategy is originally a Greek word coming from the military origins. Nowadays this word is usually defined on two levels. First as general description: a careful plan or method or an adaption that serves or appears to serve an important function in achieving evolutionary success and second as its realization: the art of devising or employing plans or stratagems towards a goal, or a variety of or instance of the use of strategy “or a plan of action resulting from strategy or intended to accomplish a specific goal. (Ludikova, 2008) If an organization is to have any chance of reaching its goals and objectives, it must have a game plan or road map for getting there. A strategy, in effect, outlines the organization’s game plan for success. Effective marketing requires sound strategic planning at a number of levels in an organization. (Ferrell and Hartline, 2010) As Varadarajan (2010) defined that, Marketing strategy refers to an organization’s integrated pattern of decisions that specify its crucial choices concerning markets to serve and market segments to target, marketing activities to perform and the manner of performance of these activities, and the allocation of marketing resources among markets, market segments and marketing activities toward the creation, communication and/or delivery of a product that offers value to customers in exchanges with the organization and thereby enables the organization to achieve specific objectives.

### **2.1.2 Elements of marketing Strategy**

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

#### **2.1.2.1 Segmentation**

At its most basic level, the term “market segmentation” refers to subdividing a market along some commonality, similarity, or kinship. That is, the members of a market segment share something in common. The purpose of segmentation is the concentration of marketing energy and force on the subdivision (or the market segment) to gain a competitive advantage within the segment. As ferrell

and Hartline (2011) stated that, many firms today take segmentation to the extreme by targeting small niches of a market, or even the smallest of market segments: individuals.

## **Traditional Market Segmentation Approaches**

According to Ferrell and Hartline (2011) writes that many segmentation approaches are traditional in the sense that firms have used them successfully for decades. Some organizations actually use more than one type of segmentation, depending on the brand, product, or market in question.

**Mass Marketing-** It seems odd to call mass marketing a segmentation approach, as it involves no segmentation whatsoever. Companies aim mass marketing campaigns at the total (whole) market for a particular product. Companies that adopt mass marketing take an undifferentiated approach that assumes that all customers in the market have similar needs and wants that can be reasonably satisfied with a single marketing program.

This marketing program typically consists of a single product or brand (or, in the case of retailers, a homogeneous set of products), one price, one promotional program, and one distribution system. Mass marketing works best when the needs of an entire market are relatively homogeneous.

**Differentiated Marketing-** Most firms use some form of market segmentation by dividing the total market into groups of customers having relatively common or homogeneous needs, and attempting to develop a marketing program that appeals to one or more of these groups. This approach may be necessary when customer needs are similar within a single group, but their needs differ across groups.

**Niche Marketing** Some companies narrow the market concentration approach even more and focus their marketing efforts on one small, well-defined market segment or niche that has a unique, specific set of needs. Customers in niche markets will typically pay higher prices for products that match their specialized needs. (Ferrell and Hartline, 2011)

According to Ferrell and Hartline pointed out that, although markets can be segmented in limitless ways, the segmentation approach must make sense in terms of identifiable, substantial, accessible, responsive, viable and sustainable criteria.

## **Segmenting Consumer Markets**

Consumer markets can be segmented on the following customer characteristics.

## **Geographic Segmentation**

Geographic segmentation divides the market into geographical units such as nations, states, regions, counties, cities, or neighborhoods. The company can operate in one or a few areas, or it can operate in all but pay attention to local variations. In that way it can tailor marketing programs to the needs and wants of local customer groups in trading areas, neighborhoods, even individual stores. In a growing trend called grassroots marketing, such activities concentrate on getting as close and personally relevant to individual customers as possible. (Kotler and Keller, 2012)

## **Demographic Segmentation**

In demographic segmentation, Kotler and Keller divide the market on variables such as age, family size, family life cycle, gender, income, occupation, education, religion, race, generation, nationality, and social class. One reason demographic variables are so popular with marketers is that they're often associated with consumer needs and wants. Another is that they're easy to measure. (Kotler and Keller, 2012) Age and life-Stage segmentation deals with segmenting the market by age group like people less than 12 years old. Family life cycle segmentation provide for the market to be segmented into segments that are related to the change in pattern of consumption as a person passes the life cycle like adolescent to young adult or bachelor to married person. Gender segmentation is to segment the market in term of sex whether male or female. Income, education and Occupation segmentation deals with the segmentation of the market by the salary earned, level of education and work of the customers. Religion, race, generation, nationality, and social class segmentation segments the market into group of customers having specific social background. (Nasit, A, 2011)

## **Behavioral Segmentation**

Behavioral segmentation is the most powerful approach because it uses actual consumer behavior or product usage to make distinctions among market segments. Typically, these distinctions are tied to the reasons that customers buy and use products. Consequently, behavioral segmentation, unlike other types of consumer segmentation, is most closely associated with consumer needs. A common use of behavioral segmentation is to group consumers based on their extent of product

usage heavy, medium, and light users. Heavy users are a firm's bread-and butter customers and they should always be served well. Marketers often use strategies to increase product usage among light users, as well as nonusers of the product or brand. One of the best uses of behavioral segmentation is to create market segments based on specific consumer benefits. (Ferrell and Hartline, 2011)

## **Psychographic Segmentation**

Psychographics is the science of using psychology and demographics to better understand consumers. In psychographic segmentation, buyers are divided into different groups on the basis of psychological/personality traits, lifestyle, or values. People within the same demographic group can exhibit very different psychographic profiles.(Kotler and Keller, 2012).

According to Ferrell and Hartline (2011), Psychographic segmentation deals with state-of mind issues such as motives, attitudes, opinions, values, lifestyles, interests, and personality. These issues are more difficult to measure, and often require primary marketing research to properly determine the makeup and size of various market segments

## **Bases for Segmenting Business Markets**

Major segmentation variables for business market are:-Demographic, Operating Variables, Purchasing Approaches, Situational Factors, and Personal characteristics. The demographic variables are the most important, followed by the operating variables down to the personal characteristics of the buyer. (Kotler and Keller, 2012)

Business to Business market segmentation is an important asset for a company. It enables the staff to manage operations more effectively and to achieve the desired results and objectives. The degree to which segmentation is used in industrial markets can vary and it depends on the changing conditions in its environment. It also depends on the needs of an organization and its type of activities. (Hutt and Speh, 2001)

Industrial market segmentation is a decision making process that gives a firm an opportunity to use its marketing resources correctly and effectively in order to implement its marketing strategy and overall objectives. Business market segmentation, or in other words Industrial market segmentation, is not that well developed compared to consumer segmentation. Even though many

parts of consumer segmentation can be applied to industrial segmentation, there are several other variables specifically applicable to industrial segmentation. (Croft, M.1994)

### **2.1.2.2 Market Targeting**

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

Target marketing is thus defined as the identification of the market segments that are identified as being the most likely purchasers of a company's products. Specifically, the advantages of target marketing are:

- ❖ Marketing opportunities and unfilled gaps in a market may be accurately appraised and identified. Such gaps can be real (e.g. sweet, strong, harsh or mild) or they can be illusionary in terms of the way people want to view the product (e.g. happy, aloof, silly or moody).In the case of the former, product attributes can fulfill these criteria whereas for the latter these attributes might well have to be implanted in the minds of customers through an appropriate advertising message.
- ❖ Market and product appeals through manipulation of the marketing mix can be delicately tuned to the needs of the potential customer.
- ❖ Marketing effort can be concentrated on the market segments which offer the greatest potential for the company to achieve its goals be they goals to maximize profit or to secure the best long-term position for the product or any other appropriate goal.(Whalley,A,2010).

### **2.1.2.3 Positioning**

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

question is: “What should be the perceived value of my offering compared to the competitions?” (Kotler, P, 2007). Positioning refers to how customers perceive a firm's offering relative to competition. Positioning provides the bridge between targeting and the marketing mix. If customers perceive the product unfavorably, it can be made more attractive by physically altering it or by repositioning the product in the minds of customers.

Repositioning can dramatically alter consumer perceptions.(Shaw, 2011). As Whalley (2010) stated that, after segmentation and market targeting, the next important step in developing an effective marketing strategy is product positioning. Product positioning refers to the way in which an organization sets itself apart in the market and how its products and services are perceived by the target market as a whole; this incorporates the concept of all stakeholders of the company. To compete successfully in a target market, an organization must have a form of differential advantage. Positioning is about the communication of the overall value proposition such that it creates and maintains this clearly to customers, thus creating a distinctive and ideally unique, place in the market for the organization.

To be effective, the basic value proposition offered by an organization must be something that is relevant to the target market, it must be differentiated from the competition and it must be sustainable and communicated clearly to that market. This aspect fits more closely with differentiation as a generic strategic option and this in part helps to explain the proliferation of brands, products and services.(Whalley,A,2010).

### **2.1.3 Marketing Mix Strategies**

As Eric Shaw (2011) stated that, the marketing program (popularly called the marketing mix) is the set of variables that managers use to influence customers. These variables include the product or service, price, advertising and promotion, and distribution. And the main four elements of marketing mix are described as the following:-

#### **2.1.3.1 Product strategy**

Of all the strategic decisions to be made in the marketing plan, the design, development, branding, and positioning of the product are perhaps the most critical. At the heart of every organization lie one or more products that define what the organization does and why it exists. Products fall into two general categories. Products purchased for personal use and enjoyment are called consumer

products, whereas those purchased for resale, to make other products, or for use in a firm's operations are called business products. (Ferrell and Hartline, 2011)

(Small Business Development Corporation [SBDC], 2011) stated that Products incorporate the following characteristics:

### **Product attributes**

Quality – the major tool in positioning our product. It encompasses two key elements: 1) quality level - how it is made or perceived, and 2) quality consistency - how it performs over its life.

Features – the physical or intrinsic characteristics of our product that contribute to the benefits it offers. Design – a combination of how the product looks and how it performs.

### **Branding**

A brand is a name, term, sign, symbol or design, or a combination of these elements that identifies the maker or seller of a product or service. Branding is an important part of a product and contributes to its personality and perceived value. The power of a brand cannot be underestimated many people buy on the strength of brand alone with no regard for price or performance.

### **Packaging**

Packaging incorporates the wrapper or container for your product. It serves to protect the product, ensuring it reaches the buyer in good condition and also conveys the personality of your brand and important safety and statutory information.

### **Labeling**

Labeling incorporates all the written information about our product and usually takes the form of an adhesive sticker, a tie-on tag or a printed piece of packaging.

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

Although there are variations on the concept, the product life cycle is typically divided in four stages: introduction, growth, maturity, and decline.

### **Introduction Strategies**

In the introductory stage of the life cycle, a financially strong firm facing weaker competitors would probably employ a penetration strategy. The penetration strategy aims at the mass market, or a very large market segment, with an aggressive marketing mix: usually a combination of basic product, low price, large advertising and promotional campaign, and intensive distribution.

### **Growth Strategies**

Usually employed during the growth phase, an expansion strategy may be used during any stage of the life cycle, even to recycle a mature or declining product. There are two types of expansion strategies, one based on customers the other based on products. Firms can expand by adding new customer segments. An organization can expand geographically, by going from local to regional, regional to national, or national to international. A firm could also expand by adding new product lines.

### **Maturity Strategies**

During the maturity stage of the life cycle there are several strategic alternatives. These include maintenance, harvesting, and differentiation strategies. A maintenance (or hold) strategy attempts to maintain market share by maintaining marketing effort; essentially, keeping things the way they are. Toward the end of maturity, many firms shift from maintenance to a harvesting strategy. The product is treated as a “cash cow;” which involves accepting some reduction in market share in exchange for a more than proportional retrenchment in marketing effort. In contrast to the passive maintenance and harvesting strategies, a differentiation strategy keeps the firm aggressive during the maturity phase of the life cycle. Differentiation involves creating brand uniqueness in the minds of customers.

### **Decline Strategies**

Finally, at some time in the decline stage of the life cycle, a divestment strategy becomes necessary because a product or service with declining sales consumes disproportionate amounts of marketing time, effort and money. Consequently, the product must be withdrawn from the market. If almost all other competitors are dropping out of the market, however, it may be possible to profitably stay alive a little longer as the sole survivor. (Shaw, 2011)



### 2.1.3.2 Pricing Strategies

In discussing pricing, include the rationale for choosing the price, as well as any discounts, allowances, trade margins or adjustments. Three generic approaches to pricing are known as the 3 C's: (1) customer (or demand), (2) competitor, and (3) cost oriented pricing. The highest price possible to charge is the maximum that a customer is willing to pay. The lowest price a firm can offer, and remain in business for long, is its cost of goods plus operating expenses. Typically prices are set somewhere between these two extremes based on competitors' prices.

First, in **demand oriented pricing**, customers are charged the highest price that each segment will pay, usually phrased: "what the traffic will bear." Price skimming is an example of demand oriented pricing. With skimming a high price is charged initially. After those who are willing to pay the most actually buy the product and sales begin to level off, the price is lowered to the next segment, and the process is repeated.

Second, **competitor oriented pricing** is particularly common in industries known as oligopolies. If a firm charges a higher price than competitors, no one buys from them.

Third, **cost oriented pricing** relates the price to cost. This method is particularly popular in wholesaling and retailing where a standard markup is common, such as "keystone" pricing using 100 percent markup above cost. (Shaw, 2011)

### Selecting a Pricing Method

The three major considerations in price setting: Costs set a floor to the price. Competitors' prices and the price of substitutes provide an orienting point. Customers' assessment of unique features establishes the price ceiling. Companies select a pricing method that includes one or more of these three considerations. According to Kotler and Keller (2012), pointed out that, Here the following are the price-setting methods:-

**Markup pricing:** The most elementary pricing method is to add a standard markup to the product's cost. Construction companies submit job bids by estimating the total project cost and adding a standard markup for profit. Lawyers and accountants typically price by adding a standard markup on their time and costs.

**Target-return pricing:** In target-return pricing, the firm determines the price that yields its target rate of return on investment. Public utilities, which need to make a fair return on investment, often use this method.

**Perceived-value pricing:** An increasing number of companies now base their price on the customer's perceived value. Perceived value is made up of a host of inputs, such as the buyer's image of the product performance, the channel deliverables, the warranty quality, customer support, and softer attributes such as the supplier's reputation, trustworthiness, and esteem.

**Value pricing:** In recent years, several companies has adopted value pricing: They win loyal customers by charging a fairly low price for a high-quality offering. Value pricing is thus not a matter of simply setting lower prices; it is a matter of reengineering the company's operations to become a low-cost producer without sacrificing quality, to attract a large number of values conscious customers.

**Going-rate pricing:** In going-rate pricing, the firm bases its price largely on competitors' prices. In oligopolistic industries that sell a commodity such as steel, paper, or fertilizer, all firms normally charge the same price. Smaller firms "follow the leader," changing their prices when the market leader's prices change rather than when their own demand or costs change. Some may charge a small premium or discount, but they preserve the difference.

**Auction-type pricing:** Auction-type pricing is growing more popular, especially with scores of electronic marketplaces selling everything from pigs to used cars as firms dispose of excess inventories or used goods. (Kotler and Keller, 2012)

## **Pricing Strategies for New Products**

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

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

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

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

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

## **Pricing Strategies for Established Products**

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

- **Maintaining the prices:** If the market segment from which the company drives a big position of its sales is not affected by changes in the environment, the company may decide not to initiate any change in its pricing strategy.
- **Reducing the prices:** There are three main reasons for lowering prices. First, as a defensive strategy, prices may be cut in response to competition. In addition, to successfully compete in mature industries, many companies reduce prices, following a strategy that is often called value pricing.

A second reason for lowering price is offensive in nature. Following the experience curve concept, costs across the board go down by fixed percentage every time experience doubles. Technology advances have made possible the low cost production of high quality electronics gear. The third and final reason for price cutting may be a response to customer needs.

During a period of inflation, all types of costs go up, and to maintain adequate profits, an increase in price becomes necessary. How much the price should be increased is a matter of strategy that varies from case to case (Philip & Garry, 2007).

### **2.1.3.3 Promotion Strategies**

Promotion relates to all the communication tools that the marketers use in the marketplace. As Whalley (2010) in his strategic marketing book stated that, promotion includes all of the tools available to the marketer for marketing communications. As with the marketing mix, marketing communications has its own promotions mix, where different aspects of the promotions mix can be integrated to deliver a unique campaign. The elements of the promotions mix are:-

- ❖ Personal selling
- ❖ Sales promotion
- ❖ Public relations
- ❖ Direct mail
- ❖ Trade fairs and exhibitions
- ❖ Advertising

The elements of the promotions mix are integrated to form a coherent campaign in relation to the strategy developed using STP.

#### **A. Personal Selling**

Personal selling is an effective way to manage personal customer relationships. The sales person acts on behalf of the organization. They tend to be well trained in the approaches and techniques of personal selling. Personal selling is highly persuasive and is often used in markets where personal choice figures strongly in the purchase. (Whalley, A., 2010)

Compared to other types of promotion, personal selling is the most precise form of communication because it assures companies that they are in direct contact with an excellent prospect. Though one-on-one contact is highly advantageous, it does not come without disadvantages. The most

serious drawback of personal selling is the cost per contact. Personal selling is also expensive due to the costs associated with recruiting, selecting, training, and motivating salespeople. (Ferrell and Hartline, 2011)

## **B. Sales Promotion**

Sales promotion, a key ingredient in marketing campaigns, consists of a collection of incentive tools, mostly short term, designed to stimulate quicker or greater purchase of particular products or services by consumers or the trade. Whereas advertising offers a reason to buy, sales promotion offers an incentive. Sales promotion includes tools for consumer promotion (samples, coupons, cash refund offers, prices off, premiums, prizes, patronage rewards, free trials, warranties, tie-in promotions, cross-promotions, point-of purchase displays, and demonstrations), trade promotion (prices off, advertising and display allowances, and free goods), and business and sales force promotion (trade shows and conventions, contests for sales reps, and specialty advertising). Sales promotions in markets of high brand similarity can produce a high sales response in the short run but little permanent gain in brand preference over the longer term. In markets of high brand dissimilarity, they may be able to alter market shares permanently. (Kotler and Keller, 2012)

Sales promotion involves activities that create buyer incentives to purchase a product or that add value for the buyer or the trade. Sales promotion can be targeted toward consumers, channel intermediaries, or the sales force. Sales promotion includes broad assortment of promotional elements because it encompasses activities other than advertising, public relations, and personal selling. (Ferrell and Hartline, 2011)

## **C. Public Relations**

Public relation is defined as the deliberate, planned and sustained effort to establish and maintain mutual understanding between an organization and its publics, institute of public relations. Public relations can be split into proactive communications designed to build understanding and reactive communications designed to counter misunderstanding. (Whalley, A., 2010) Not only must the company relate constructively to customers, suppliers, and dealers, it must also relate to a large number of interested publics. A public is any group that has an actual or potential interest in or impact on a company's ability to achieve its objectives. Public relations include a variety of

programs to promote or protect a company's image or individual products. The wise company takes concrete steps to manage successful relationships with its key publics. (Kotler and Keller, 2012)

#### **D. Direct Mail Marketing**

Direct mail is a popular medium because it permits target market selectivity, can be personalized, is flexible, and allows early testing and response measurement. Although the cost per thousand is higher than for mass media, the people reached are much better prospects. The success of direct mail, however, has also become its liability so many marketers are sending out direct-mail pieces that mailboxes are becoming stuffed; leading some consumers to disregard the blizzard of solicitations they receive. In constructing an effective direct-mail campaign, direct marketers must choose their objectives, target markets and prospects, offer elements, means of testing the campaign, and measures of campaign success. (Kotler and Keller, 2012)

Direct marketing has now expanded into areas such as telemarketing; cataloguing, door to door leafleting, e-mail marketing, broadcast faxing etc. as such direct marketing is a major sub-section of marketing in its own right. (Whalley, A., 2010)

#### **E. Trade Fairs and Exhibitions**

The purpose of trade fairs and exhibitions is to increase awareness and to encourage trial, largely through face to face contact of supplier and customer. They offer the opportunity for companies to meet with both the trade and the consumer, for both to build relationships outside traditional sales meetings. They are heavily used with business to business marketing, especially within technology and engineering based products. (Whalley, A., 2010)

#### **F. Advertising**

Advertising is a key component of promotion and is usually one of the most visible elements of an integrated marketing communications program. Advertising is paid, non-personal communication transmitted through media such as television, radio, magazines, newspapers, direct mail, outdoor displays, the Internet, and mobile devices.

Advertising promotes all types of products, including goods, services, ideas, issues, people, and anything else that marketers want to communicate to potential customers. Whether used in consumer or business markets, there are two basic types of advertising: institutional and product advertising.

**Institutional Advertising** Institutional advertising promotes a firm's image, ideas, and culture, with the goal of creating or maintaining an overall corporate image.

**Product Advertising** Product advertising promotes the image, features, uses, benefits, and attributes of products. Product advertising comes in many different forms. (Ferrell and Hartline, 2011)

In developing an advertising program, marketing managers must always start by identifying the target market and buyer motives. Then they can make the five major decisions, known as "the five M's": *Mission*: What are our advertising objectives? *Money*: How much can we spend and how do we allocate our spending across media types? *Message*: What message should we send? *Media*: What media should we use? *Measurement*: How should we evaluate the results? (Kotler and Keller, 2012)

### 2.1.3.4 Place Strategy

Place is not just about the point of sale, it's about the total channel of distribution and a consideration of the value chain from raw materials through to the customer. As such it's one of the most cross-functional areas within marketing and one of most vital areas in terms of the processes aspect of the extended marketing mix.

There are six basic channel decisions:

1. Do we use direct or indirect channels? (E.g. direct to a consumer, indirect via a wholesaler).
2. Single or multiple channels.
3. Cumulative length of the multiple channels, longer length adds cost
4. Types of intermediary
5. Number of intermediaries at each level
6. Which companies as intermediaries to avoid intra channel conflict (i.e. infighting between local distributors)

There are many types of intermediaries such as wholesalers, agents, retailers, the internet, overseas distributors, direct marketing (from manufacturer to user without an intermediary), and many others.

### **1. Channel intermediaries-Wholesalers**

They break down bulk into smaller packages for resale by a retailer, i.e. they buy from producers and resell to retailers and in doing take title to the goods. They provide storage facilities. A wholesaler will often take on the some of the marketing responsibilities. (Whalley, A., 2010)

Wholesalers (also called distributors) differ from retailers in a number of ways. First, wholesalers pay less attention to promotion, atmosphere, and location because they are dealing with business customers rather than final consumers. Second, wholesale transactions are usually larger than retail transactions, and wholesalers usually cover a larger trade area than retailers. Third, the government deals with wholesalers and retailers differently in terms of legal regulations and taxes. (Kotler and Keller, 2012)

### **2. Channel intermediaries-Agents**

An agent will typically secure an order for a producer and charge a commission on the sale or be paid a retainer with a sales related bonus. Generally they don't take title to the goods, unless they are a stockiest agent who will hold consignment stock, i.e. will store the stock, but the title will remain with the producer. This approach is used where goods need to get into a market soon after the order is placed. Agents can be very expensive to train. They are difficult to keep control of due to the physical distances involved. They are difficult to motivate. (Whalley, A., 2010)

### **3. Channel intermediaries-Retailers**

Retailers will generally have a much stronger personal relationship with the consumer. They will hold several other brands and products and their customers will expect to be exposed to many products and brands that are competitive. Where the retail purchase is significant the retailers will often offer credit to the customer which requires consideration in pricing decisions. Retailers will give the final selling price to the product but will also do their own marketing or will increasingly arrange co-operative marketing with the producer. (Whalley, A., 2010)

At the retail level of distribution, channel selection also involves the number of retailers, in a given geographical market, carrying a seller's products. Retail coverage may be intensive, selective or exclusive. Intensive distribution attempts to sell products through every available outlet in a given geographical area. Exclusive distribution reduces coverage to a single store, or chain, in the desired



market. Selective distribution provides coverage between every outlet available and a single outlet by offering a firm's products to a select group of outlets in a chosen area. (Shaw, E., 2011).

#### **4. Channel intermediaries-Internet**

The internet presents us with geographically dispersed and disparate market in customer terms. This is its main benefit it exposes products to a wider audience at relatively low cost which in turn has led to the proliferation of niche and specialist businesses which would be impossible without the internet as a contact and order placing medium. With the advent of broadband and satellite it has also become a delivery medium for products such as TV, films, software, interactive games etc. (Whalley, A., 2010)

#### **2.1.3.5 People Strategies**

Andrew (2010) remembered that, people buy from people that they like, so the attitude skills and appearance of all staff need to be first class. The people employed in any company will determine the quality of service that the customers receive. This is true for services, but also impact on business making tangible products. .Happy, skilled and motivated staff makes happy customers. They are more likely to think about the customer and deliver good customer service if they are well trained and recruited for their positive attitude for customers. Therefore, a company can achieve a competitive advantage over competitors through a high level of pre sales and after sales support and advice.

#### **2.1.3.6 Process Strategies**

For the purpose of marketing mix, process is an element of service that sees the customer experiencing an organization's offering (Andrew, 2010.) The process involved in delivering the products and services to the customer have an impact on the way in which the customers perceive the business process of the company. By looking at all process involved in getting the products to the customer, the company must resolve those problems which are identified and serve the customers in a very organized and attraction way.

#### **2.1.3.7 Physical Evidence Strategies**

Physical evidence is a term used to describe the type of image that the business represents through its physical presence, namely its locations, the appearance of its staff, its vehicles etc. when customers do not have that can be see touch try before they buy ,they are more likely to assess you by the image of you put across. Andrew (2010) physical evidence is a material part of a service.

## **2.3 Methodological Review**

### **2.3.1 Factors Considered in Formulating the Marketing Strategy**

According to Ferrell and Hartline (2011) pointed out that the key issues considered in formulating the marketing strategy is the situation analysis. The purpose of the situation analysis is to describe current and future issues and key trends as they affect three key environments: the internal environment, the customer environment, and the external environment.

#### **The Internal Environment**

The first aspect of a situation analysis involves the critical evaluation of the firm's internal environment with respect to its objectives, strategy, Performance, allocation of resources, structural characteristics, and political climate.

First, the marketing manager must assess the firm's current marketing objectives, strategy, and performance. A periodic assessment of marketing objectives is necessary to ensure that they remain consistent with the firm's mission and the changing customer and external environments.

#### **The Customer Environment**

In the second part of the situation analysis, the marketing manager must examine the current and future situation with respect to customers in the firm's target markets. During this analysis, information should be collected that identifies: (1) the firm's current and potential customers, (2) the prevailing needs of current and potential customers, (3) the basic features of the firm's and competitors' products perceived by customers as meeting their needs, and (4) anticipated changes in customers' needs.

#### **The External Environment**

The final and broadest issue in a situation analysis is an assessment of the external environment, which includes all the external factors competitive, economic, political, legal/regulatory, technological, and socio cultural that can exert considerable direct and indirect pressures on both domestic and international marketing activities.

According to Hitesh Bhasin (2012) also suggested in the magazine of marketing91.com, there are 3 essential factors while formulating marketing strategy. They are as follows:-

1. **Developing customer intimacy-** A company can gain a lot by investing time in its customers, getting to know them, their likes, dislikes, preferences.

2. **The health of the brand** – The second most important factor while formulating a marketing strategy is determining the health of the brand. This takes the external environment into account.
3. **Innovation-** It is important to understand that innovation does not happen in one department only. It can happen in the supply chain department, the costing department, the accounting department and most importantly the product development department.

### **2.3.2 Competitive Advantage and Porter's Generic Strategies**

It is discussed by Porter (1983) that every company has a competitive strategy; either it is official or unofficial to the market. There is a frame with four key factors that the companies can formulate into a competitive strategy. The first one is based on the company's strengths and weaknesses and describes its assets and skills in comparison to its competitors. Financial resources and technical skills are included in this key factor. Another key factor is the value of the company's employees. This factor gives the company the motivation and need to actually take the strategy in to action. Together with the strengths and weaknesses it decides the inner boundaries for which strategy the company successfully can adapt. The external conditions are decided by the branch and the surroundings. The possibility of development and threats for the company settle the competition with the risks and possibilities. The last key factor includes the expectations from the society, the policy of the government, social commitments and development of the norm. The five Porter Forces are:

#### **I. Threat of new entrants**

Treats of new entrants refers to the entry of new companies that manufacture or supply similar products with that of existing companies. The threat of new entrants can be affected by the entry barriers imposed by the importing country. These barriers can be government policies, capital requirement, infrastructure, switching cost to customers, customers demand, and economies of scale etc.

#### **II. Threats of substitute products**

The threat of a substitute is the level of risk that a company faces from replacement by its substitutes.

#### **III. Bargaining power of customers**

Buyers' bargaining power increases when the number of companies in a specific industry increases. Customers easily switch to another company if it provides good quality at lesser cost.

#### **IV. Bargaining power of Suppliers**

Suppliers' bargaining power increases when the number of Suppliers in a specific industry is Few. In this case Companies can't easily switch to another Supplier given limited number of Suppliers.

#### **V. The industrial rivalry**

It is the competition among different firms present in a specific segment in an industry.

The innovative capability of the firm helps it in getting competitive advantage.

#### **Cost leadership**

Porter (1990) pointed out that choosing a lower cost strategy means that the firm is able to produce the product cheaper than its competitors and there can only be one cost leader. The sources of cost advantage depend on the structure of the industry. It is necessary that the firm has a broad target and serves more than one segment. A lot of companies may even operate up or down streams in the industry. The firm often sells standard at acceptable quality and service. According to Shapiro and Varian (1999) a firm that is able to sell more than other firms will have the lowest average cost. This allows the firm to make money when others cannot. But to sell more the firm will need to lower the price; this also means that the firm has a smaller profit on each unit sold. If this works out the firm has to make up for the lost revenues in volume. In traditional industries reducing the average cost of production is focusing on cutting down the unit cost of production.

#### **Differentiation**

By choosing a differentiation strategy Porter (1990) means that the firm is able to provide unique and/or superior value to the product more efficiently through quality, special features or after sale service. There can be many differentiators in an industry. Differentiation allows the firm to add a premium value to the product, which leads to a higher profit than that of the competitors. The differentiated firm makes higher revenue per unit than the competitors, because of the buyer's special demand. Shapiro and Varian (1999) pointed out that if the firm's strategy is differentiation,

the firm must add value to the product, thereby distinguishing the product from the competing products.

### **Focus**

As Porter pointed out that firms in the same industry can choose different competitive scopes in the same segment. The basic choice is between a broad target and a narrow target within the same segment. The narrow target is a well-defined market and the broad target is a larger market defined in a wider perspective.

According to Shapiro and Varian (1999) focus is achieved by personalizing the product. If a company succeeds in creating a unique product it will have breathing room to both personalize the pricing and to design the product. There are two ways of adding more value to a unique product and thereby being able to focus on a narrow target. The first one is to personalize or customize in order to generate more value for the customers; offer value adding services to achieve a closer relationship between the customer and the personalized product. The second one is to establish pricing arrangements that capture as many of the values as possible.

### **2.3.3 Major Challenges in Implementing the Marketing Strategy**

As Mike Perry (2008) stated in his article of the challenge of successfully implementing strategy, implementing strategy is really hard work. Big strategic ideas are plentiful, yet relatively few strategies can be described as having revolutionized the entire organization.

Perry also described the five levels of strategy. These are:-Grand Strategy, Getting the big picture into focus, Creating innovative marketing initiatives, Functional re-alignment of the organization and New implementation excellence. Perry (2008) stated that, the pitfalls of implementing strategy are as follows:-

- 1. Not clearly identifying which of the above five levels of strategy the debate should be focused upon:** The first step is to decide this to ensure that the debate stays focused. Companies usually need focus on only one or two of these in a given planning period.
- 2. Increasing misinterpretation of the big strategic idea vision as it moves out of the executive suite into the organization.** A quick survey by people who understand your

strategy and how this should bring fundamental change can quickly pinpoint if and where this is the cause of non-delivery.

- 3. Not starting the process with a thorough unpacking of the detailed changes required to implement the new strategy.** Often this is hindered by the “not knowing what we don’t know” syndrome.
- 4. Inadequate realignment of company resources with the new strategy.** Old habits die hard! For example, the sales team might concentrate on customers that have been historically important. Strategy might, however, require considerable investment in emerging groups of customers. Fundamental questions must be asked about how to successfully “break with the old” a tough thing for incumbent managers to do.
- 5. Leaving the brand/product portfolio untouched.** New strategies require a hard look at which brands/products to reposition, divest and where new ones may be created or acquired. For example, a decision to be the low cost leader is a decision to streamline the portfolio but often “old favorites” are allowed to remain at the cost of efficiency.

## **2.4 Review of Empirical Literature**

An empirical study was conducted by Abdallah Hussein (2013), in Marketing Strategies of Beverage industry in Kenya which assessed the marketing strategy practice of Soft drink companies like Coca-Cola, Pepsi Co. (PCI), Softa Bottling Company, and Anspar Beverages.

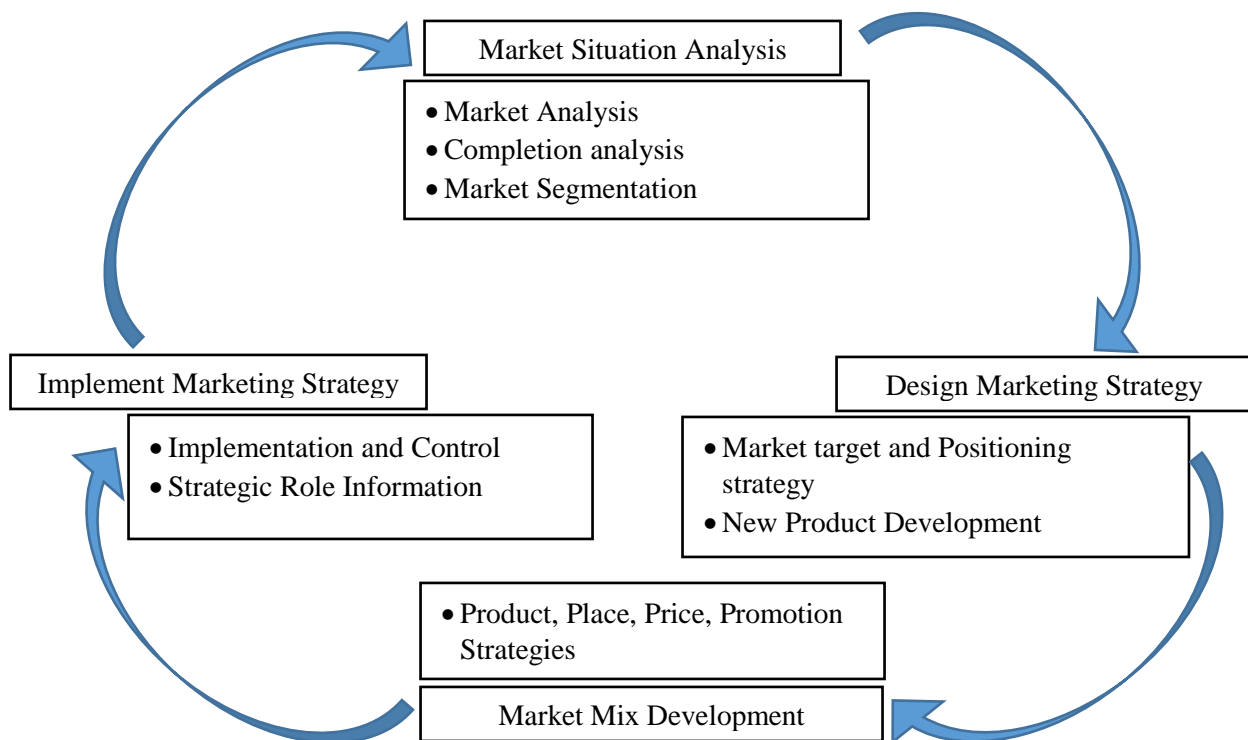
The findings of the study are revealed as follows:

- The marketing plans formulations were mainly affected by market share, market growth potential and change of the consumer taste. Marketing objectives were market driven with customer satisfaction and product quality as the most important objectives.
- There is significant influence of promotion mix in marketing strategy. Broadcasting and print media are more effective for source of information to awareness of customers.
- The Price strategy was significantly important towards capturing and retaining consumers in the beverage industries.
- Regarding the place/availability related attributes in the brand preference, service and delivery on time from dealers/companies were found most important factors for place strategy.

Generally the research reveals that marketing element is the significant determinant of marketing strategy. Marketing mix also leads to increased commitment from the customer and enhances the feeling of association, developing a bonding and nurturing an associative long term relationship. Marketing mix is has implications for value added services, market segmentation, and customer retention strategies. The primary objective of the research was to explore the impact of marketing strategy element of the beverage industry. The research confirms that marketing mix element significantly affect customer satisfaction.

## 2.5 Conceptual Framework

The conceptual framework indicates the crucial process, which is useful to show the direction of the study. In order to achieve the marketing objectives, companies need to have a strategy that includes different elements. There are four major elements that are used in the detail of marketing strategy. These are the Target market, Segmentation, Positioning and the marketing mixes.



**Figure 1: Framework of Marketing Strategy**

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Research Design**

Research designs are plans and procedures for research that span the decisions from broad assumptions to detailed method of data collection and analysis (Creswell, 2009).

This study design is to identify the marketing strategy of EABSC that is implemented currently so the research method is descriptive studies. To undertake this study, a case study design was employed by using both qualitative and quantitative approaches in order to obtain the desired results of the company and to explore detailed evidence about the problem. A descriptive study attempts systematically to describe a situation, problem, phenomenon service or program or provides information about say, the living condition of community, or describes attitude towards an issue (Kumar, 2011). Thus, designing the research as descriptive which is dominantly qualitative is deemed to be most appropriate and analyzed by using both qualitative and quantitative to clearly describe the detailed evidence about the facts on the ground.

### **3.2 Target Population, Sample Size and Sampling Technique**

The target population of the study involved the managers and employees of the marketing department in EABSC who have a direct exposure to the marketing activity. The Sales and marketing department of EABSC is structured as Sales Department and there is a Marketing department. There are front line Staffs who carry out the day to day marketing activities of the company.

As per the up-to-date employee data base of the company, there are about 46 marketing staff, 1 National Sales Manager (NSM), 1 Trade Marketing Manager (TMM), 8 Regional Sales Managers (RSM) and the remaining are Area Sales Managers (ASM) and Trade Marketing Officers. The selection of the respondents has been carried out by using purposive sampling research method because other departments were not included as they didn't have direct relationship with marketing strategies formulation or implementation. The researcher also took all the respondents of marketing staffs as a total population of the study fully through census.



### **3.4 Source and Tools of Data Collection**

In order to gather the data from relevant source, both primary and secondary data collection instrument were used. The primary data was conducted in the form of personal interviews with marketing and sales managers and a closed-ended questionnaire was distributed to marketing and sales department staffs. For secondary data, market share of the soft drink beverage industry, written procedures of marketing strategy, business plan of the company, different journals and books were addressed to gather the relevant information.

### **3.5 Data Collection instruments**

The primary data was collected through in depth personal interview with top management and with closed ended questionnaires distributed for both Sales and marketing managers to gather the appropriate information.

### **3.6 Data Analysis and Presentation**

The collected data was analyzed and interpreted by using both qualitative and quantitative techniques. The data collected through interview was analyzed qualitatively and the closed ended questionnaires were analyzed quantitatively using descriptive static tools. In this study descriptive statistical tools /frequency and percentage/ were used in the form of table. To analyze the data the researcher also used SPSS software packages.

### **3.7 Ethical Considerations**

In this study, all participants and data collected remained confidential and identities of the respondents remain undisclosed. Moreover, the privacy of all respondents was respected in reporting of this research. The purpose of the research was explained briefly before the research questionnaires were distributed and the interviews were conducted. The researcher received consent from participants before the survey and interview was insured.

## CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION

### 4.1 Profile of Respondents and Questionnaire Results

Self-administered questionnaires were distributed to 46 employees of sales and marketing department staffs of the company. Among these, 44 (96%) questionnaires were filled properly and returned on time. The remaining 2 (4%) failed to complete and return the questionnaires. All the returned questionnaires were properly completed and were considered for the analysis.

**Table 4.1: Questionnaire distribution**

Questionnaires	Numbers	Percentage
Returned	44	96%
Unreturned	2	4%
<b>Total distributed</b>	<b>46</b>	<b>100%</b>

Source: own survey, 2018

Table 4.2 shows the demographics of the respondents. 73% employees were male and 27% staffs were females. The age of majority employees was between 29 to 39 years old that accounted 59.1% and employees from 18 to 28 accounted 38.6%.

Regarding educational level of the respondents, the majority were holders of BA/BSC which accounted 84.1% and the other staffs holding Master's Degree accounted 15.9%. This indicates that the employees of the company are educated and can perform the company's marketing strategy in a better way.

The marital status of the respondent was dominated by singles which comprises 52.3% while married respondents account 47.7%.

Majority of the respondent's service in the company was from 2 to 5 years which accounted for 54.5% followed by employees with less than one year 22.7% and 18.2% of the employees have experience of 5 to 10 years. We can see staff turnover is high when we compare the length of service of the employees with the establishment of the company.

**Table 4.2: General information of respondents**

Description	Category	Frequency	Valid Percent	Cumulative Percent
<b>Gender</b>	Female	12	27.3%	27.3%
	Male	32	72.7%	100.0%
	<b>Total</b>	<b>44</b>	<b>100.0%</b>	
<b>Age</b>	18-28	17	38.6%	38.6%
	29-39	26	59.1%	97.7%
	40-50	1	2.3%	100.0%
	> 50	0	0.0%	100.0%
	<b>Total</b>	<b>44</b>	<b>100.0%</b>	
<b>Educational Background</b>	BA/BSC	37	84.1%	84.1%
	MA/MSC	7	15.9%	100.0%
	<b>Total</b>	<b>44</b>	<b>100.0%</b>	
<b>Marital Status</b>	Single	23	52.3%	52.3%
	Married	21	47.7%	100.0%
	Divorced	0	0.0%	100.0%
	<b>Total</b>	<b>44</b>	<b>100.0%</b>	
<b>Experience</b>	less than 1 year	10	22.7%	22.7%
	2-5 years	24	54.5%	77.3%
	5-10 years	8	18.2%	95.5%
	10-15 years	2	4.5%	100.0%
	<b>Total</b>	<b>44</b>	<b>100.0%</b>	

Source: own survey, 2018

## 4.2 Results and Discussions of Research Questions

**Table 4.3: Customers ‘Primary Reason for Buying Company’s Product & Service**

Description	Frequency	Valid Percent	Cumulative Percent
Quality of Product	5	11.4%	11.4%
Proximity of Supply	8	18.2%	29.5%
Lower price than others	0	0.0%	29.5%
Effective promotion	9	20.5%	50.0%
Customer Preference	21	47.7%	97.7%
The Customer has no option	1	2.3%	100.0%
<b>Total</b>	<b>44</b>	<b>100%</b>	

Source: own survey, 2018

As indicated in Table 4.3, majority of respondents which account 47.7% replied that the primary reason for wanting or buying EABSCs products are because of the customers have more preference

to coke products than other competitors and because of its proximity of supply (Availability) 18.2%. The least number of respondents which accounts 31.1% answered that the customers primary reason for buying company's product are of Quality and effective promotion.

**Table 4.4: Employees Opinion towards Product and Service Quality**

Description	Frequency	Valid Percent	Cumulative Percent
Very Good	12	27.3%	27.3%
Good	19	43.2%	70.5%
Medium	10	22.7%	93.2%
Poor	2	4.5%	97.7%
Very Poor	1	2.3%	100.0%
<b>Total</b>	<b>44</b>	<b>100%</b>	

Source: own survey, 2018

Product quality is rapidly becoming an important competitive issue and constantly changing to meet changing consumer demands. Additionally service quality is a comparison of expectations with performance. As shown in Table 4.4, more than half of the respondents replied that the company's product and service quality is rated as good. Specifically 22.7% of the respondents said that the company's product and service quality is medium. 4.5% said it is poor. Again 2.3% said that it is very poor. On the other side some of the respondents replied that the company's product and service quality is good and very good which accounts 43.2% and 27.3% respectively. The analysis implies that EABSC provides Good quality products and service. The result also implies the company is performing to meet their customer's requirement and it needs to further improve in order to reach the ultimate success of their marketing and sales program.

**Table 4.5: Employees Opinion Concerning Price of the Company's Product and Service**

Description	Frequency	Valid Percent	Cumulative Percent
Very Cheap	2	4.5%	4.5%
Cheap	3	6.8%	11.4%
Affordable	25	56.8%	68.2%
Expensive	13	29.5%	97.7%
Very Expensive	1	2.3%	100.0%
<b>Total</b>	<b>44</b>	<b>100%</b>	

As illustrated in Table 4.5, 56.8% of the respondents replied that the pricing strategies of the company's product and services are affordable. 29.5% of the respondents answered that it is

expensive. 2.3% replied very expensive. 4.5% responded that as it is very cheap and the remaining 6.8% said that as it is cheap.

The above discussion implies that the company’s pricing strategy is reasonable and affordable so that most customers can handle the pricing method (set up) of the company.

On the contrary the company’s marketing strategic document didn’t show how the pricing is set, method of pricing and factors considered in the setting the pricing strategy of the company and didn’t followed the theoretical aspect or the key issues that must considered in formulating the pricing method.

**Table 4.6: Opinions Concerning Key factors Considered in Setting Pricing Strategy**

Description	Frequency	Valid Percent	Cumulative Percent
Product Value	6	13.6%	13.6%
Cost	15	34.1%	47.7%
Perceived Value	5	11.4%	59.1%
Economic Conditions	13	29.5%	88.6%
Marketing Objective	5	11.4%	100.0%
<b>Total</b>	<b>44</b>	<b>100%</b>	

Source: own survey, 2018

As indicated in Table 4.6, 34% of the respondents replied that the key factor considered in setting pricing strategy is cost. Economic condition accounted for 11% .Perceived value and Marketing objectives were considered in setting price and each accounted 11.4%. The remaining 6% said Product value. The above analysis implies that cost is the major factor considered in setting the pricing strategy of the company.

**Table 4.7: Company’s Product and Service Availability and Accessibility**

Description	Frequency	Valid Percent	Cumulative Percent
Very Good	7	15.9%	15.9%
Good	17	38.6%	54.5%
Fair	14	31.8%	86.4%
Poor	5	11.4%	97.7%
Very Poor	1	2.3%	100.0%
<b>Total</b>	<b>44</b>	<b>100%</b>	

Source: own survey, 2018

Distribution strategies are concerned with the channels of a firm that employ to make its goods available to customers. As shown in the Table 4.7 majority of respondents answered that the

company's product and service availability and accessibility are good and Fair which accounts 38.6% and 31.8% respectively. 15.9% of the respondents replied that the company's product and service availability and accessibility are very good. The remaining 13.6% of the respondents said that the company's product and service availability and accessibility are poor.

The results show that the degree to which the company's product and services are available to as many people as possible. So that the company distribution system is very good and determines the product's marketing presence and the buyer's accessibility to the product and service is high and majority of people are able to access and consume daily.

**Table 4.8: Employees Opinion Concerning Company's Distribution Channel**

Description	Frequency	Valid Percent	Cumulative Percent
Direct Personal Selling	7	15.9%	15.9%
Direct and Indirect channels	30	68.2%	84.1%
Word of Mouth	1	2.3%	86.4%
Informal Channels	6	13.6%	100.0%
<b>Total</b>	<b>44</b>	<b>100%</b>	

Source: own survey, 2018

As it can be observed in Table 4.8, 68.2% of the respondents responded that the company's distribution channel practices are both direct channel and indirect channels. 15.9% of the respondents answered that the company's selling process is direct personal selling. Informal channels accounted for 13.6% where as word of mouth accounted 2.3

The result indicates that the company distribution channel (marketing channel) mainly focuses through direct channel and indirect channel. Direct channel i.e., through the company own Delivery trucks or Depots that are found in regions. The indirect channels are intermediaries or agents (OCCDs, MDCs) who sell the products from the company to the consumers.

**Table 4.9: Employees Opinion Concerning the Company’s advertising Strategy**

Description	Frequency	Valid Percent	Cumulative Percent
TV Ads and Radio	5	11.4%	11.4%
Internet Ads	1	2.3%	13.6%
Billboards	4	9.1%	22.7%
Exhibitions/Seminars	1	2.3%	25.0%
Personal Selling	8	18.2%	43.2%
Print Ads	11	25.0%	68.2%
All of the above	14	31.8%	100.0%
<b>Total</b>	<b>44</b>	<b>100%</b>	

Source: own survey, 2018

As shown on Table 4.9, majority of respondents which accounted around 31.8% replied that internet Ads and billboards, TV Ads and Radio, exhibitions/seminars and personal selling are practiced in the advertising strategy of the company. 25% replied print Ads are the company’s advertising strategy practices. 18% replied personal selling is the company advertising strategy. 11.4% of respondents replied as TV Ads and radio are the best promotion strategy practices. Again 9% of respondents said Billboards. The remaining respondents which replied as exhibitions/seminars, and internet Ads are the best advertising strategy accounted for 2.3% each respectively.

From the above point we can conclude that, the company’s best advertising strategy practices are Print Ads, TV and radio Ads, and personal selling. This implies that the company’s way of advertising means is limited on the above strategy.

**Table 4.10: Communication Effectiveness between Departments**

Description	Frequency	Valid Percent	Cumulative Percent
Very Good	8	18.2%	18.2%
Good	18	40.9%	59.1%
Somewhat Good	11	25.0%	84.1%
Poor	4	9.1%	93.2%
Very Poor	3	6.8%	100.0%
<b>Total</b>	<b>44</b>	<b>100%</b>	

Source: own survey, 2018

Communication is essential for effective functioning in every part of an organization. One of the more important forms of organizational communication is inter-departmental communication and it is essential in order to achieve the strategic objectives of the company.

The above Table 4.10 shows that 40.9% of the respondents responded that the communication effectiveness between marketing and other departments are good. 25% of respondents replied it is somewhat good. 18.2% of the respondents replied that the communication between marketing and other departments are very good. 9.1% said Poor and the remaining 6.8% responded that communication effectiveness between departments is very poor.

The above result indicates that around 40% of the respondents responded that the communication effectiveness of the company is below good and this result implies that it takes relatively long time to accomplish tasks due to communication issues and affects the marketing strategy in the long run.

**Table 4.11: Appropriateness of the Company Promotional Tools**

Effectiveness of Promotional Tools	Least Effective		Effective		Most Effective	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Advertising	2	4.5%	22	50.0%	26	59.1%
Personal Selling	8	18.2%	18	40.9%	24	54.5%
Sales Promotion	28	63.6%	14	31.8%	8	18.2%
Public relation	12	27.3%	16	36.4%	22	50.0%

As illustrated on Table 4.11, majority of respondents noted that advertising, personal selling and public relation and sales promotion are effective tools of the company’s promotional activities which account 59.1%, 54.5%, 50.0% and 18.2% respectively.

The above analysis indicates that the company’s promotional mix strategies are vital for the marketing of product or service. It creates a good image for the company in order to present information about the product to customers. This creates an increase in demand and more sales.



**Table 4.12: Company's Practice towards Marketing Mix Strategies**

Description	Frequency	Valid Percent	Cumulative Percent
Product	3	6.8%	6.8%
Price	2	4.5%	11.4%
Promotion	8	18.2%	29.5%
Distribution	5	11.4%	40.9%
All of the above mixes	26	59.1%	100.0%
<b>Total</b>	<b>44</b>	<b>100%</b>	

The marketing mix deals with the way in which a business uses product, price, distribution and promotion to market and sell its product or service. As indicated from the above Table majority of respondents which accounts 59% commented that the company uses all the 4 Ps of marketing mix elements. 18.2% replied the company uses Promotion, 11.4% replied Distribution and the remaining 6.8% and 4.5% replied the company uses Product and Price.

The above response implies that the company uses all the 4Ps of marketing mix elements for the purpose of marketing strategy implementation. And it shows that the company is using for achieving marketing targets in terms of sales, profit and customer satisfaction.

Additionally this marketing mix represent the company's view of the marketing tools available for influencing buyers.

**Table 4.13: Employees Opinion towards Target Customers**

Description	Frequency	Valid Percent	Cumulative Percent
Manufacturing	1	2.3%	2.3%
Institutions	1	2.3%	4.5%
Hotels, Bars and Restaurants	2	4.5%	9.1%
Recreational parks	2	4.5%	13.6%
Market Places	1	2.3%	15.9%
Retail Shops	2	4.5%	20.5%
Residential areas	1	2.3%	22.7%
All of the above	34	77.3%	100.0%
<b>Total</b>	<b>44</b>	<b>16%</b>	

Source: own survey, 2018

With the current state of the economy, having a well-defined target market is more important than ever. Identifying the target market is an essential step in the development of the company's marketing strategy and it will help the company to use its resources more wisely.

As shown from the above Table, respondents replied that the company's target customers are Hotels, Bars and Restaurants, Recreational parks and Retail Shops that accounted to 13.6%. Residential areas, Manufacturing market places and institutions accounted to 9.1% but 77.3% of the respondents replied all are target markets for the company.

The above analysis implies that the company's identified the specific characteristics of the people or business that allows focusing on the delivering of the company's product or service. This is much more affordable, efficient and effective way to reach potential clients and generate sales. Additionally it is important that the company understands the markets that create specific demand.

**Table 4.14: Bases of the Company's Market Segmentation**

Description	Frequency	Valid Percent	Cumulative Percent
Geographic location	10	22.7%	22.7%
Economic Situation	8	18.2%	40.9%
Behavioral	2	4.5%	45.5%
Demographic	16	36.4%	81.8%
Psychographic	1	2.3%	84.1%
No Segmentation	7	15.9%	100.0%
<b>Total</b>	<b>44</b>	<b>84%</b>	

Source: own survey, 2018

Determining how to segment a market is one of the most important questions a marketer must face. In order successfully to implement a market segmentation strategy, a business must employ market research techniques to find patterns of similarity among customer preferences in a market.

As illustrated on Table 4.14, majority of respondents stated that the bases of the company's market segmentations are Demographic characteristics which accounted 36.4%. Other respondents replied that geographic location and economic situation which accounted 22.7% and 18.2% respectively. Behavioral, psychographic said 4.5% and 2.3. Respondents who responded no market segmentation were 15.9%.

We can say that the company's focuses more on the demographic characteristics. This implies that the company conducts marketing strategy on important factors like segmenting the customer groups based on Consumer age, needs, wants, and economic status.

**Table 4.15: Opinions of Employees Regarding Marketing Strategy Practices**

I can perform the marketing strategy practices of the company effectively	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree	Total
Weights	5	4	3	2	1	15
Frequency	11	28	5	-	-	44
Percent	25%	64%	11%	0%	0%	100%

Source: own survey, 2018

As shown on Table 4.15, 64% of the respondents said that they agree and perform the marketing strategy practices of the company effectively. 25% of the respondents replied that they strongly agree and perform the marketing strategy practices of the company effectively. The rest 11% preferred were indifferent. This implies that the employees can perform the marketing strategy practices of the company effectively.

**Table 4.16: Opinions of Employee in which Areas Receive Directions from the**

Description	Frequency	Valid Percent	Cumulative Percent
Sales Target	22	50.0%	50.0%
Customer Service	8	18.2%	68.2%
Discount/Schemes	2	4.5%	72.7%
Customer Satisfaction	9	20.5%	93.2%
Advertisement Planning	3	6.8%	100.0%
<b>Total</b>	<b>44</b>	<b>100%</b>	

Source: own survey, 2018

As shown in the Table 4.26, 50% of respondents said that they have received directions from the areas of sales target. 20.5% of respondents received directions from the areas of customer satisfactions. 18.2% replied from customer service. The response implies that the company is much more focused on sales target in order to increase their sales revenue.

**Table 4.17: Major Challenges in the Implementation of the Marketing Strategy**

Description	Frequency	Valid Percent	Cumulative Percent
Communication Problem	2	4.5%	4.5%
Ineffective Promotion	7	15.9%	20.5%
Poor Planning	5	11.4%	31.8%
Lack of integration	5	11.4%	43.2%
Lack of Commitment	3	6.8%	50.0%
All of the above	22	50.0%	100.0%
<b>Total</b>	<b>44</b>	<b>50%</b>	

Source: own survey, 2018

As depicted on Table 4.19, majority of respondents which account 50% responded that communication problem, ineffective promotion, poor planning, lack of integration and lack of commitment are the major challenges in the implementation of the marketing strategy of the company. 15.9% replied ineffective promotion. 11.4% each accounted for Poor Planning and lack of integration. Finally communication problem and lack of commitment were the least major challenges which accounted 4.5% and 6.8% respectively.

The above analysis implies that the company has got major problems in the implementation of the marketing strategy. These challenges hinder the move to achieve the stated goals and objective of the company.

**Table 4.18: Employees opinion concerning the company's overall marketing strategies**

Description	Frequency	Valid Percent	Cumulative Percent
Least Effective	5	11.4%	11.4%
Effective	36	81.8%	93.2%
Most Effective	3	6.8%	100.0%
<b>Total</b>	<b>44</b>	<b>100%</b>	

Source: own survey, 2018

As illustrated on Table 4.20, 81.8% of respondents responded that the company's overall marketing strategy is effective. 6.8% of respondents replied that most effective. However the remaining 11.4% of respondents said that the company's overall marketing strategy is least effective. The implication of the above result is that, the overall marketing strategy of the company accomplishes its duties with in the given constraints and the marketing strategy practices are successfully achieve their objectives.

## **4.2 Interview Data Analysis and Results**

Interview questions were forwarded to the top management of the company to gather more information about marketing strategy practices of EABSC. The respondents were the Trade Marketing Manager and the National Sales Manager. The interview responses are analyzed and presented as follows.

### **Concerning the Company's Target Customers and how the Company positioned its Products to its Customers**

According to the interviewee's response, the company's target market is all population who are living both in urban and rural areas and individuals above 12 years of age. In the questionnaire analysis of employee's shows that there is identifiable target customers or market according to the type of organizations defined as Direct and Indirect customers. In addition the company's marketing strategic document strengthens the above analysis of identified targeted market.

The interviewees also explained that, the company has positioned its product's customers' by creating an identity (uniqueness) in the minds of customers or the target market. For example linking the brand Coca-Cola with Refreshment and Happiness is one of the company's positioning mechanism to place its brand in the customers mind. Positioning refers to how customers perceive a firm's offering relative to competition, and EABSC is leading the competition constantly by updating its marketing strategy with trending events, delivering commitments and improving service.

### **Market Segmentation of the Company**

The interviewees replied that the customer segmentation of the company is based on demographic and economic situations. On the other hand, the strategic document of the company has shown that, there is a target segment in terms of age group and individuals above 12 years are the company's addressable customer segment. EABSC customers are segmented into two namely: Key accounts and General Trade based on responsiveness and Maintaining visibility.

Key account is one segmentation section that incorporates institutions with high reputations and internationally recognized firms like international hotels, NGOs, government offices and public sectors. These customers are given priority and are served directly from the company.

The General Trade (GT) is the second segment group. This segment covers the larger portion of sales and has the majority of employees following up the process. It consists of distributors (OCCDs) with targets and defined distribution territories to redistribute to retailers and consumers with efficient and effective product distribution together with a sales team to follow up the sales. The above analysis implies that the company focuses more on those who are contributing a large source of revenue and implementing a mass marketing approach for customers.

### **Regarding the Marketing Strategies designed to win Competitors**

Competitor analysis helps the company understand its competitive advantages relative to competitors. It also generates understanding of competitors past, present and most importantly future strategies. Moreover it provides an informed basis to develop strategies to achieve competitive advantage in the future. In highly uneven product industries, the progress of any single competitor may be less significant; but in intensive industries environments the analysis of the opponents becomes vital as an ingredient of strategic planning. According to Porter (1980), Competitor analysis primarily achieves two results. Information about key competitors is first compiled and then the information is utilized to foresee the competitor activities. The objective of the of competitor analysis is essentially to comprehend the competitors with which to struggle, strategies and planned actions of the opponents, probable reactions by the competitor and finally how to manipulate behavior of the opponents to the firm's own benefit. Insufficient knowledge about competitor is generally not enough in competitor analysis. To a certain extent, competitors should be evaluated methodically, using organized contestant intelligence collection to accumulate a large range of information so that well conversant strategy conclusions and relevant decisions can be made.

Currently there are other competing companies that have share in the Ethiopian soft drink beverage industry i.e. Royal tonic, RC Q, Abyssinia springs having 2% market share in total and Pepsi co. having 29% share based a research done in quarter one of 2018. (The Retail Audit, April, 2018) This implies that there is an intensive competition in the market and EABSC is doing better than its competitors. For example, beyond delivering quality products and selecting best partners, EABSC marketing strategy focuses on implementing an efficient distribution network along with creative and innovative marketing. It gives special attention in training and upgrading the skills and competence of employees and partners. Besides, as the interviewees responded the major

competitive advantages of the company are Product Leadership by having wide range of products with Consistent Supply and customer Intimacy by building keen relationship, at all levels and developing additional Retail outlets, Distributors throughout the country.

From the interview responses we can conclude that EABSC is following its own strategies in order to overcome the stiff competition.

## **The company's implementation of Marketing Mix**

### **Product Strategy:**

The interviewees stressed that the company adopted a product strategy that is not highly differentiated. The products are not highly exclusive as compared to products of its competitors. This implies that there is a substitute product in the market other than that there is good visibility and the majority customers can easily access products.

### **Price Strategy:**

The price of the company's products are the same as its competitors as per the marketing manager's response. There has been a national pricing strategy regardless of the location of customers which was effected in 2016. The uniform pricing has maintained affordability in all regions of the country.

### **Place Strategy:**

The place in the context of the marketing mix could be viewed as the nature in which a company distributes its products to consumers. As per the interviewee's response, the company distributes its products through both direct and indirect distribution system.

### **Promotion Strategy:**

The company implements several promotion strategies to improve the sales revenues of its products, which questionnaire and interview analysis shows that the company has been practicing promotional mix strategies such as personal selling, sales promotion, advertising, exhibitions and bazaars. Employees finding shows that TV Ads, Radio, exhibitions and personal selling are practiced in the advertising strategy of the company. Top management findings show that the company's promotional mix practice has a mass promotion for all its customers.

### **Communication Effectiveness between Departments**

According to the officers the communication between marketing departments and other departments are to some extent good. But it needs more improvement than now because effective communication is essential in order to accomplish the strategic objectives easily. Indeed the officers personally admit that they can perform the marketing strategy practices effectively. Questionnaire finding shows more than half of respondents replied the communication effectiveness between departments is rated as below good.

### **The Major Formulators of the Strategy**

The interviewees replied regarding the major formulators of the company, employees from marketing team up to top management are participating in the formulation of marketing strategy. Eventually the top management decides the final crafting of the strategy. The questionnaire findings regarding the above analysis shows that top management are the major implementers of the marketing strategy of the company. The strategic marketing document also shows the marketing department didn't define strategic mission, objectives and competitive strategies.

### **The Major Implementers of the Strategy**

As per the interviewee's response regarding the major implementers of the strategy, all employees who have been working in this company are responsible in the implementation of the strategy. But mainly Sales Team and marketing department are highly devoted in the implementation of the strategy. The questionnaire finding also strengthens the above analysis and majority of respondents replied that, sales team are the major implementers of the strategy.

### **Basic Factors Considered in Formulating the Marketing Strategy**

Basically during the formulation or before the formulation of the marketing strategy, scanning of both internal and external environment is important. According to the respondents' explanation, the company was assessing some factors in the product strategy, price strategy, promotion strategy and place strategy but it didn't follow the text book steps in the SWOT analysis and PESTEL analysis in the formulation of marketing strategy. The strategic document of the company also strengthens the above analysis and it didn't show the full analysis of both internal and external analysis.



The above statement implies that, in the formulation of the strategic document the company didn't consider its unique resources, capabilities and core competence in the internal environment analysis. Analysis of external environment is focused on its future impacts on the company's performance. In this aspect, the company couldn't try to take attention in the scanning of the external environment. So the proper matching of what a company can do with what it might do allows the development of strategic goals, the pursuit of strategic mission and formulation of strategies.

### **Challenges of Marketing Strategy Implementation in the Company**

Everything might not be easily accomplished when running a business. Likewise the company faced some problems while implementing the marketing strategies. The interviewees forwarded major problems regarding the marketing strategy implementation such as: lack of effective communication among divisions and departments, Lack of coordination among divisions and departments, inadequate promotional activities-lack of selecting appropriate promotional channel and ineffective promotional activity hindered the achievements of the company's goal, lack of knowledge about customer needs-unable to align strategies to the need of the customer, poor planning, lack of information in the market & customer behavior and lack of adequate resource Both questionnaire and interview results show that the company has faced many challenges in the implementation of the strategy. And both findings show almost the same problem.

### **Evaluation and Review of the Strategic Marketing Document**

Evaluation and review are vital components of performance improvement. It helps to understand how we are performing, whether we are achieving our goals and inform our decisions about what to do next. According to the interviewee, the company has set 5 years marketing roadmap.

Internally, there is a continuous evaluation and review on the strategic document. However the officer couldn't answer in what period the strategic document was evaluated and reviewed.

Additionally, the company had not experienced the participation of external evaluator and reviewer. The above information implies that the company didn't practice a periodic internal and external evaluation and review of their strategic document. In the absence of periodic external evaluation, it is difficult to provide reliable and accountable information to different stakeholders.

## **CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Summary of Findings**

The result reported in this study were guided by the objectives of mainly assessing the marketing strategy practices of East Africa Bottling Share Company (EABSC) The study was designed mainly to deal with how marketing mix, market segmentation and target marketing are used in order to enhance, maintain and attract customers and to identify how these tools are aligned with marketing strategy of the company.

The study was descriptive research and the findings are from the qualitative data which was collected using self-administered questionnaires and in depth interview questions. The sampling procedure was purposive sampling research method. From 46 questionnaires, 44 questionnaires were collected and interview questions were forwarded to 2 top level managers of the company which are included in for analysis of the paper.

After a thorough analysis of the data collected through survey questions, the following findings were obtained:

- The customer's primary reason for buying the company's product was out of customer preference and Proximity of Supply.
- The company's product and service quality were rated as Good.
- The price of company's product and service were affordable.
- The key factor considered in setting pricing strategy is cost.
- The company's product and service availability and accessibility is good.
- The company's distribution channels were more emphasized through both direct channel and indirect channel.
- TV Ads, Radio and print Ads, Print Ads and personal Selling are the company's best advertising strategy practices.
- Communication effectiveness between marketing department and other departments were rated as average.
- Advertising, personal selling and Public Relation are effective tools of the promotional activities in the company.
- The company uses all the 4Ps of marketing mix element in the marketing mix strategies.

- The company's base of market segmentation is based on Demographic and economic situations.
- Employees of the marketing department of the company agree that, they can perform the marketing strategy practices of the company effectively.
- Employees of the marketing department receive directions more from sales target, customer satisfaction and Customer Service.
- The major formulators of the marketing strategy of the company were from marketing team up to top management.
- The major implementers of the marketing strategy are all sales team of the company.
- Major challenges in the implementation of the strategy are: communication problem, inefficient promotion, poor planning and lack of integration.
- According to employees' response, overall company's marketing strategy practices are effective.

## **5.2 Conclusions**

Findings of the study indicate that individual branding, product development, differentiation strategies and corporate branding are the main product strategies practiced by the company. These strategies were also in line with the offering of high quality products, wide variety of products and appealing packaging to satisfy the customer. Marketing activities were well planned with the guidance of marketing plans. The marketing plans formulations were mainly affected by market share, market growth potential and customer Preference. Marketing objectives were market driven with customer satisfaction and product quality as the most important objectives.

EABSC exploits all the 4Ps of marketing mix elements to achieve its target. These marketing mix elements are product, price, promotion and place. These are vital to implement the marketing strategy effectively and are inseparable because each mix affects the other. Therefore all the mixes are essential for the company to achieve its customer requirements.

EABSC provides a wide range of product and service to its customers. The company offers its products in both Bottle and Plastic packs. Additionally different coolers are provided by the

company so customers could enjoy chilled products. The product and service availability and accessibility are good and covers majority of the country. Quality product and meeting its customer demand is the key elements to company's success but EABSC still couldn't fully satisfy its customers' demands in remote areas and in peak seasons.

In terms of pricing strategy, EABSC sets affordable price. The price of the product setting depends on some factors such as cost, pricing benchmark of the economy and competitors. Competition is highly regarded and involved in various strategic marketing practices to occupy strategic positions in the market place. Since strategy is about outstanding the competition, the presence of competitive activities suggest that companies are making conscious strategies to survive. The pricing strategy mainly practiced is price segmentation that enables the company to cater for different segments of the mass market. This also probably contributes to the packaging strategies where different sizes and value packs are availed in the market place in the form of glass bottles and plastic packs. Price discrimination and low pricing strategies exist. This explains that EABSC is the leader of the market place while others are constant followers. The pricing strategies relate more with competition where cost effectiveness is the main concern of the modern consumer. Therefore, different pricing strategies that were implemented previously have currently been the same nationwide.

The promotional strategies are essential for the practice of the marketing strategy of the company. The promotional strategies practiced in the company are well budgeted for and the main objectives of advertising are market share increment, customer growth and switching customer to brands. The advertising strategy utilizes different appeals to attract more consumers especially the youth as they have high per capita consumption. Therefore promotion is aggressively addressed due to intense competition and building strong brands is vital. Sales promotion strategies such as free sampling sponsorships and point of purchase are well practiced including other promotional tools like advertising, personal selling, sales promotion and public relation. Even if EABSC promotes its product by means of TV Ads, Radio Ads, personal selling and print Ads, it suffers from lack of local touch in its advertisements and suffers whenever a new negative discovery spreads in the community because of lack of creating awareness with sufficient amount of knowledge about its product.

Personal selling strategies such as employment of field sales force and training of sales force were key result areas in the industry. Public relation strategy was equally practiced with moderate emphasis on client use of seminars and bazaars of consumers as the major activities to build strong brand public relations.

Distribution strategies are concerned with the channels of a firm that employ to make its goods and services available to customers. The distribution system of the company is good and determines the product and service marketing presence and the buyer's accessibility to the product and service. Thus, product and service availability and accessibility is almost everywhere and covers all over the country. Distribution was crucial for the company with either directly or indirectly availing the products within consumer reach more efficiently and effectively with low stock-out problem. This explains why EABSC have heavily invested in building a detailed distribution network including strategic depots for convenience to facilitate consumer satisfaction and overcoming fierce competition from both local and foreign soft drinks.

Evaluation and reviewing the strategic marketing document of the company is internally reviewed and evaluated through a continuous period. However the company had not experienced the participation of external evaluator and reviewers.

In general, Promotional strategies such as Advertising, Sales promotion, Personal selling and public relations were more important in building /creating demand while distribution strategies were crucial in fulfilling the demand for customer satisfaction. Pricing strategies played a major role in segmenting the market especially where different packaging materials are used. More importantly price segmentation was more practiced followed by low pricing to contain the competitive forces of the company. With the changing needs of the consumer, product strategies such as individual branding are leading while different promotion strategy and corporate branding followed product strategy.

### **5.3 Recommendations**

The following recommendations are made as part of a remedial action intended for filling gaps observed with the research results. Furthermore, the recommendations are believed to serve as an input for Company's management in their operation for achieving market leadership in the CSD beverage industry. The recommendation is made from the major marketing mix point of view and also emphasize on enhancing strategic capability in responding towards the emerging challenge with the industry.

- Strategy formulation is the course of action companies take to achieve their defined goals. To achieve the defined goals, companies must consider the main factors in the formulation of marketing strategy by diagnosing a situation analysis. However EABSC didn't prepare a well-defined situation analysis that is in tune with the country's norm. So, the company should develop and put a situation analysis that allow the company to achieve its goals considering its capabilities, constraints and the environment in which it operates.
- The company should focus to analyze further factors to be considered in formulating the marketing strategy by doing a marketing research on a situational analysis in order to retain customers for a long period of time and to have an opportunity in other product categories like water and Juices.
- The study indicated that there were some challenges in the implementation of the strategy such as ineffective communication, lack of integration. Therefore the company should revisit their current performance against the aforementioned problems by evaluating on a regular basis of their strategy, So that improved quality, well-structured and effective communication and integration can provide the power needed to gain new customers and increase profits.
- The lack of a well-designed and updated strategic marketing document will result in an organization being without direction or focus. So the company should be reactive and prepare a well-defined marketing strategic document by mobilizing a marketing staff. Since these documents are a frame for the marketing strategy activities to be achieved in the long run.
- Strategic marketing document of the company should be available for evaluation and reviewing externally as it is done internally. This will help in bringing in new ideas and point of views from trending practice in the market.

- As stated by (Hyman, 2014:86) market demands depend on all the determinants of individual demand, including income, price of related products and preferences of consumers. Income determines the amount of money available for purchasing particular class of products. This is determined by marginal propensity to spend. Therefore, EABSC should focus more on the promotion strategies such as advertising, sales promotion, personal selling and public relation. Distribution strategies are primarily aimed at delivering the product to the consumers at the right time and the right place.
- In the research study, the researcher has assessed the marketing strategy practices of the EABSC from the company perspectives only. Therefore, it is better for any forthcoming researcher to investigate similar issue by involving the customers, intermediaries and other stakeholders. The study also covered only the four elements of marketing mix, thus other researchers may consider additional mixes for further studies. Additionally, it is better if comparative study is conducted with organizations in the same industry.

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## Appendix A: Questionnaire

**St. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES  
GENERAL MBA DEPARTMENT**

**Dear respondent,**

Thank you very much for your willingness to take time to respond to this research questionnaire. The study is being conducted by a postgraduate student at St. Mary's University, School of Graduate Studies, and Department of Management MBA Program.

It is all about questions pertaining to **Assessment of Marketing Strategies** and related practices in the East Africa Bottling Share Company (EABSC). To this end, it intends to gather information from employees involved in marketing related activities.

The participation is fully on voluntary basis, and your accurate and frank responses are imperative for the successful accomplishment of the study.

Please be assured that your responses will be treated in a strictly confidential manner, and the results will be used only for the purpose of this research. Your cooperation and prompt response will be highly appreciated.

1. Gender

Male       Female

2. Age (in years)

18 - 28       29 – 39       40-50       Over 50

3. Educational level

High School Grad       Certificate       Diplomas  
 BA/BSC       MA/MSC/MBA       PhD

4. Marital Status

Single       Married       Divorced       Widowed

5. Work experience in East Africa Bottling S.C.?

- |  |   |
|--|---|
| <input type="checkbox"/> Under 2 year  | <input type="checkbox"/> 10 to 15 years |
| <input type="checkbox"/> 2 to 5 years  | <input type="checkbox"/> over 15 years  |
| <input type="checkbox"/> 5 to 10 years |   |

6. What marketing mix strategies does the company use?

- Product
- Price
- Promotion
- Distribution
- All of the above mixes

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

- Quality of product
- Proximity of supply
- Lower price than others
- Effective promotion
- Customer preference
- The customer has no option
- Other \_\_\_\_\_

8. What is your opinion about the product and service quality?

- Very good
- Good
- Medium
- Poor
- Very poor

9. What is your opinion concerning the price of the company's products?

- Very cheap
- Cheap
- Affordable
- Expensive

- Very expensive

10. What are the key factors considered in setting pricing strategy?

- Product value
- Cost
- Perceived value
- Economic conditions
- Marketing objectives
- Competitor's costs, prices and offers
- Other \_\_\_\_\_

11. The company's products availability and accessibility are?

- Very good
- Good
- Fair
- Poor

12. Which of the following marketing channel does your company use to distribute your products/services?

- Direct personal selling
- Direct online sales
- Indirect through the channels
- Word of mouth
- Informal Channels (Stockiest)
- Other \_\_\_\_\_

13. Which of these promotional activities does your company undertake?

- TV Ads and Radio
- Internet Ads
- Seminars/Exhibitions
- Personal Selling
- Print Ads

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

Promotional tools	Least Effective	Effective	Most Effective
Advertising			
Personal selling			
Sales promotion			
Public relation			
company’s overall marketing strategies			

15. Who are the company’s major target groups?

- Institutions
- Manufacturing
- Recreational Parks
- Hotel Bar and Restaurant
- Market place
- Retail Shops
- All of the Above
- Other \_\_\_\_\_

16. What are the bases of segmenting the market?

- Geographic location
- Psychological or life cycle
- Economic situation
- Demographic
- Behavioral
- No segmentation

17. How would you rate the communication effectiveness between corporate sales and Marketing department and other departments?

- Very good
- Good
- Somewhat good
- Poor
- Very poor

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

- Strongly agree
- Agree
- Undecided
- Disagree
- Strongly disagree

19. In which of the following areas do you receive directions from the companies?

- Sales target
- Customer service
- Discount/Schemes
- Customer Satisfaction
- Advertisement Planning
- Other \_\_\_\_\_

20. What are the major challenges in the implementation of marketing strategy of the company?

- Communication problem
- Ineffective promotion
- Poor planning
- Lack of integration
- Lack of commitment
- All of the above

21. How would you rate the company's overall marketing strategies?

- 1 most effective

- 2 Effective
- 3 least effective

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

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## **Appendix B: Interview Questions**

### **St. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES GENERAL MBA DEPARTMENT**

**Dear respondent,**

Thank you very much for your willingness to take time to respond to this interview questions. The study is being conducted by a postgraduate student at St. Mary's University, School of Graduate Studies, and Department of Management MBA Program. It is all about questions pertaining to **Assessment of Marketing Strategies** and related practices in the East Africa Bottling Share Company (EABSC). To this end, it intends to gather information from employees involved in marketing related activities. The participation is fully on voluntary basis, and your accurate and frank responses are imperative for the successful accomplishment of the study.

Please be assured that your responses will be treated in a strictly confidential manner, and the results will be used only for the purpose of this research. Your cooperation and prompt response will be highly appreciated.

1. Who are your target consumers? And how does the company positions its products?
2. Have you identified whom the consumers of your products in terms of geographic location, age group or economic situation?
3. What is the company's overall business strategy (Differentiation, cost leadership, focus strategy)?
4. Is there any competition? Who are your competitors? What are your major competitive advantages?
5. What are the marketing strategies offered by the company (in terms of 4Ps)
6. What are the problems you encountered in implementing the marketing strategies?
7. What is your future plan to expand your products or to increase your market share?
8. What factors do you consider in setting pricing strategy? Or what are the bases for your pricing strategy?



9. What distribution objectives and strategies does the company pursue?
10. What promotional tools does the company use?
11. What is the status of promotional mixes done by the company interims of advertising, personal selling, sales promotion, participating in bazaars and exhibitions, brochures etc.?
12. What is the role of advertisement in the promotional campaign? When is the best time to advertise your product? Is there any seasonality in the market?
13. Over all how do you evaluate the company's current marketing strategies?
14. What key messages do you to communicate to your customers?
15. What promotional tools does the company use?
16. When is the best time to advertise your product?
17. Is there any seasonality in the market?
18. How do you see the communication effectiveness between departments?
19. Who are the major formulators of the marketing strategy?
20. Who are the major implementers of the marketing strategy?
21. In which areas does the company give a priority for the implementation of the strategy?
22. What are the basic factors considered in formulating the marketing strategy?