

ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES



**THE IMPACT OF MARKETING MIX IN FULFILLING CUSTOMER
SATISFACTION: THE CASE OF ST. GEORGE BREWERY**

BY
KALKIDAN MERSHA ASHAGRIE
SGS/0540/2007A

July 2016
Addis Ababa
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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF
GRADUATE STUDIES IN PARTIAL FULFILMENT OF THE
REQUIREMENT FOR THE DEGREE OF MASTERS OF BUSINESS
ADMINISTRATION**

**July 2016
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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of _____ . 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.

Name

Signature & Date

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

Advisor

Signature & Date

Acknowledgment

First and for most, I would like to give my glory and praise to the Almighty GOD for his invaluable cares and supports throughout the course of my life and helped me since the inception of my education to its completion and enabled me to achieve my career.

Next, I'm grateful to appreciate my advisor Dr. Temsgen Belayneh who has taken all the trouble with me while I was preparing the paper. Especially, his valuable and prompt advice, his tolerance guidance and useful criticisms throughout the course in preparing the paper, constructive corrections and insightful comments, suggestions and encouragement are highly appreciated. A special word of mouth is his credit.

My sincere and heartfelt gratitude goes to the marketing department managers of the St. George Brewery for their frank response to my interview questions.

Finally, I'm greatly indebted to my mother W/ro Mekdes Mamo, my husband Ato Dereje W/mariam, my father Ato Mogese Mekonen and my brother Michael Mogese for their encouragement, moral as well as financial support and suggestions.

Kalkidan Mersha

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ABSTRACT

The marketing mix is the means by which marketing objectives of the organization will be achieved and comprises of product, price, promotion, place, people, process and physical evidence of the marketing activities. This study focused on assessing the marketing mix taking product, price, place and promotion in satisfying customers of the St. George Brewery. This study also investigated the influence of the four marketing mixes on customer satisfaction of St. George Brewery. The study is motivated by the need to address the issue in Ethiopian context by providing recent and extensive evidence collected from beer consumers. The study used quantitative and descriptive method of research design. Both primary and secondary data collection instruments are used to collect data. To collect the data for this study, the target population of the study is consumers of the company. The study was taken from customers found in the Addis Abeba city with distributing 400 questionnaires. Quantitative methods of data analysis were used. Information collected from consumers through questionnaire was analyzed quantitatively using percentage, weighted mean correlation and regression techniques using SPSS version 20. Thus in order to assess those factors which influence customer's satisfaction, four variables (price, product, promotion and placement) are taken in to consideration. The finding asserts that all variable are found to be influential to determine customer satisfaction. The researcher recommends that the company to take a close scrutiny in the four marketing mix elements in maintaining its customers. Specifically price of the company product is found to be a variable having detrimental effect on satisfaction of the customer.

Key words: *marketing mix; price, product, promotion, place and customer satisfaction.*

CHAPTER ONE

INTRODUCTION

This chapter presents the background to the study, company profile, statement of the problem, basic research questions, objectives of the study, significance of the study, scope of the study, limitation of the study, definition of key terms and organization of the paper.

1.1. Background of the Study

Today's companies are facing toughest competition than ever. Companies can win the competition by doing a better job in order to satisfy the customers' needs and wants, and customer-centered companies are adept at building customers not just building a product (Johansson, 2000). Customer satisfaction is a person feeling of pleasure or disappointment resulting from comparing a product's perceived performance (outcome) in relation to his/her expectation (Kotler and Armstrong G, 2010). It may be clear from the above definition customers' satisfaction is a function of perceived performance and expectations. If the performance falls short of expectations, the customer is dissatisfied. If the performance matches the expectations, the customer is satisfied, and if the performance exceeds expectations, the customer is highly satisfied or delighted.

It has been increasingly evident that a successful marketer must start with the customer. Marketing opportunities are based on identification of customer wants and needs, an understanding of how customers make buying decisions, how they use the goods and services they buy, and their level of commitment to current brands (Anderson and Vince, 2000). Marketing managers (marketers) must think about the methods of winning, retaining, in general, satisfying customers from various ways which will lead to organizational success. To do so, the elements of marketing mix (product, price, promotion and place) serve as the most crucial tools for meeting the company's objective together with satisfying customers through effective utilization of them. These variables are controllable variables by marketers. In addition,

marketing managers can use them to attract and retain customers since they can be reshaped by a given marketing managers.

From the organizations point of view each customer need has a counter part in the marketing mix elements. Therefore, in order to be successful or a leading organization should be able to satisfy in the 4p's (Product, Price, Placement and Promotion).

1.2. Company Profile

With the emergence of modernization at the time of Emperor Menilik II and subsequently, opening of a brewery was one among many factories established in Ethiopia. St. George Brewery was founded by a Belgian in 1924. The company was then sold to a German company some forty-three years ago (Ethiopian Trade Journal, vol. I, 1960). BGI (Brasseries et Glacieres Internationals), a member of French company Castel Group (an internationally known company for producing beer and beverages), an internationally acclaimed Brewing Company that operates in many countries took over and owned St. George Beer factory since 1999. Currently BGI Ethiopia a sister company of Castel Group produces St. George, 'Bati', Amber and Castel beers and pasteurized beer ('Draft') in its three factories located in Addis Abeba, Hawassa and Kombolcha city. St. George Brewery is situated near the Mexico Square, Addis Abeba and occupies an area of 20,000 sq. meters of land. The present day St. George is believed to be the oldest beer in Ethiopia and is celebrating its more than ninety years of establishment.

1.3. Statement of the Problem

In today's competitive business world customer satisfaction has come out as a decisive factor for the success or failure of business objectives. For this reason companies meeting their customers' needs and wants are enjoying the market with the customer loyalty and getting positive response for their product. But without satisfying customers marketing success could be unthinkable. The marketing mix is a set of controllable marketing factor that an organization uses to produce the response it wants from its various target market. Traditionally, a '4P's (product, price, place and promotion) model is enough for tangible products; the services sector on the contrary uses a

'7P's (product, price, place, promotion, people, process and physical evidence) approach in order to satisfy the needs of their customers (Ivy, 2008).

Generally in Ethiopia and specifically in the brewery industry, the influence of the four marketing mixes on retaining customer satisfaction has not been assessed in many papers. In this regard, this paper gives a high light on the magnitudinal impact of the four marketing mixes on customer satisfaction and thereby gives directions for managers on which area they need to focus on. On the other hand only rare papers are done on this topic using a methodology called regression. Unlikely previous papers were made simply using a simple descriptive frequencies, mean and correlations which could not answer the level of its impact. Therefore the paper analyzes the influence of those marketing mixes on customer satisfaction and try to examine previous works done by different researchers in different parts of the globe and cross check the outcome whether they are in contrary to them or not.

Looking ahead, beer demand is without doubt expected to continue its rapid growth, in line with rising population levels, favorable demographics, continued economic growth, and a gradual convergence of national consumption levels towards those of neighboring countries. But the question here is which marketing mixes are found to be essential so as to hold a wider marketing base? Hence so as to make such computation the researcher selects one of the giant and mature brewery manufacturing companies named as St. George Brewery. The company nowadays is facing stiff competition from different factories producing beer. In its 90th year anniversary the brewery is endeavoring to meet customer satisfaction with high standard of the product. To maintain its loyal customers and to reach out new ones the factory should deal with the analysis of marketing mix elements aligned with customers' satisfaction. As per the report from the marketing department, the factory has 50% estimated market share of the country. Besides the demand for the products of the brewery increases annually 15 to 17%.

However the factory recently have not conducted a research to show the level of their customer satisfaction vis-à-vis the price charged, the promotion and available placement (distribution) utilized by the factory, despite the increasing demand. For that matter, it has not any hint which marketing mixes are found to be very essential so as to hold their customers and on which marketing mixes the company need to give more emphasis.

So this study would help to fill the gap whether the increment in the quantity demanded of the factory products is from the satisfied customer with regard to the product, the price, the promotion and the place or not. The key to maintain the market share and profitability of its products is increasing customer satisfaction. That is the traditional thinking to get profit through increasing volume of sales should be changed to the thinking that profit should be made from customer satisfaction. Customer satisfaction is a very vital and it is a determinant factor for the long term survival of any business organization (Jeans F, 2004:54).

1.4. Basic Research Questions

This study attempts to assess the problems associated with marketing mixes and their influence on customer satisfaction in St. George Brewery. Specifically the study is designed to address the following basic questions.

- ✓ How the manufacturing company need to focus on the product (its taste) whether it is likely or not so as to retain high level of customers satisfaction.
- ✓ Do any actions taken by brewery companies to set a price (either decrease and/or increase) have any significant impact on the level of satisfaction?
- ✓ Are promotions and adverts done by the company has any impact on customer satisfaction bearing in mind the level of competition, In what magnitude do they affect?
- ✓ How effectively does the factory use its distribution channel? Do placements have any influence of retaining customers through maintaining satisfaction?

1.5. Objectives of the study

1.5.1. General objective

The general objective of this study is:

- ✓ To assess the enormity of impact or influence of the four marketing mixes (Price, product, promotion and placement) on retaining customers satisfaction.

1.5.2. Specific Objectives

Based on the general objective, the specific objectives of this study are:

- ✓ To assess whether company's action on price has a complementary (positive or negative) outcome on customer satisfaction;
- ✓ To investigate the nature of relationships between the promotional activities carried out by the factory and customer satisfaction;
- ✓ To scrutinize the level of impact, keeping quality service have on customer satisfaction;
- ✓ To examine the magnitude of the impact placement of the product and their distribution channel has on retaining customer satisfaction;
- ✓ To depict brief recommendations that may be useful for management decisions to formulate and take corrective actions;

1.6. Significance of the Study

The findings of this research thesis would be important for any business entity including those engaged in the brewery industry, (with special regard to St. George Brewery) to know its customer satisfaction level with regard to the product, setting price, promotion and placement (distribution) of the factory that will move in parallel with the changing customers' need and wants. Because in today's, competitive business world effective manipulation of these marketing mix element strongly determines the long run survival of the company. Furthermore, the compiled document of this research work would also serves as a reference document for everyone and researchers to embark on studies of the same or related themes.

1.7. Scope of the Study

Currently in Ethiopia there are numerous breweries. The Scope of this study is to focus on the marketing-mix elements associated with the level of customer satisfaction of St. George Brewery among the various products within the existing brewery industry of the country. The factory distributes its products throughout the country however the study was confined to respondents in

Addis Abeba, the most densely populated part of the country and where majorities of the customers are expected to be found. Besides, Addis Ababa is the town where the factory's head office is located. The research is limited to the major products of the factory i.e. St. George beer and pasteurized beer ('Draft') without considering other products.

1.8. Limitation of the Study

As the study was made based on interviews and questionnaires, these methods were not certain to clearly reveal real situations due to personal bias, especially the interview part was made with managers and those managers were not volunteer enough to give the true situation/sense of the organizations marketing-mix because they may fear that their competitors may imitate their ideas. Moreover the outcome of this study should be understood as the case in marketing research, the researcher observed the customer behaviors that are rational. Sometimes, they may not express their feelings correctly what they think. In such cases, their habits, practices, references cannot be assessed without limitation of bias.

1.9. Definition of Terms

- ✓ **Marketing:** -is a tool that can be used by firms to set appropriate strategies to get the responses from their target markets (Goi, 2009).It is also the social process by which individuals and groups obtain what they need and want through creating and exchanging products and value to each other.
- ✓ **Product:** - a product is anything that can be offered to a market for attention, use or consumption that satisfies a want or need.
- ✓ **Price:** - it is probably the single most important decision in marketing and it is the mechanism which ensures that the two forces (demand and supply) are in equilibrium.
- ✓ **Promotion:** - it is a marketing activity that disseminates information about a product, products line, brand, or the company.
- ✓ **Place (Distribution):** - it is the set of firms and individuals that take title or assist in transferring title to a good or service as it moves from the producer to the consumer.

- ✓ **Customer satisfaction** generally means that customer reaction to the state of fulfillment, and customer judgment of the fulfilled state (Soulsby, 2004: pp. 11).

1.10. Organization of the Paper

This research study is organized in five chapters. The first chapter deals with the introduction part which constitutes research problems, objectives, and significance. The second chapter discusses the review of related literatures of the research theme. The third chapter focuses on research methodology. The fourth chapter is allotted to data presentation, analysis and interpretation. Finally the fifth chapter covers the summary, conclusion and recommendations of the study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter provides a detail review of relevant literature on marketing mix and four Ps of marketing-mix that is product, price and place and customer satisfaction. The hypotheses of the study are also covered.

2.1. Theoretical Review of Literature

2.1.1. Definitions and Concepts of Marketing-Mix

The starting point for the discipline of marketing lies in human needs of wants. All human beings have a need to satisfy human needs are states of felt deprivation. Therefore, human beings try to satisfy these needs by exchanging goods and services with other interested parties. Thus, the concept of exchange leads to the concept of a market. Kotler P and Armstrong G, (2010) defined a market as: “A public gathering consisting of all the potential customers sharing in exchange to satisfy that needs or wants”. From the above definition we can interpret that marketing is the exchange between the customer and the marketer and each party gives something of value to the other, with the goal of satisfying their respective needs and wants, and then in the process both parties gain as much as possible. While customers have a major influence on marketing decisions, companies are devoting more attention than ever before to customers’ wants and needs (Anderson and Vince, 2004). Hence, marketing efforts are more focused on attracting, retaining and developing relationship with their present and potential customers. Therefore, it is necessary to know precisely who the customers are, why they buy, and what it takes to satisfy them.

Marketers have four tools to use to develop an offering to meet the needs of their targeted customers. Collectively they are called as the marketing-mix (Product, Price, Placement, Promotion, process, people and physical evidence). The basic idea is first the product of the factory produced, then setting the affordable price, and then promoting that product on the basis

of customer's media habit and people under consideration with the right process and proper physical evidence then finally distribute the product to the targeted customers.

According to McGraw, (2004) the marketing mix is the tools organizations use to develop offerings to satisfy their target market(s). If your marketing mix doesn't meet their needs, they won't be satisfied-and if they aren't satisfied, you are unlikely to meet your objectives .Thus, the more the marketer is effective in combining the four elements of the marketing mix, the more the customers are satisfied and stay loyal, and as a result, the more the profitable sales of the product should result. The seven elements of the marketing mix are discussed as follows.

2.1.1.1. Product

The first element in the marketing mix is the product of the company. A product is defined as: "a set of tangible and intangible attributes, including packaging, color, price, quality and brand plus the reputation of the seller" (Hart.S.et al, 2004:168). Since one of the basic function of marketing is that developing products and services that will meet legitimate customer (consumer) needs, then, consumers are buying more than a set of tangible attributes. They are buying want satisfaction in the form of product benefit.

2.1.1.1.2. Product Quality

Product quality is the overall characteristics of a product that allow it to perform as expected in satisfying customer needs (Jean F, 2004). Level of quality is the amount of quality possessed by a product and consistency of quality is the degree to which a product is the same level of quality overtime. It can also be compared across competing products. Therefore, simply we can say that quality is the satisfaction for customers and it is an investment for owners. Poor product quality can destroy the reputation of your company's products, but in most cases has an even more serious impact-when people see a company put out poor quality products, they strongly associate those poor quality products as coming from a poor quality company. A company that attains good reputation for the quality of its products and able to build the confidence of its customers and attracts them not only earns personal satisfaction and benefit but also contributes to the

country's economic development" (Quality and Standards Authority of Ethiopia, Dec, 2003 Vol.4.No 5, pp-29).

2.1.1.1.3. Branding, Packaging and Labeling

When conceiving, developing and managing its products, a firm needs to make and enact a variety of decisions regarding the brand, package and labels used with each item.

✓ Branding

A brand is a name, term, design, symbol, or other features that identifies the goods and services of one seller from those of other sellers (Armstrong, 2009, pp. 21). Marketers should realize that the more customers equate quality with their brands, the more they will buy. Consumers simply do not purchase brands that they either do not recognize or do not trust, no matter how much promotional activity is put behind them (Engle, 2004, pp. 29-31). Therefore, managers need to brand their products in the best way possible to gain brand awareness by uses in a better way than competitors.

✓ Packaging

Packaging is the activity of designing and producing the container or wrapper for a product (McDonald, 2004:90). Since in recent times, packaging has become a potential marketing tool, a company needs to design the package for the safety of the product, to make the product identifiable, and to make it more appealing so as to increase profit.

✓ Labeling

A label is a tag or sticker attached to a container or package that provides information about the seller or the manufacture (McDonald, 2004: 203-204). Labeling performs several functions it identifies the product or brand and might also grade the product. It also convey such information as who made it, where it was made, when it was made, what it contains, how is it to be used, and how to use it safety . But one thing what we have to know is that misleading information is illegal action. Therefore, careful labeling should be necessary for the factory.

2.1.1.2. Price

As mentioned earlier price is the second marketing mix element and probably the single most important decision in marketing is that of price. This is partly because price may have an impact on sales volumes. According to Jean F, (2004) if the price is too high, and the market is competitive, sales may be correspondingly reduced. Indeed many economists would see price as the main determinants of sales volume. On the other hand, many of the most sophisticated marketers have found ways to reduce the impact of price. Pricing has traditionally been considered as a me-too variable in marketing strategy. Effective pricing is not an easy task, even under the most favorable conditions. A large number of internal and external variables must be studied systematically before price can be set. The reactions of a competitor often stand out as an important consideration in developing pricing strategy. Therefore, you need to balance the costs of producing a product with competition and the perception of your target customers to select the right product price. That is the reason why pricing takes creativity, time, research, good recordkeeping and flexibility (Kurtz and Boone, 2007:87).

2.1.1.2.1. Pricing objectives, strategy and methods

2.1.1.2.2. Pricing objectives and strategy

Many pricing objectives are available for careful consideration. The one we select will guide us choice of pricing strategy. You will need to have a firm understanding of product attributes and the market to decide which pricing objectives to employ. The choice of an objective does not tie you to it for all time. As business and market conditions changing, adjusting pricing objective may be necessary or appropriate. The most important elements of an effective market strategy are the ability to maximize and protect the price of the product. Since price is the final measure of customer value and competitive advantage.

2.1.1.2.3. Methods for pricing a product

A. Cost based pricing

To calculate products cost you need to include the cost of production, promotion and distribution. Add the profit level you want from the business to the product cost subtotal to determine your product price. The amount of profit you add to the product cost subtotal can be set according to three different methods (a profit percentage with product cost, add a percentage to an unknown product cost and blend of total profit and product costs). Each of the three costs based pricing methods described begin with a product cost subtotal (Kotler, 1996 pp, 96). Therefore, the company designs what it considers being a good product, totals the cost of making the product, and sets a price that covers costs plus a target profit.

B. Competition based pricing

Consumers will base their judgments of a products value on the prices that competitors charge for similar products (Kotler, 1996: pp 99). The big advantage of competition based pricing is that you are focused on your industry and therefore your competition. An industry focus looks closely at the types of existing and emerging competition. Once you know what your competitors are doing, you can better decide how you will manage your business.

C. Customer based pricing

Most business owners want to know “at what price do my customers think my product offers good value?” knowing your customers ensures you take a market focus with your business. You need to find out how your customer feels about various product prices and what they would do if the price changed. Customers change their buying habits according to product price. As a seller you need to find out how your target customers view your product and customer attitudes towards various prices or a price change (Kotler, 1996 pp 105). As a result, pricing begins with analyzing consumer needs and value perceptions, and price is set to match consumers’ perceived value.

2.1.1.2.4. Discount and Allowance pricing

Having set the overall price, the suppliers then has the option of offering different prices (usually on the bases of a discount) to cover different circumstances. The types of discounts and allowances most often offered are:

A. Trade Discount- Members of supplier's distribution chain (for example retailers and wholesalers) will demand and payment for their services (Kotler and Armstrong, 2010, .pp. 29-30).

B. Quantity Discount-these who offer to buy larger quantities of the product or service are frequently given incentives). Sellers use the quantity discount to encourage buyers to buy more. This in turn can help the seller to reduce their own production costs, which can help reduce price for the buyers (Kotler and Armstrong, 2010, .pp. 31).

C. Cash Discount- Where credit is offered, it is sometimes decided to offer an incentive for cash payment or for prompt payment (Kotler and Armstrong, 2010, .pp. 32-33).

D. Seasonal Discount- Suppliers to markets which are highly seasonal (such as holiday market) will often price their product or service to match the day and with the highest prices at peak demand (Kotler and Armstrong, 2010, .pp. 35-36).

E. Trade Allowances -In the durable goods market suppliers often attempt to persuade consumers to buy a new pieces of equipment by offering allowance against trade-in of their old one (Kotler and Armstrong, 2010, .pp. 40-41). Generally speaking, these are simply hidden discounts targeted at a group of existing competitive users.

F. During Holiday seasons-simply the holidays is an annual festive period that surrounds Christmas and various other holidays (Kotler and Armstrong, 2010, .pp. 45-46).

From the above different types of discounts and allowances we can say that, discounts and allowances are reductions to the selling price of goods or services, they can be applied anywhere in the distribution channel between the manufactures, middlemen distributors, whole sellers, or retailers, and retail customer. Typically, they are used to promote sales, reduce inventory, and reward or encourage behavior that benefit the issuer of the discount and allowance. Thus, the company should focus the above price discount of seasons in order to serve and satisfy those customers in the best way and then in the long term the company achieving high profit from these price discounts.

2.1.1.3. Promotion

Promotion is the third marketing-mix element that is disseminating information about a product, product line, brand or company. According to Keller (2005) before a business can be successful,

it must attract people in buying its goods or services. Even though the product is available or where it can be purchased, customers will not usually know what the product does or how it is performing than other products they are currently using (ibid, pp. 43). Thus, particularly a business uses a produce promotion in order to convince prospects to select its products or services instead of competitors. If the marketer effectively combines the four elements of the marketing mix, the more customers are satisfied and stay loyal, and as a result the more profitable sale of the product should result (ibid, pp. 98). Therefore, promotion is necessary for the success in serving customers. Consumers also benefit from promotion because it is through this process that they determine which product or service will satisfy their needs.

2.1.1.3.1. The Promotional Mix

Promotions encompasses the five forms of promotional mix-advertising, personal selling, sales promotion, publicity and public relations, which are available to marketing managers who are trying to influence the behavior and attitudes of existing and potential customers towards the marketer's company product and brands. These elements, in addition to attracting a new customer, can also be used to maintain customers and satisfy them on the purchase decision that they have made (Palmer, 2000:414). The above-mentioned forms of promotion are interdependent. This means the success of the promotion is dependent up on the success of each form of promotion. Advertising will not succeed unless good personnel selling and sales promotion support it. Marketers must work hard to communicate openly and honestly with consumers and resellers. Consumers base their expectations on information they receive from marketers, friends and any other sources. If the marketer exaggerates the product performance through its promotional tools, consumer expectations will not be met, and dissatisfaction will result. This suggests that marketers should make product claims that faithfully represent the product's performance so that buyers are satisfied. Finally, promotion goes beyond aforementioned promotional tools. The product design, its price, the shape, color of its package and the stores that sell it. Thus, although the promotion mix is the company's primary communication activity, the entire marketing mix-promotion and product, price, and place must be coordinated for greatest impact (Harker, 2009:pp.36).

2.1.1.3.2. Types of Promotional tools

Communication is essential nowadays; we communicate with friends, relatives, family, colleagues etc. The media communication is very important in our society. Through media, we can be influenced. Media can make a person drink a certain juice or alcohol or go to a certain store. Commercials and constant attention and interest in something in particular, in the end, make others follow it or try it (McGraw, 2004). Some of a few types of media communication as depicted bellow:

- ✓ **Televisions**-Television news usually tells fewer stories in few worlds. And the producer decides which stories to include in news casts, how long they should be and in what order they appeal.
- ✓ **Radio**- radio stations can be great for reaching a wide audience their news departments usually covers news with the smallest staffs, in the shortest time for each story, and with the most frequent deadlines.
- ✓ **Magazine and other publication**- are a way to read a very specific audience with a story. These publications are typically organized around an interest group such as business, health care or higher education.
- ✓ **Newspaper**-it is the most simple and cheap way to find out latest news.
- ✓ **Websites**-the company in the current globalized world needs to reach out the internet technology friendly customers through web, designed to promote it.

To support the above idea, communication through the media indicates the public and the information we gather and sent to the public. The mass media can influence an entire nation very easily. Therefore, the company using these media should care in transferring their products.

2.1.1.4. Place (Channel of Distribution)

It is the last marketing mix element. It can be described as a set of interdependent organizations involved in the process of making a product or service available for consumption (Anderson and Vince, 2004:7). As Engle, (2009, pp.: 189) states that the marketer must choose distributors that reach its customers most effectively and other intermediaries that add value to the distributive process. To support the above-concepts, it is the fact that the objectives of distribution channel is to make the products effectively available to the greatest possible number of users at the lowest

possible distribution and selling cost. The field of distribution is made up of two distinct branches: channel of distribution and physical distribution that are discussed as follows.

2.1.1.4.1. Channel of distribution

Channel of distribution consists of a network of intermediaries those managers that manage the flow of goods and services from the producer to the final customer. The distribution system consists of channel intermediaries that provide a link between producers and final consumers. The idea that marketing system uses channels that maximizes efficiency and effectiveness, minimizes costs, and delivers the greatest customer satisfaction (Kotler and Armstrong, 2010: pp.: 87).

- ✓ **Merchant middlemen:** include merchant wholesalers and retailers who take title to and resell the goods.
- ✓ **Agent middlemen:** include agents, brokers and manufacturer's sales branches and offices who do not take title to the goods involved. They rather negotiate purchase, sales or both.

The longest most indirect channel includes producer, one or more wholesalers or agents, retailers and consumers. This channel is the most appropriate when the producer's objective is to achieve maximum market penetration with intensive distribution.

The shortest channel, from producer to consumers, offers the most direct and quickest distribution route because no intermediaries are involved. It is easiest to manage and control (Anderson and Vince, 2000:280-282).

2.1.1.4.2. Selecting Channel of Distribution

Some basic criteria must be established for selecting each channel intermediary. According to Engle (2009:190), four factors dominate the criteria including a channel member in to the company's distribution structure: Market Coverage-channel intermediaries should be selected for their ability to achieve the company's distribution objective of reaching the greatest number of potential customers with the fewest transaction. Degree of control desired- there is a potential loss of control when channel intermediaries are used. Thus, the marketer must make decisions concerning the degree of control desired over the marketing of the firm's products.

Costs and other economic criteria- the cost of achieving desired market coverage must be consistent with distribution strategy objectives and should not be greater than the benefits to the company and its customers.

Flexibility/Adaptability- the manufacturer must be able to respond to change in the market or the company. So a channel of distribution involves an agreement of exchange relationships that create value for buyers and sellers through the acquisition of goods and services.

2.1.1.4.3. Physical Distribution

Physical distribution involves planning, implementing, and controlling the physical flows of materials and final goods from points of origin to points of use to meet customer needs at a profit (Engle, 2009: pp. 196). The starting point for designing the physical distribution system is to study what customers want and what competitors are offering. There are a number of decisions that should be undertaken by the marketing executives of an organizations concerning physical distribution that affect customer satisfaction. They are described by Palmer (2000) as follows:

✓ Order Processing

Physical distribution begins with a customer order. The order department prepares multi copy invoice and dispatches them to various departments. Items out of stock are back ordered. Shipped items are accompanied by shipping and billing documents with copies going to various departments.

✓ Ware Housing

It involves the physical facilities used primarily for storage of goods held in anticipation of sales and transfers with in a distribution channel. Every company has to store its goods while they wait to be sold. A storage function is necessary because production and consumption cycles rarely match. The company must decide on a desirable number of stocking locations.

✓ Inventory

Inventory level represents another physical-distribution decision affecting customer satisfaction. Marketers would like their companies to carry enough stock to fill all customer orders immediately. The intent of inventory management is to provide a continuous flow of goods and to match the quantity of goods in inventory as closely as possible with sales demand.

✓ Transportation

Marketers need to take an interest in their company's transportation decisions. The choice of transportation carrier will affect the pricing of the products, on-time delivery performance and the conditions of the goods when they arrive all of which affect customer satisfaction (Palmer, 2000: pp 405-410).

2.1.2. Definitions of Customer Satisfaction

The concept of customer satisfaction has drawn the attention of practitioners and academics from last several years based on the fact that customers are the primary source of Profit for most of the firms operating in the market (Tam, 2004). Customer satisfaction facilitates the measure of how service and products provided by company meet customer expectation. It is a key performance indicator in business terms. Typically, service firms monitor and examine the satisfaction level of customers on an ongoing base by using different scales like Likert, to measure the level of customer satisfaction which is mainly based on service encounter experienced on their last visit (Peterson and Wilson, 1992). Quality and customer satisfaction both have long been recognized as crucial role for success and survival in today's competitive market. Considerable evidence exist in literature that supports relationship between company's performance and level of satisfaction reported by customers (Anderson et al., 1994; Bolton, 1998). Therefore, it is argued that customer satisfaction should be considered the ultimate goal for all firms (Morgan et al., 2005; Mittal et al., 1999).

In any business, customers are the most important aspect of a successful company and the customers must be looked after managed properly. The definition of customer satisfaction has been widely debated as organizations increasingly attempt to measure it. Customer satisfaction can be experienced in a variety of situations and connected to both goods and services. It is a highly personal assessment that is greatly affected by customer expectations. Satisfaction also is based on the customer's experience of both contact with the organization (the "moment of truth" as it is called in business literature) and personal outcomes.

Customer satisfaction measures how well a company's products or services meet or exceed customer expectations. These expectations often reflect many aspects of the company's business

activities including the actual product, service, company, and how the company operates in the global environment. Customer satisfaction measures are an overall psychological evaluation that is based on the customer's lifetime of product and service experience. Customer satisfaction differs depending on the situation and the product or service. A customer may be satisfied with a product or service, an experience, a purchase decision, a salesperson, store, service provider, or an attribute or any of these (Kurtz and Boone: pp. 176). To add some basic ideas from the above concept, customers are satisfied when their expectation is met and delighted when their expectation is exceeded. Satisfied customers remain loyal longer, buy more, are less sensitive and talk favorably about company. To be known, customer satisfaction has to be measured and there are several established ways of doing this. Therefore, the company should care about their customer's satisfaction, because if you do not truly care about your customer's you are not a good marketer.

The following are some famous definition of customer satisfaction.

- ✓ Customer satisfaction is a person's feeling of pleasure or disappointment resulting from comparing a product's perceived performance or outcome in relation to his or her expectations (Harker,2009:pp,21).
- ✓ Customer satisfaction is the state in which customer needs, wants and expectation throughout the product or service's life are met or exceeded resulting in repeat purchase, locality and favorable word-of-mouth (Kotler & Armstrong, 2010:pp,111).
- ✓ Customer satisfaction is an outcome of purchase and use resulting from the buyers' comparison of the rewards and costs of the purchase in relation to the anticipated consequences (Churchill and Surprenant, 1982).

2.2. Empirical Review of Literature

Empirically many research papers are computed and different outcomes are demonstrated by different researchers. The following are some of illustrations which support such a statement.

Sukati, Chin, Satit & Tat (2012) have conducted a study on "The relationship between marketing mix and customer decision making over travel agents". The aim of this study is to investigate the

relationship between the 4Ps, namely price, promotion, place and product, and customer decision making over travel agents in Palembang, Indonesia. Travel agents have seriously considered for these 4Ps activities to ensure that they allocate their resources effectively and efficiently. A total of 215 respondents were selected from customers of three travel agents in Palembang, Indonesia. The data collected was analyzed using three statistical methods, that is, mean analysis, Pearson correlation and regression analysis. Based on multiple regression analysis, the findings revealed that among the 4Ps tested, that is, price, promotion, place and product, only price and product stood out as the most important marketing mix to affect customers' decision making over travel agents. Both price and product emerged as two of the strongest predictors. In terms of product, the perception of high product quality and high customer satisfaction will directly lead to high levels of purchase intention and repeat buying thus resulting in increased sales volume. When customers see that travel agents have a complete package of products, they will be more interested to buy from that particular travel agent. Product attributes such as product quality, complete and accurate information, capability to give suggestions and assistance, superior service, and so on may influence customer decision making over travel agent.

On the other hand, travel agents must also remember to offer a reasonably prized tour package in order to gain the trust and satisfaction of their customers. This is extremely important because price reflects customers' perception of the value of products or services and all other marketing decisions are closely related with the price decision. In this respect, travel agents can retain existing customers by offering an attractive and competitive price, giving special discounts for a certain market that include business markets or customer markets resulting in increased sales.

The impact of price on customer decision making is voluminous and vital. The reason for this is because present day customers are smart and possess the ability to differentiate between good and bad travel agents in terms of the price they pay and the quality of the travel package received.

Haruna Isa Mohammad (2015) of Nigeria studied on 7ps marketing mix and retail bank customer satisfaction in north east Nigeria His study analyzed customer satisfaction using 7Ps marketing mix elements to retail bank customers in North east Nigeria. His main objectives include examining product, price, place, promotion people, process and physical evidence as drivers of retail bank customer satisfaction. Seven hypotheses were formulated to address the objectives.

Data were collected from a sample size of 405 respondents comprising of academic and senior non-academic staff in universities and polytechnics in North east region of Nigeria through questionnaire administration. The study used correlation and regression analysis. The results found that product, process and physical evidence were significantly related to customer satisfaction while price, promotion, place and people are not significantly related. It was also found that process is the most influential driver while price is the least influential. Finally, the study recommends that management should improve the marketing mix elements by applying the right mix to attract and retain customers.

Satnam Ubeja(2014), in his study explored on a study of sales promotion mix on customer satisfaction with Reference to shopping Malls indoor and come up with the outcome that profiling customers by their choice of sales promotion mix provide more meaningful ways to identify and understand various customer segment and to target each segment with more focused marketing strategies.

Owomoyela, Olasunkanmi & Oyeniya (2013) conducted a study on “The impact of marketing mix elements on consumer loyalty: An empirical study on Nigerian breweries Plc”. The research paper investigated the effect of marketing mix elements on consumer loyalty with special reference to Nigerian breweries Plc. The survey method was used in this study. Data was collected from sixty (60) respondents, six managers and ten sales representatives of Nigerian breweries Plc, ten distributors and thirty four consumers from different joints in Ibadan were selected respectively. Correlation coefficient and multiple regression analysis were used to analyze the data. The result indicated that marketing mix elements (price, product, place and promotion) were jointly predictors of consumer loyalty. The predictor variables jointly explained 64% of the variance of consumer loyalty, while the remaining 36% could be due to the effect of extraneous variables. This implies that marketing mix elements have significant effect on consumer loyalty/ retention. McCarthy (1964) also noted that marketing mix is the pillar of any business organization, which means every element of marketing mix plays an important role in influencing consumer loyalty.

Norsyaheera Abd Wahab¹ and Lailatul Faizah Abu Hassan (2005) also studied the influence of marketing mix and customer satisfaction on customer loyalty among hijab consumers. This study aimed to investigate the relationship between marketing mix and customer loyalty in the hijab industry, as well as the mediating effect of customer satisfaction. The study confirmed that customer satisfaction is really important in order to create loyal customers, it is indeed important that marketing mix and its elements can help business providers to know the factors that their customers are looking for when buying hijabs.

B.K. Suthar, R. Lathangi *et.al*, (2014), did their research on the Impacts of Marketing Mix and Customer Perception on Brand Loyalty. The collected data reveals on positive relationship among different dimensions of marketing mix and customer perception on brand loyalty of Bharat Sanchar Nigam Limited as one of the Cellular Service Providers (CSPs) in Vadodara Telecom District of Gujarat.

The study impact of internal marketing on customer loyalty (Case study: Iran Insurance Company - Kermanshah province) is also carried out by Farhad Rahmati, *et.al*, (2013). The results of this study showed that internal marketing through the marketing mix and customer satisfaction has influenced the customer loyalty. Also, the results showed that employees and organizations must consider the process of overall marketing strategies with regard to competitive conditions in order to attain customer loyalty and satisfaction.

2.3. Hypotheses

Independent Variables: the four marketing mixes; Price, product, promotion and place.

Dependent variable: Satisfaction level with St. George beer and consumption. It is taken as a proxy to represent customer's choice of brewery as a dependent variable.

The following hypotheses were tested:

1. **Null hypothesis (H_0).** There is no significant relationship between price of beer and Satisfaction level with beer consumptions.

Alternative hypothesis (H_1) There is a significant relationship between price of beer and Satisfaction level with beer consumptions.

2. **Null hypothesis (H_0).** There is no significant relationship between beer products and Satisfaction level with beer consumptions..

Alternative hypothesis (H_1) There is a significant relationship between promotion and Satisfaction level with beer consumptions.

3. **Null hypothesis (H_0).** There is no significant relationship between place of the product and Satisfaction level with beer consumptions.

4. **Alternative hypothesis (H_1)** - There is a significant relationship between the product and Satisfaction level with beer consumptions.

5. **Null hypothesis (H_0).** There is no significant relationship between promotional activities and satisfaction level with beer consumptions.

Alternative hypothesis (H_1) - There is a significant relationship between promotional activities and satisfaction level with beer consumptions

CHAPTER THREE

METHODOLOGY OF THE STUDY

This section of the study presents the methods of the research comprising research design, population and sample size, instruments of data collection and analysis, model specification, validity and reliability of the study and ethical issues.

3.1. Research Design

Normally, many research works rely on primary and secondary data separately or in combination depending upon what the research demands and this study is no exception. Primary and secondary data were employed. This is to ensure that the relevant information necessary for the study with the desired manner was obtained. Primary data is collected through questionnaires and interviews by contacting relevant factors related to the study conducted.

The study focused on assessing the determining factors that influence marketing mix on customer's satisfaction and thereby allowing them to set as criterion for their preference of beer. The survey population comprises different types of customers from which majority of them are adults and frequently consume both beer and drafts. Since it is challenging to cover all population through survey, this study has used sampling techniques to arrive at representative samples using the following manner. The sampling design followed in this study was simple random sampling. This is due to the fact that majority of the population where the sample has selected comes up with similar characteristics.

3.2. Population and Sample Size Determination

According to Fortune report dated December 14, 2014, Ethiopia's total beer production capacity stands at 7.1 million hectoliters annually. BGI Ethiopia's capacity stands at 2.7 million hectoliters from its three factories at Addis Abeba, Hawassa and Kombolcha. Heineken S.C., which owns Walia, Harar, and Bedele breweries, has a capacity of 2.5 million hectoliters. Diageo, owner of Meta Abo Brewery, and Dashen Brewery S.C., follow with one million hectoliters and 900,000hl, respectively. Currently, with the expected population of 100 million, the per capita beer consumption is expected to reach 8 hectoliters. Besides following the

expansion of urbanization the number of consumers also escalates in number expected to be more than five million (fortune magazine, Dec.14, 2014).

To select the representative samples from the total population, a probability sampling method is used based on the following formula (Kothari, 2004).

$$n = \frac{z^2}{e^2} \frac{p \cdot q \cdot N}{(N-1) + z^2 \cdot p \cdot q} \dots \dots \dots (1)$$

$$n = \frac{1.96^2}{0.05^2} \frac{(0.5)(0.5)(1,000,000)}{(1,000,000-1) + 1.96^2 (0.5)(0.5)} = 384.16$$

Where, n=sample size

p=Proportion of the population containing the major consumers

q=1-p

z = Number of standard deviation at a given confidence level ($\alpha = 0.05$),

e = Acceptable error (precision) and

N= Is the total population size

3.3. Data Collection Instruments and Techniques

Different books indicated three primary data collection methods; these are observation, experiment and survey. In survey research, the researcher selects a sample of respondents from a population and distributes a standardized questionnaire to them. Surveys can be divided into four major types: personal interviews, telephone surveys, mail surveys and self-administered surveys.

Data for this study was gathered through self-administered questionnaires for customers familiarized with beer. Self-administered questionnaires are research questionnaires personally delivered to the respondent by the interviewer but completed by a respondent with no interviewer involvement. The questionnaire that was used in this study has two parts. The first part was designed to collect the demographic information from each respondent. In the second part of the questionnaire respondents were asked for their beer preference and beer consumption history in

line with the 4Ps of marketing mix which is much concern area of the study and some influencing factors on their selection decision of beers was conducted. Moreover open-ended questions were included in the questionnaire to get more opinion.

3.4. Methods of Data Analysis

Quantitative methods of data analysis were used. Information collected from consumers through questionnaire was analyzed quantitatively using percentage, weighted mean correlation and regression techniques using SPSS version 20.

3.5. Model Specification and Description of Study Variables

Recently, following an increment in numbers of breweries, competition in all types of products becomes so stiff. Here expanding customer base by itself is not efficient enough. Rather finding loyal customer has invaluable importance for having greater share of the brewery market using referral marketing and cross selling. In this regard satisfied customers contribute a lot through recommending others to use brewery's products.

Linear regression is a method of estimating or predicting a value on some dependent variable given the values of one or more independent variables. Like correlations, statistical regression examines the association or relationship between variables. Unlike correlations, however, the primary purpose of regression is prediction (Geoffrey M. et al., 2005:224-225). In this study multiple regressions was employed. Multiple regression analysis takes into account the inter-correlations among all variables involved. This method also takes into account the correlations among the predictor scores (John Adams, et al., 2007:198). They added multiple regression analysis, which means more than one predictor is jointly regressed against the criterion variable. This method is used to determine if the independent variables will explain the variance in dependent variable. Therefore, the equation of regressions on this study is generally built around two sets of variables, namely dependent variable (Satisfaction with beer/ Y_i) and independent variables (price/ X_1 /, product/ X_2 /, promotion/ X_3 /, place/ X_4 /). The basic objective of using multiple regression equation on this study is to make the study more effective at describing, understanding and predicting the stated variables. That is it is primarily used to identify the major influential factors among marketing mixes that affect beer selection decision of the St. George customers.

Accordingly, the regression equation on the above variables can be stated as follows:

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E_i$$

Where:

Y is the response or dependent variable- Satisfaction with beer consumption.

X1 = Price,

X2 = Product,

X3 = Promotion,

X4 = Place,

E_i = Error term set up to demonstrate the unexplained portion of the dependent variable through the above four important exogenous variables.

Besides β_0 indicates constant which shows the magnitude or the value of satisfaction when the coefficient for the above four explanatory variables become zero. Whereas the coefficient β_1 , β_2 , β_3 and β_4 are acquainted with the extent of change in the dependent variable when the explanatory variable changes by one unit, *ceteris paribus*. Further more from the expression of independent variables 'X_i', i stands for the number of observation included in the data.

3.6. Validity and Reliability Test

3.6.1. Validity

Validity is concerned with whether the findings are really about what they appear to be. Validity is defined as the extent to which data collection method or methods accurately measure what they are intended to measure (Saunders *et al.*, 2009). Henceforth to ensure the validity of the study, data was collected using close ended questions and from reliable and credible individuals and business customers who are currently and actively working with the company. Interview questions were made based on literature review and frame of reference to validate the results.

Questioners were pretested on 50 customers. Data was collected over four weeks limiting the chances that major events can change the results.

3.6.2. Reliability

The reliability of the scale which is how the collected data is free from random error was checked. Collected data is worthwhile only if they are recorded in accurate ways. For any measurement to be valid, it must first demonstrate reliability. Cronbach's alpha is a statistic. It is generally used as a measure of internal consistency or reliability of a psychometric instrument. In other words, it measures how well a set of variables or items measures a single, one-dimensional latent aspect of individuals. In order to be reliable, using SPSS result, the Cronbach's alpha should exceed the threshold of 0.70. This indicates that there was a high degree of internal consistency amongst the test items (Streiner D.L., Norman G.R. (1989).

As a result, cronbach's alpha showed a satisfying reliability, above the 70% as indicated in the table below.

Table: 3.6.2. Reliability Statistics

Cronbach's Alpha	N of Items
.850	20

Source: Own survey 2016 (SPSS)

This indicates that there was a high degree of internal consistency among the test items.

3.7. Ethical Issues

Marketing research requires serious ethical considerations. Aware of this fact the researcher took precautions while securing the necessary information for the accomplishment of the research objective. The researcher exerted effort to get the approval of the factory under study prior to collect the data. Besides, the customers who are the subject of the survey were briefed about the importance of the study and their valuable contribution in providing the information. They were treated with respect and care at the same time to assure the data obtained from them will be kept confidential and only be used for academic research.

CHAPTER FOUR

DATA ANALYSIS, DISCUSSION AND PRESENTATION

This section of the research illustrates the data analysis and presentation with two major constituents of the data collected that is the demographic characteristics of the respondents and their response towards the four marketing-mix elements with respect to their satisfaction. Information presented in this chapter is obtained through both primary and secondary sources of data. For the primary data both interview and questionnaires distributed to marketing managers and some selected customers of the factory have been employed. Thus, sample of 385 respondents were randomly sampled for the survey and 400 questioners are distributed, from which 390 of the self administered questionnaire were filled and returned to the researcher.

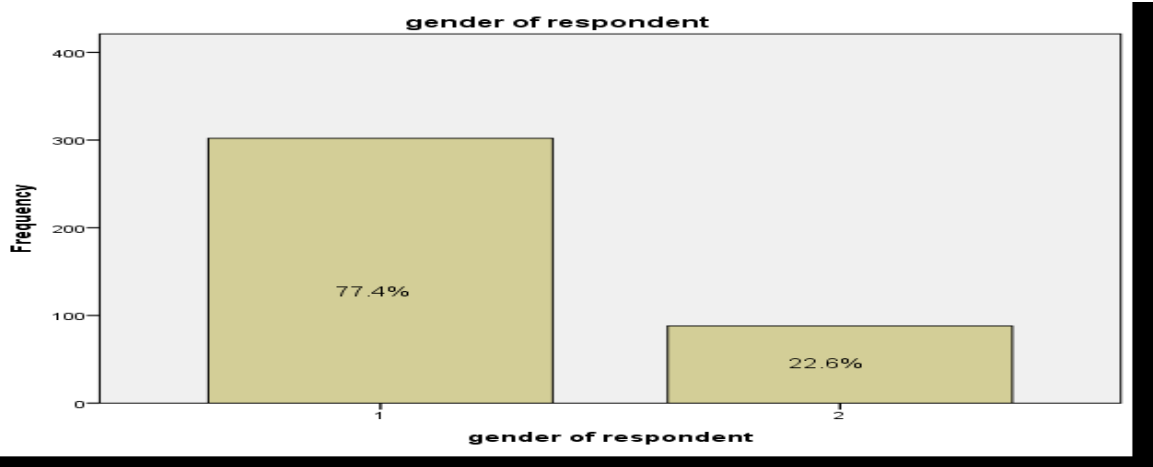
4.1. Demographic Characteristics of the Respondents

Demographic characteristics of the respondents including: gender, age, main sources and monthly income, frequency of beer consumption and response towards all other variables are analyzed and interpreted based on the data collected from the respondents of the study area about beer selection decision based marketing-mix elements. Moreover, summarized results of the response towards the items included in the questionnaire as well as descriptive statistics were described, analyzed and synthesized in tables, percentage and charts are presented. Inferential statistics based on Correlation, regression and factor analysis is also conducted with the help of Statistical Package for Social Science (SPSS) Version 20.

4.1.1. Gender of Respondents

The figure 1 below presents data on gender of respondents. It shows that the male respondents formed majority of the target population with a total of 302 representing 77.4 %, while 88 respondents were female representing 22.6%. It is clear that most of the respondents were males this shows that males are the dominant consumers or the dominant respondents of the study.

Fig 1. Gender of the respondents (own survey, 2016)



4.1.2. Age of Respondents

The researcher needed to know the age distribution of respondents to help categorize the participants' age wise because the beer selection decision varies across the consumers at different age level. Table 4.1.2 below summarizes the data obtained on the ages of respondents.

Table 4.1.2: Age distribution of respondents

Age group	Frequency	Percentage
Below 25	55	12.6
Between 25 & 35	227	62.9
Between 35 & 45	80	19.7
Above 45	28	4.7
Total	390	100

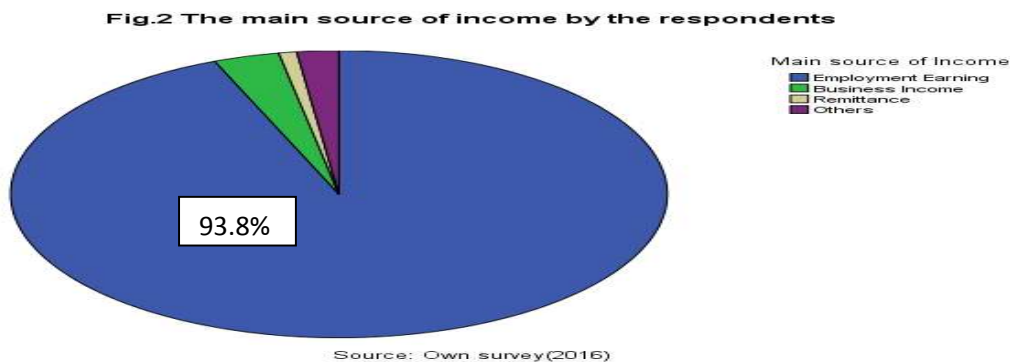
Source: Own survey (2016)

The age distribution of the participants shows that 12.6 % of the respondents are below the age of 25 while 62.9% of the respondents are in the age group of 25 & 35, 19.7% of the respondents were in the age group of 35&45 and the remaining 4.7% of the respondents are above the age of 45. This shows that majority of the participants i.e. 75.6 % were below the age of 35. This implies that the large proportions of respondents are the youngsters who can make their own rational decision in any of their life affairs including a decision to select the beer that they are willing to get and drink.

4.1.3. Source of Income of Respondents

In the study, the respondents were also asked about the major source of their income prior to the survey data. According to figure 2, out of the 390 respondents, the majority of the respondents 344(93.8%) are earning their income from being employed. The rest of the respondents 26 (3.2%) of them gets their income from the business they run while the rest 20(3%) of them are deriving their livelihood from other sources of income such as remittances.

The below pie chart depicts the main source of income by the respondents.



Source: Own computation (2016)

4.1.4. Monthly Income of Respondents

The amount of income that someone earns determines the proportion of income that he/she allocate for consumption and saving purpose. This is because naturally people have the tendency to put their money in the form of saving either at home or financial institutions only part of that income which is left after consumption. Therefore, the level of income earned is one factor that people must consider before they decide to spend or save it. The distribution of respondent according to their monthly income level is presented in table below. The highest monthly income level belongs to the income category between Br.1000 and Br.3, 000 followed by the income group Br. below 1,000. The smallest proportion distribution of respondent (5.3%) was for an average monthly income of more than Br. 5,000. The table shows that most of the respondents (94.7%) earn an average monthly income less than Br.5, 000. This result shows that majority of the respondent have at least the potential for consuming beer for their satisfaction.

Table 4.1.4. Monthly income of the respondents

Monthly income	Frequency	Percentage
Below 1000	150	38.4
Between 1000-3000	191	48.9
Between 3000-5000	29	7.4
Above 5000	20	5.3
Total	390	100

Own survey (2016)

4.1.5. Frequency of Beer Consumption

The table below depicts the frequency of visits that the respondents make to the beer to consume show that the majority of them 144(37%) have a monthly visit to their preferred place. This finding can go with the fact that most of them got their income from employment earning in which they are supposed to withdraw their salary from the deposited and thereby enjoyed through drinking beer. In other words since many of the respondent's financial capacity got strong at the end of the month following recipient of monthly salary their consumption of beer will get escalated. On the other hand only 35(9%) of them make a visit to hotels, kiosks, bar and restaurants in more than a month.

Table: 4.1.5. Response regarding relationship frequency of visits to consume the beer

Time of visiting	Frequency	Percentage
Daily	73	18.7
Weekly	138	35.4
Monthly	144	36.9
Above 30 days	35	9.0
Total	390	100

Source: Own survey (2016)

4.2. Descriptive Statistics

This section of the descriptive analysis deals with analyzing those marketing mixes which are influential to the respondents' beer selection decision.

Table:4.2. Descriptive Statistics of the four marketing mixes for the beer selection criteria.

<i>Item</i>	<i>MN</i>	<i>SD</i>
Price	4.808	0.4722
Product	4.795	0.4905
Promotional Activities	2.4282	1.2811
Place	2.62	1.395

Where MN=mean and SD=Standard deviation

Source: Own Survey (2016)

Under this section mean and standard deviation are the major tools to describe the data. As shown above the table from the overall responses (390) the mean price rate of the customer is 4.808 with a 0.4722 deviation. These figures indicate that customers obtained fair price level of the given service.

On the other hand brewery products like beer and draft exhibits a mean value of 4.795 and a standard deviation of 0.4905. Likewise price, here also responses give an idea about how respondents are enjoying the products.

In similar fashion; though it shows lesser in magnitude as compared with the former two explanatory variables (price, and product), promotional activities shows the mean value of 2.4282 having a standard deviation of 1.2811. This figure shows how much brand image of St, George Brewery Company promote customers to continue loyally. In addition, place which in turn ensures convenience/accessibility has a mean score and standard deviation of 2.62 & 1.395 respectively.

4.3. Correlation Analysis

To figure out the relationship between customer satisfaction, price, product, promotion and place, a Pearson (Karl Pearson, 1980) product moment correlation analysis is conducted. Correlation is a number between -1 and +1 that measures the degree of association between two variables. Here if the correlation coefficient is greater than 0.5 then the association between these variables could be considered as strong.

Table: 4.3. Correlation result between variables

		Customer satisfaction	Price	product	promotion	place
Customer satisfaction	Pearson Correlation	1	-.027	.133	.111	.046
	Sig. (2-tailed)		.621	.014	.041	.402
	N	390	390	390	390	390
Price	Pearson Correlation	-.027	1	-.022	-.312**	.256**
	Sig. (2-tailed)	.621		.689	.000	.000
	N	390	390	390	390	390
Product	Pearson Correlation	.133*	-.022	1	.218**	-.006
	Sig. (2-tailed)	.014	.689		.000	.915
	N	390	390	390	390	390
Promotion	Pearson Correlation	.111	-.312**	.218**	1	-.111
	Sig. (2-tailed)	.041	.000	.000		.040
	N	390	390	390	390	390
Place	Pearson Correlation	.046	.256**	-.006	-.111*	1
	Sig. (2-tailed)	.402	.000	.915	.040	
	N	390	390	390	390	390

Source: Own Computation (2016)

Here the two tailed Pearson correlation coefficient shows that customer satisfaction has a significant relationship with promotional activity, and products at 5% significant level. According to the above correlation matrices there is a strong positive association between customer satisfaction and the above stated explanatory variables valued at more than 11% in less than 5 percent significance level. Once the breweries able to make their products quality, and make promotional activities, then its customer's satisfaction will enhanced more.

Equally, there is also a strong relationship beer price demonstrated with promotion and place. The correlation between the two illustrates a value of 31.2% and 25.6% at 1 percent significance

level. Here as breweries reduce price, they are too much motivated to promote their products more so as to widen up their customer base. Likewise when their customer base increases, they aim to find themselves profitable from selling more beers than increasing price.

The last but not the least is the correlation promotional activities illustrated with breweries and products. The quantitative result demonstrates a positive medium correlation between the two variables at 1% significance level. This statement has a message that increase in promotion on service provision has a great importance to build the breweries brand image through its appearance and influence many people through making them more dependable on its service and vice versa.

4.4. Regression Analysis

The equation of regressions on this study is generally built around two sets of variables, namely dependent variable (Satisfaction with the beer products/ Y_i) and independent variables (price of beer/ X_1 /, beer product/ X_2 /, promotional activities/ X_3 /, and place/ X_4 /). The basic objective of using multiple regression equation on this study is to make the study more effective at describing, understanding and predicting the stated variables. That is it is primarily used to identify the major influential factors among the theoretically marketing mixes that affect the consumer's brewery choice of St.George brewery factory.

Accordingly, the regression equation on the above variables can be stated as follows:

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + E_i$$

Where:

Y is the response or dependent variable- Satisfaction with beer consumption

X_1 =beer price,

X_2 =product,

X_3 =promotional activities,

X_4 = place,

E_i =Error term

β_0 is the intercept term- constant and β_1 , β_2 , β_3 , and β_4 are the coefficients associated with each independent variable which measures the change in the mean value of Y, per unit change in their respective independent variables. Accordingly, this statistical technique is used to explain the following relationships, to regress satisfaction level with beer consumption (as dependent variable) on the selected linear combination of the independent variables using multiple regressions.

According to Bain & Company, Inc. (2010), “the power of customer satisfaction and /or loyalty is clear and compelling: It leads to more profitable growth.” Satisfied customers stay longer with factory that treats them well”. They buy more of their products, and they cost less to serve. They recommend their beer preference to their friends and colleagues, becoming, in effect, a highly credible volunteer sales force. Investing in loyalty can generate more attractive returns than rolling out an ambitious new marketing plan or building new branches. Therefore here the level of satisfaction customer’s taste in the process of getting service is taken as a proxy to measure the beer selection as a dependent variable.

4.5. Goodness of Fit

Based on the above specified model it is better to look at first how much variation the dependent variable (customer satisfaction) is explained by the variation in the four explanatory variables named as price, product, promotional activities, and placement.

Consequently, looking at the value of R square shall give first rate information. By this if the value of R square is greater than 50%, the regression could be taken as best and well fitted. Meanwhile, the table constructed below indicates as the value of adjusted R square is 80.4%.

Table 4.5. Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.898 ^a	.806	.804	.515	.806	400.061	4	385	.000	1.239

a. Predictors: (Constant), price of the product Level, promotion, product, place

b. Dependent Variable: satisfaction

This means 80.4% of the variations on the dependent variable have been explained by the four regressors. Whereas the rest 19.6% need to be explained by other variables other than what is specified in the above model.

4.6. Regression Result

Table 4.6. Regression Coefficients results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
1 (Constant)	3.147	.189		16.619	.000	2.775	3.520
Promotion	.161	.029	.158	5.592	.000	.105	.218
Place	.136	.033	.133	4.111	.000	.071	.200
Product	.186	.032	.182	5.754	.000	.122	.249
price of the product Level	-.597	.031	-.584	-19.290	.000	-.658	-.537

a. Dependent Variable: satisfaction

The above table shows the coefficients, t statistics and significance values of the coefficients. The output confirms that all the marketing mixes including the constant (β_0), stood as a regressor (price, product, place and promotion) are found to be significant at 1 percent. This is to mean that these significant variables are considered to be a means for customers to choose their preferable beer.

The formulae can be depicted as follows:

$$Y_i = 3.147 - 0.597X_{1i} + 0.186X_{2i} + 0.161X_{3i} + 0.136X_{4i} \dots \dots \dots (2)$$

Ceteris paribus (other things being constant), one unit increase in price level of the product, customer's satisfaction level will drop down by 0.597 in other words a 1 unit increase in price will come up with 59.7% increments in dissatisfaction level of the customer. Therefore a price of beer has a negative impact for customers and further deters their choice.

Currently, unlikely to the previous time where the brewery industry was under the control of few manufacturer, the industry is widen and new comers like Habesha brewery S.C, Raya brewery S.C, and other are joining the market and develop the market share. Besides the entrance of world known expertise brewery companies through buying the prevailing brewery manufacturing's as it is done by Heniken when it buys Bedele brewery and Harar brewery S.C, further strengthened the competition to hold the major share of the market in terms of customer base. In this regard price was one of the marketing strategy and customers were sensitive for that matter. Thus, if one tries to increase price of its product, then it will lose its customers through escalating their dissatisfaction. The same result is unlikely to the one achieved by Haruna isa mohammad (2015) of Nigeria who studied on 7ps marketing mix and retail bank customer satisfaction in north east Nigeria. His finding reveals that price has nothing to do with customer satisfaction. However in Ethiopian scenario the moment when walia beer comes to the market is a recent and unforgettable event. Other things remain constant, the reduction of price from 14 ETB to 10 ETB by this brewery factory has laid down a ground for the inflow of customers.

Equally likely a unit increase in the work done by brewery factories on their beer product using advanced technology and thereby keeping product quality, will lead to behave a 0.186(18.6%) success in customer satisfaction among customers. Currently majority of the breweries are engaged themselves in equipping their service with modern technologies. Satnam Ubeja (2014), in his study of sales promotion mix on customer satisfaction with reference to shopping malls indoor also finds similar result. Here finding the good taste of the customer is an important issue so as to check the products quality.

In addition, promotional activities related to aggressive advertizing, sponsoring radio and television programs, various events and offering gifts and lotteries which applied in Ethiopian context are important in curbing people's decision in selecting the beers they are going to be served. Akram et al. (2012) has come up with the same finding in their study. The Results of their survey has revealed that the students – undergraduates and graduates – give ample importance to the attributes related to advertising. Therefore expenses incurred on promotional activities have a paramount importance so as to have widening up customer base. In this regard a one unit increase in promotional activities has significantly change customers satisfaction by 16.1%.

The last but not the least essential variable for customer selection is placement which in turn give assurance for convenience and/or accessibility. It is significant even at 1% level of significance. Once breweries increase and able and reach many areas and customers, they will have more number of customers through retaining proximity. In addition to branch expansion maintaining and providing services and avail products in different event organizations has a paramount importance in sustaining convenience which in turn uphold customer satisfaction. Siddiqi (2011) analyzed the factors considered important by customer in selection in Bangladesh. The findings have revealed that accessibility one of the most important factors influencing customers for selecting a private commercial bank. Similar conclusions are also reached by Saleh (2013) in his study carried out on Malaysian customers.

With the interview made with the marketing managers of the company, the department focuses on the marketing-mix elements in relation to maintaining their customer satisfaction. The promotional tool the company uses includes supporting the society as a means of discharging social responsibility. Subsequent improvement in the quality of their beer and draft beer is what the company assumes to capture the market largely. The company also believes the price charged for its product is reasonable, affordable, competitive and profitable. Further the company takes care of the socio-cultural, income and infrastructural development in distributing its product and choosing agents to do so.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter summarizes, concludes and offers recommendations of major findings of the study based on the analysis and discussion made in the previous chapter.

5.1. Summary

This study is focused on identifying the determining factors that influence customer's satisfaction and thereby allowing them to set as criterion for their preference of beers. The survey population comprises different types of customers from which majority of them are familiar in either beer or pasteurized draft. Since it is challenging to cover all population through survey, this study has used sampling techniques to arrive at representative sample. Thus, sample of 400 respondents were randomly sampled for the survey. From that 390 of the self administered questionnaire were filled and returned to the researcher. Data for this study was gathered through self-administered questionnaires for consumer familiarize with different income status, and experience.

Quantitative methods of data analysis were used. Information collected from consumers through questionnaire was analyzed quantitatively using percentage, weighted mean correlation and regression techniques using SPSS version 20. Thus the two tailed Pearson correlation coefficient shows that price has a significant relationship with promotional activity, and place at 5% significant level. Equally, there is also a positive and strong relationship product demonstrated with accessibility/convenience which is represented by place. Therefore in order to identify and assess those factors which influence customer's preference in choosing their finest beer and level of impact, four variables called marketing mix (price, product, promotion, and place) are taken in to consideration.

In this regard the R square value depicts that 80.6% of the variation on the dependent variable could be explained by the four regressors. On the other hand from the above stated four variables all are found to be significant to take as determined factor at 5% level of significance.

5.2. Conclusion

Ethiopian brewery industry is now going to operate under a more competitive atmosphere and rendering a wider variety of services through time in different parts of the country. This study investigated the determinants of brewery preference and selection criteria by customers. The study is motivated by the need to address the issue in Ethiopian context by providing recent and extensive evidence collected from St. George beer and pasteurized draft consumers. As a result, the findings of this study can add to the body of knowledge in the brewery marketing literature and can serve as a starting point on which future studies can be built. On the practical side, this study can assist brewery manufacturing company managers to identify the important factors that may determine beer selection decisions among customers.

In order to assess those factors which influence customer's satisfaction, four variables (price, product, promotion and placement) are taken in to consideration. The finding asserts that all variable are found to be influential to determine customer satisfaction. The regression equation obtained from statistical analysis illustrates product, promotion and placemen are positively and price is negatively related to customer satisfaction. Besides price of the company product is found to be a variable having detrimental effect on satisfaction of the customer.

As per the interview made with the marketing mangers of the company, the department focuses on the marketing-mix elements in relation to maintaining their customer satisfaction.

- ✓ The promotional tool the company uses includes supporting the society as a means of discharging social responsibility.
- ✓ Subsequent improvement in the quality of their beer and draft beer is what the company assumes to capture the market largely.
- ✓ The company also believes the price charged for its product is reasonable, affordable, competitive and profitable.
- ✓ Further the company takes care of the socio-cultural, income and infrastructural development in distributing its product and choosing agents to do so.

5.3. Recommendations

Sequel to the study outcomes, the following are the recommendations:

- ✓ The brewery company is commended to develop tactics on how to take care of the interest of each individual customer and handle them properly.
- ✓ Since promotional activities have a great role in increasing the number of customers, using advertising products through radio and television programs and other events is significant in affecting the beer selection decision of the customers, the brewery company is recommended to expend more on promotions.
- ✓ In addition the brewery company is also recommended to expand their branch or distribution centers and warehouse. Besides their effort in modernizing technology so as to ensure accessibility and so as to make customers convenient.
- ✓ The company needs to know the sensitivity of price and due consideration need to be given in times of price setting.
- ✓ The company is further recommended to conduct further research on the beer selection criteria taking into consideration the increment in sales volume. This helps the company to assess the overall performance of the industry as well as to identify integrated beer selection criteria chosen by customers.
- ✓ The brewery company has to invest more on the research and development(R & D) invention and innovation areas to identify the major marketing mixes customers used to choose their preferable brewery product and to cope with the soaring competition the company actually facing from the industry.

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APPENDICES

APPENDIX A

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

QUESTIONNAIRE

Interview questions with Marketing Department of the St. George Brewery Company

Dear respondents;

The purpose of this interview question is to enable me carry out a research for the partial fulfillment of Master's Degree in General Business Administration (MBA). The research is to be conducted on St. George Brewery with the title of **THE ASSESSMENT OF MARKETING MIX IN FULFILLING CUSTOMER SATISFACTION: THE CASE OF ST. GEORGE BREWERY**. This study is aimed at finding out the level of customer satisfaction with regard to the product quality, price charged, the distribution mechanism and promotion utilized by the factory. The findings of this research will be beneficial to the factory and those who are interested to make further study on the same theme. I sincerely seek your assistance in responding to the questions listed below. Any information you present will be kept utterly confidential and will be used only for academic purpose. Your cooperation and prompt response will be highly appreciated.

- ✓ What pricing strategy does the company use in order to maintain its customers satisfaction?
- ✓ How do you evaluate the quality of the factory's product?
- ✓ The different promotional tools the company practices?
- ✓ How the company chooses its agents to distribute its product?

Thank you in advance for your cooperation!

APPENDIX B

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

QUESTIONNAIRE

Structured questions to be filled by the customers of St. George Brewery Products

Dear respondents;

The purpose of this interview question is to enable me carry out a research for the partial fulfillment of Master's Degree in General Business Administration (MBA). The research is to be conducted on St. George Brewery with the title of **THE ASSESSMENT OF MARKETING MIX IN FULFILLING CUSTOMER SATISFACTION: THE CASE OF ST. GEORGE BREWERY**. This study is aimed at finding out the level of customer satisfaction with regard to the product quality, price charged, the distribution mechanism and promotion utilized by the factory. The findings of this research will be beneficial to the factory and those who are interested to make further study on the same theme. I sincerely seek your assistance in responding to the questions listed below. Any information you present will be kept utterly confidential and will be used only for academic purpose. Your cooperation, honest and prompt response will be highly appreciated.

General Instruction

1. Please do not write your name on the questionnaire.
2. Your participation is voluntary.
3. Please simply circle on the appropriate choices to the close-ended questions and give an explanation to the open-ended questions.

Thank you in advance for your cooperation!!

PART I. PERSONAL PROFILE OF THE RESPONDENT

1. Gender
 - A) Male
 - B) Female
 - C) Prefer not to mention
2. Age category
 - A) 18-25
 - B) 25-35
 - C) 35-45
 - D) Above 45
3. Occupation
 - A) Government employee
 - B) Non-government employee
 - C) Private business owner
 - D) Other please specify, _____
4. What is the monthly income you earn
 - A) Below 1000
 - B) 1000-3000
 - C) 3000-5000
 - D) Above 5000

PART TWO. MARKETING-MIX AND CUSTOMER SATISFACTION QUESTIONS

1. Which type of the factory product do you consume mostly?
 - A) St. George Beer
 - B) Pasteurized Beer (Draft)
 - C) Other Product _____
2. How do you rate the quality of the brewery product?
 - A) Excellent
 - B) Very good
 - C) Good
 - D) Fair
 - E) Poor
3. How often do you consume products of the factory?
 - A) Daily
 - B) Weekly
 - C) Monthly
 - D) Above 30 days
4. Have you ever quit consumption (buying and selling) of the factory products and switch to other brands?
 - A) Yes
 - B) No
5. If your answer for question No 4 is yes, the reason may be:
 - A) Low price
 - B) Better promotion
 - C) Better quality
 - D) Better distribution channel
6. Do you like the way the factory product is packaged?

20. If your answer for question No **18** is no, the reason may be: _____

21. In general, suggest some ideas that the factory has to do to increase your level of satisfaction _____

APPENDIX C

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