THE EFFECT OF PRODUCT QUALITY ON CUSTOMER SATISFACTION-THE CASE OF WALIA BEER PRODUCT

BY: HENOK BEKELE

(ADVISOR: DR. ASFAW YILMA PHD)

A THESIS SUBMITTED TO SCHOOL OF GRADUATE STUDIES OF ST. MARY'S UNIVERSITY IN PARTIAL FULFILLMENTS OF THE REQUIREMENTS FOR THE DEGREE OF MASTERS OF ART IN MARKETING MANAGEMNET

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ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES

COLLEGE OF BUSINESS AND ECONOMICS DEPARTMENT OF MARKETING MANAGEMENT

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DECLARATION

I declare that this research paper in title *"the effect of product quality on customer satisfaction-the case of walia beer product"* is my original work and prepared under the guidance of Dr. Asfaw Yilma. All the source of material used for this thesis proposal has been duly acknowledged. I further confirm that this thesis proposal has not been submitted either in part or in full to any other higher learning institutions for the purpose of awarding any degree.

Henok Bekele

Signature & Date

Date

This is to certify that **Henok Bekele** carried out his thesis on **"The Effect of Product Quality on Customer Satisfaction -The Case of Walia Beer Product"** and submitted in partial fulfillment of the requirements for the award of the degree of Masters of Art in Marketing Management at St. Marry University with my approval as university advisor.

Signature: _____   *Date: _____*

AsfawYilma (PhD) – Advisor

ACKNOWLEDGEMENT

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LIST OF ACRONYMS

EC: Ethiopian Calendar

HBSC: Heineken Brewery Share Company

SPSS: Statistical Package for Social Sciences

Abstract

The main purpose of this study is to measure the effect of product quality on customer satisfaction in the case of Walia beer. The study has used the eight Gavrin's product quality features. These Eight dimensions of product quality features namely Performance, Features, Reliability, Conformance, Durability, Serviceability, and Aesthetics and Perceived quality. However, reliability, durability, and serviceability were not used to measure the level of customer's satisfaction in Walia beer due to the reason that they cannot be related to the study. The study uses quantitative approach and done different correlation and regression analysis tools. This research is both descriptive and explanatory type research. Both primary and secondary methods of data collection are applied. From the infinite population a sample size was drawn by using Kothari's infinite sample size formula and 384 sample sizes were obtained. Both descriptive and inferential statistics have been used to find mean score and to test hypothesis and to investigate research problem, objectives and questions. According to the findings of the study all the five product quality features have shown a significant positive effect on customer satisfaction. The findings of the regression analysis indicate that those five independent variables of product quality feature indicated in R square is .945, where it means 94.5% variation on dependent variable, i.e. customer satisfaction. Person correlation analysis was also conducted to examine the relationship between product quality dimensions and customer satisfaction and the results shows that all the five dimensions of product quality have a strong positive relationship with customer satisfaction. Based on the finding on the research Walia beer should concentrate their attention on developing more and improved Beer that contains all the necessary product quality features for retaining and sustaining their customers by satisfying their unlimited needs and wants.

Key Words: Product quality, customer satisfaction, Product quality features, Performance, Features, Conformance, Serviceability, Aesthetics and Perceived quality

CHAPTER-ONE
INTRODUCTION

1.1.Background of the Study

A product is anything that can be offered to a market for attention acquisition use or consumption Kotler (2000). Alderson (1965) defined a product as a bundle of utilities consisting of various features and accompanying service. Schwartz (2004) also defined Product as it is something a firm market that will satisfy a product as it something a firm market that will satisfy a personal want or fill a business or commercial need and include the entire peripheral factor that may contribute to consumer satisfaction.

Quality is the degree of excellence at acceptable price and the control of variability at acceptable cost Bron (1982). Quality is the totality features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs Kotler *et al.,* (2002). Perceived quality can be defined as the customer's perception of the overall quality or superiority of a product or service in terms of its intended purpose relative to the alternatives Aaker (1991).

Kotler & Armstrong (2004) defined product quality as the ability to demonstrate a product in its function, it includes the overall durability, reliability, accuracy, ease of operation and repair products are also other product attributes. He stated that the customer will favor those products that offer most quality performance and features. Better product quality will maintain our high level of customer satisfaction which encourages customers to make future purchase. Product quality is also one of the elements taken into consideration by customers in deciding to make a purchase Djumarno *et al.,* (2018).

Product quality can play a great role for the company. It builds trust with your customers and trust is the key to business success. Potential sales are lost because a brand fails to make a deeper connection with the buyers. Product quality also fuels word of mouth and social media recommendation.

About 92 % of people trust recommendations from friends and family. It also helps to reduce less customer complaints. Marketing strategies have proved again and again that high quality products will obtain more repeat purchase. Product quality also produces a higher return on investment Kotler (2000).

The researcher aimed to examine the quality of the product with a product quality feature. David A Garvin (1987) established a product quality feature which helps to know whether the product is really a quality product, Performance which is the primary operating characteristics of a product.

Feature refers to the secondary product characteristics that supplement the products basic functioning. Reliability reflects the probability of products falling with in specified period of time. Conformance is the degree to which a product design and operating characteristics match the pre-established standards. Serviceability refers to the nature of their dealing with service personnel. Aesthetics refers to how a product look feels sound taste or smell of the product. Perceived quality refers to the quality attributed to a product or service based on indirect measures.

Product quality can play a great role also for the customer. It will help the customer attain fulfillment, will reduce the search cost. It will increase the security of the user using the product and other related benefits Kotler (2000).

Customer is an individual or business that purchase companies' goods or service. The customer is the end goal of business since it the customer who pays for supply and creates demand Oliver (1980).

Customer satisfaction is persons feeling or pressure or disappointment which resulted from comparing products or service perceived performance or outcome against his /her expectation. It recognizes the difference between customer expectation and customer perception Kotler (2000). If performance meets expectation the customer is satisfied. If performance is below expectation the customer is dissatisfied. If performance exceeds expectations the customer is very satisfied and happy. So, customer satisfaction requires balancing the needs and desire with what is given. Heryanto (2015) stated that to evaluate satisfaction with the product, service or specific companies, and consumers generally refers to a variety of factors or dimensions, Responsiveness of service, speed of transaction availability of service professionalism.

Customer satisfaction has a very strong influence on the competitiveness of the product and, therefore, on the company, so it is also necessary to examine customer satisfaction within the context of competitiveness. "Customer satisfaction with a company's products or services is often seen as the key to a company's success and long-term competitiveness" Hennig & Klee (1997). Customer satisfaction is also based on customer knowledge, specifically the knowledge from the customer. The knowledge from the customer is about products, suppliers and markets" Aghamirian *et al.,* (2015).

Beer in Ethiopia is the most popular industrial alcoholic beverage in Ethiopia. The first brewery in Ethiopia was established in 1922 by St.Gorge beer named after the patron saint of Ethiopia. Brands like Meta and Bedele are also older brands in Ethiopia Sisay (2017).

The beer industry in Ethiopia has gone through tremendous growth in the last two decades. It transformed into one of the most competitive industry in Ethiopia with millions of birrs spent on advertisement alone. The competitiveness of the industry has led to more investment the farming sector such as in malt production Sisay (2017).

The Heineken brewery is Located in Kilinto, Addis Ababa with a total capacity of 1.5 hectoliters, the Kilinto brewery is already producing the recently launched *Walia,* beer together with *Bedele* and *Harar* beer brand and also the Heineken beer brand. *Walia* beer is one of mostly used beer product in the country so the researcher is motivated to see and know the effect of product quality features on this product.

The purpose of this study is to assess the effect of quality products in customer satisfaction in case of Heineken's *Walia* beer.

1.2 Statement of the Problem

Customer satisfaction is typically defined as the post consumption evaluation judgment concerning a specific product or service Gunderson & Olsson (1996). Customer satisfaction is persons feeling or pressure or disappointment which resulted from comparing products or service perceived performance or outcome against his /her expectation Kotler (2000). According to this definition, the satisfaction goals are established by the customers themselves before they set out to make a purchase. This is also why they start looking for more information at this point reviews, comparisons, alternatives, etc. Your website, content marketing efforts, and presence on other review sites make a difference at this point. So do customer stories and testimonials. Once the customer selects the product or service, they'll start evaluating the actual experience against the expected one. This is where a trial period and a well thought out onboarding process make a difference for high ticket products and especially for low ticket products with low stickiness.

Smith and Wright (2004) described product quality as extent to which products provided by a brand meet the expectations of customers. They added that that product quality improvement should lead to higher levels of customer satisfaction and increased the sales. Product quality can be evaluated according to the judgment of customers on the accumulative product benefits and a subjective feeling on quality offerings Zeithaml & Dodds *et al.,* (1991). Moreover, Ndukwe (2011) thought about product quality as those characteristics of a product that satisfy customers wants and needs in exchange for monetary considerations.

He added that if a consumer satisfied with the product, then the quality is deemed to be acceptable. The attributes of product quality include functional and psychological benefits attached with a

product Ackaradejruangsri (2012) & Steenkamp (1990). In short product quality associated with brand name influences customers evaluation toward the strength of that brand Hilgenkamp & Shanteau (2010).

Cruz (2015) defined product quality as a significant predictor of customer satisfaction, suggesting that for every one-unit increase in product quality, customer satisfaction increased by 0.52 units. This suggests that product quality is statistically associated with customer satisfaction.

Since customers' loyalty behaviors are driven by their attitudes, loyalty must be managed through satisfaction rather than directly, emphasizing the importance of producing actionable outcomes from customer satisfaction surveys Archakova (2013).

The research shows that a satisfied customer is one whose needs have been fulfilled. Hence, if a company wants to be successful (in terms of performance and competitiveness) it must be aware of the needs of its customers. Previous research projects show that numerous companies are falsely convinced that they know what their customers want and, consequently, they have no customer satisfaction survey systems in place. Unsatisfactory profits (performance) of these companies should serve as a warning to other companies. Djumarno *et al.,* (2018).

The researcher believes that since the ultimate goal of providing quality product is to get customer satisfaction and profit maximization; companies should examine the quality of their product based on the dimensions of product quality.

As to my knowledge different researchers were conducted in measuring customer satisfaction in service giving organizations and financial sectors, however, the student researcher, couldn't find a research conducted to examine the effect of product quality on customer satisfaction on brewery companies. Therefore, the student researcher is inspired to conduct a thesis which aimed to explore the influence of product quality for customer satisfaction case of *Walia* beer product.

1.3 Research Question

The following are the basic research question that was raised in the study.

1. How does *Walia* beer perform to meet customer's satisfaction?
2. What additional features do *Walia* beer provides to the customer?
3. How does customer perceive the conformance of *Walia* beer?
4. What are the aesthetical values of *Walia* beer?
5. How do customers perceive the quality of *Walia* beer?

1.4 Research Hypothesis

In line with the above research questions the following hypothesis were tested.

1. Product performance has a significant direct effect on customer satisfaction.
2. Product feature has significant direct effect on customer satisfaction
3. Product conformance has significant direct effect on customer satisfaction.
4. Product Aesthetics has significant direct effect on customer satisfaction
5. Product perceived quality has significant direct effect on customer satisfaction.

1.5 Objective of the Study

1.5.1 General Objective

The general objective of this research was to study the effect of quality products on customer satisfaction in case of Heineken brewery's *Walia* beer.

1.5.2 Specific Objectives

The specific objectives of the study are: -

1. To examine customer satisfaction based on the performance of *Walia* beer.
2. To explore the importance of additional features provided by *Walia* beer to meet customer satisfaction.
3. To explore the conformance of *Walia* beer based on the customers point of view.
4. To examine aesthetical value of *Walia* beer in relation to customer satisfaction.
5. To examine how customer, perceive the quality of *Walia* beer.
6. To recommend suggestion about quality related issues in Heineken breweries.

1.6 Scope of the Study

The study focused on effects of product quality on customer satisfaction in the case of *Walia* beer product by Heineken breweries. It provided a conceptual and theoretical appraisal on the product quality, which effect customer satisfaction in *Walia* beer. The features used as a product quality measures are selected, from this features Reliability, Durability, and Serviceability will we're not be used due to the reason that they cannot be related to the product chosen for the study. Beer products usually will not fail within a specific time when put in use that rules out reliability feature and due to the reason that beer products are not perishable so it is difficult to measure the length of products operating life that rules out durability feature, and also beer products cannot be serviced so it will rule out serviceability feature. The study has collected data through questionnaire. Even though there are many brewery companies exists in Ethiopia the researcher focuses on Heineken breweries specifically *Walia* beer product. Despite the fact that *Walia* beer has customers in all areas of the

city, the researcher selected *Saris, Adey Abeba* and *Laphto* as the study area due to many and time constraints.

1.7 Limitation of the study

This research focus on the effect of quality beer product on the satisfaction of the customer, and the focus area of conducting the study is Heineken brewery in its *walia* beer products, due to time and financial constraints the researcher is limited the research on the Nefasilk lafto sub city in the area of saris, *Adey Abeba* and *Laphto* area. The researcher couldn't found articles; researches and senior essays which exhaustively explain the significance of quality products in customer satisfaction in the beer industry and the research used *Walia* beer consumer as sample respondents of the study but did not include all beer customers because of this and limited scope of the study area, may not ensure the indicated results are characteristics of all beer customers at a national or regional level.

1.8 Term Definition

The following definitions are provided to ensure uniformity and understanding of these terms throughout the study.

➢ **Product:** a product is anything that can be offered to a market for attention, acquisition, use or consumption. In this case the researcher is talking about the products by Heineken breweries' *Walia* beer.

➢ **Quality:** is the totality of features and characteristics of a product or a service that bear on its ability to satisfy stated or implied need. In this research the researcher is implying about quality features of *Walia* beer product.

➢ **Product Quality:** it is the characteristics of a product that relies on its ability to satisfy customers need are expressed or implied. In this paper it's about *Walia* beer's ability to satisfy the need of the customer.

➢ **Customer:** Customer is an individual or business that purchase companies' goods or service. In this research paper the customer is those who consume beer and have used *Walia* beer product.

➢ **Customer Satisfaction:** is a person's feeling or pleasure or disappointment, which resulted from comparing a products perceived performance or outcome against his/her expectations. In this case it is the person's opinion after consumption of beer product.

➢ **Heineken Brewery:** it is one of the biggest brewery companies across the world and in Ethiopia.

- ➢ **Nefas Silk Laphto:** It is one of the 10 sub cities found in south western of Addis Ababa. In this research paper it is the place where the research is conducted.
- ➢ **Woreda**: The smallest unit of administration led by local government. This indicates that *woreda 7, woreda 10, and woreda 12* that the research was conducted.
- ➢ **Walia Beer:** The Heineken product that the study has studied.

1.9 Significance of the Study

The research has great deal of importance for Heineken breweries because it provides information about the effect of quality product that the company is providing to its customers from the point of view of customers. It would help them to know whether the company is delivering its customers its promise of quality product and it will provide them insight about the gap between customer's perception and expectation of service and ways to improve them. The researcher also gives some insight about product quality and customer satisfaction in brewery industry. It also serves as a base for other researchers to undertake further investigation.

1.10 Organisation of the Study

The study is organised into five major chapters. The first part is introductory part composed of back ground of the study, statement of the problem, research questions, objectives of the study scope and limitation and significance of the study. The second chapter deals with review of related literature, in the third chapter there is research design and methodology to conduct the study. The fourth chapter deals with the data analysis and interpretation from the collected data. And the last chapter deals with the key findings, conclusion and recommendation based on the data analysed.

CHAPTER TWO
REVIEW OF RELATED LITERATURE

2.1 Theoretical Reviews

2.1.1 Concept Briefing

This chapter gives an overview of literature that is related to the research problem presented in the previous chapter. The concept of Product, Product quality, customer satisfaction, relation between product quality and customer satisfaction, and product quality features were introduced in order to give a clear idea about the research area.

2.1.1.1 General concept of Product

Kotler (2000) defined a product as anything that can be offered to a market to satisfy a want or a need. Products include physical goods & service experience, events, people's places properties, organization, information, and ideas. The customer will judge the offering by three basic elements: product feature and quality, service mix and price appropriateness. As a result marketers must carefully think through the level at which they set each products features benefits and quality. A product is a set of tangible and intangible attributes including all the peripheral factors that may be contribute to consumer's satisfaction William (1996). These and other scholars agree that Product is the center of all marketing activities, without a product, marketing cannot even be imaged. Good products are the key to market success. They also agree on the point that Product is the engine that pulls the rest of the marketing programs and fills in the needs of society. It represents a bundle of expectations to consumers and society.

2.1.1.2 Definition of Product Quality

In today's increasingly competitive business environment product quality is essential for the success of any organization. Product quality is important aspect that affects the competitiveness of business. The challenge in defining product quality is that it is a subjective concept like beauty; everyone has a different definition to the term product quality.

There are many scholars who have defined product quality in different ways. For instance, Dr Juran (2013) defined product quality as products fitness for use and it means to incorporate features that have a capacity to meet consumer needs and want and give customer satisfaction by improving products making them free from any deficiencies or defects.

Kotler (2002, *p*. 272) defined product quality as the understanding that the products offered by sellers have more selling points that is not owned by competitor's product. Gavrin (1987) defined product quality as conformance of terms of costs and price. Waters & Walters (2008) defined

product ability of a product to meet or exceed customers' expectations. Crosby (1970) defined product quality as conformance to requirements; this definition implies that organization must establish requirements and specifications. Once these specifications are established the quality goal of various functions of an organization is to comply strictly with them.

As described by Dr Juran giving quality products implies meeting the requirements to customer expectation regularly. Also, Djumarno *et al.,* (2018) defined product quality as the degree and direction of discrepancy between consumer's perception and expectation in terms of different but relatively important dimensions of the product quality which can affect their future purchasing behavior. This definition clearly shows that product quality is what customers assess through their expectations and perception of a product experience. Customer's perception of product quality results from a comparison of their before-expectation with their actual product experience. As indicated on *http://www.qualitygurus.com* product quality also defined from different point of views.

➤ **From customer point of view:** Product quality means fitness for use and meeting customer's satisfaction.

➤ **From process point of view:** Product quality means conformance with the process design, standard and specifications.

➤ **From product point of view:** Product quality means the degree of excellence at an acceptable price.

➤ **From the cost point of view:** Product quality means best combination between costs and features.

There are also different approaches to define quality. According to **marketing insider.eu** there are different approaches to define quality.

I. The Transcendent Approach

According to the transcendent approach, quality is synonymous with innate excellence, absolute and universally recognizable you will know it when you see it. The origin of quality as excellence dates back to the Greek philosophers who referred to it as the best, the highest form or the highest idea.

According to this approach, the title 'quality' should only be attributed to those products and services that achieve the highest standards. But what is to be said of the rest then. Clearly, this approach has some shortcomings. Unlike the Greeks in ancient times philosophizing over the

concept of quality, practitioners in the world of business seek something much more practical. For them quality should be capable of implementation, delivery and measurement.

II The Product-based Approach

The emphasis in the product-based approach is on quality as a precise and measurable variable. Any differences (in quality) that do occur reflect differences in the quantity of some ingredient or attribute possessed by a product.

This approach leads to a vertical or hierarchical ordering of quality. Products are raised according to the amount of ingredients or attributes that each possesses. However, an unambiguous ranking is possible only if the ingredients/attributes in question are considered preferable by all buyers.

III The User-based Approach

This approach starts from the premise that quality 'lies in the eyes of the beholder'. Consumers have specific wants or needs and those products that best meet their preferences are those that they view as having the highest quality.

The user-based approach focuses exclusively on the customer in the determination of quality. The strength of this approach is that it allows the customer to say in defining quality. However, this strength may also be viewed as a weakness. The reason is that expectations can also be highly varied, and personal, which can be problematic. Furthermore, customers may not be in a position to articulate their expectations due to a lack of knowledge and understanding.

IV The Manufacturing-based Approach

Whilst the user-based approach to quality is rooted in the subjectivity of consumer preferences, the manufacturing-based approach, as the name suggests, focuses on internal matters. It refers to conformance specifications. Products are designed and manufactured according to predetermined specifications. Quality control techniques help to detect deviations from the specification.

In the case of services, the measuring of quality may be more difficult. However, under a process of standardization services are subject to a form of standard operating procedures or models, which helps in the measuring of quality.

V Value-based Approach

In contrast to quality as absolute, the value-based approach regards quality as relative to price. According to this view, the buyer's perception of value represents a mental trade-off between the quality and benefits perceived relative to price paid. Thus, perceived value is the value of perceived benefit over perceived sacrifices.

2.1.1.3 Managing Product Quality

One of the critical tasks of companies is product quality management. It is commonly said that what is not measured is not managed, many organizations are eager to provide good quality product but fall short simply because they do not accurately understand what customers expect from the company. Customers that have a positive experience are much likely to renew polices buy other products and service and recommend to others. Not managing product quality could lead to a disappointed customer, who could easily choose to take their business elsewhere.

2.1.1.4 How to Measure Product Quality

It is very difficult to measure product quality because it's a subjective experience. Even if a product performed exactly as intended, a consumer may be dissatisfied for another reason. The most widely used instrument to measure product quality is based on a set of Gavrin (1987) product quality features. The product quality features **related** to this study are the following

2.1.1.4.1 Performance

Performance refers to the primary operating characteristics of a product. These dimension of product quality combines elements of both the product and user-based approaches. Measurable product attributes are involved, and brands can usually be ranked objectively on at list one dimension of performance.

The connection between performance and quality however is more ambiguous. Whether performance difference is perceived as quality difference normally depends on individual preference. Users typically have a wide range of interests and needs; each is likely to equate quality with high performance in his or her area of immediate interest. The connection between performance and quality is also affected by semantics. Among the words that describe product performance are terms that are frequently associated with quality as well as terms that fail to carry the association.

In these terms the performance of a product would correspond to its objective characteristics while the relation between performance and quality would reflect individual reactions.

2.1.1.4.2 Features

The same approach can be applied to product features; a second dimension of quality is features. Features are the bells and whistle of products those secondary characteristics that supplement the products basic functioning. In many cases the line separating primary product characteristics (performance) from secondary characteristics (features) is difficult to draw. Features like product performance involve objective and involve objective and measurable attributes; their translation

into quality differences is equally affected by individual preference. The distinction between the two is the primary one of centrality or degree of importance to the user.

These measures require a product to be in use for some period they are more relevant to durable goods than they are to products and service that are consumed instantly.

2.1.1.4.3 Conformance

A related dimension of quality is conformance or the degree to which a products design and operating characteristics match pre-established standards. Both internal and external elements are involved, within the factory conformance is commonly measured by the incidents of defects: the proportion of all units that fail to meet specification and require rework or repair. In the field data on conformance are often difficult to obtain, and proxies are frequently used. Two common measures are the incidents of service calls for a product and the frequency of repairs under warranty. These measures while suggestive neglect other deviations from standard such as misspelled labels or shoddy construction that do not lead repair. More comprehensive measures of conformance are required if these items are to be counted.

Both reliability and conformance are closely tied to the manufacturing-based approach to quality. Improvements in both measures are normally viewed as translating directly into quality gains because defects and field failures are regarded as undesirable by virtually all consumers. They are therefore relatively objective measures of quality and are less likely to reflect individual preference than are ranking based on performance or feature.

2.1.1.4.4 Aesthetics

The final two dimensions of quality are the most subjective. Both aesthetics and perceived quality are closely related to the user-based approaches. Aesthetics is how a product looks, feels sounds, tastes or smells. It is clearly matter of personal judgment and reflection of individual preference, in fact the marketing concept of ideal points. It is also those combinations of product attributes that best match the preference of a specified consumer, and was originally developed to capture just this dimension of quality.

2.1.1.4.5 Perceived Quality

Perceptions of quality can be subjective as assessments of aesthetics, because consumers do not always possess complete information about a product attribute, they must frequently rely on indirect measures when comparing brands. In these circumstances' products will be evaluated less on their objective characteristics than on their images advertising, or brand names. These forces even affect scholarly judgments.

Together, the five major dimensions of quality cover a broad range of concepts. Several of the dimensions involve measurable product attributes: other reflect individual, some are objective and timeless, while other shift with changing fashions. Some are inherent characteristics of products, while others are ascribed characteristics.

The delivery of these concepts helps to explain the difference among the five traditional approaches to quality. Each of these approaches focus implicitly on a different dimension of quality: the product-based approach focuses on performance features, and durability; the user-based approach focuses on aesthetics and perceived quality; and the manufacturing-based approach focus on conformance and reliability. Conflicts among the five approaches are inevitable because each defines quality from different point of view. Once the concept unbundled, however each dimension is considered separately, the source of disagreement become clear.

2.1.1.5 Definition of Customer Satisfaction

Customer is an individual or business that purchase companies' goods or service. The customer is the end goal of business since it the customer who pays for supply and creates demand Oliver (1991).

As Kotler (2006) defined customer satisfaction as the level of persons felt state resulting from comparing a product's perceived performance or outcome in violation to his/her own expectations. So, customer satisfaction could be considered a comparative behavior between inputs beforehand and post obtainments. Customer satisfaction conceptually has been defined as feeling of the post utilization that the consumers experience from their purchase Westbrook and Oliver (1991). Research, also suggested that customer satisfaction is considered to be one of the most important competitive factors for the future, and will be the best indicator of a firm's profitability. Westbrook & Oliver (1991) further suggest that customer satisfaction will drive firms to improve their reputation and image, to reduce customer turnover, and to increase attention to customer needs. Such actions will help firms create barriers to switching, and improve business relationships with their customers. Although many businesses are interested in maximizing customer satisfaction it is not because customer satisfaction is the ultimate objective in itself. The underlying motive is that satisfied customer yield greater profits. Companies with more satisfied customers will be more successful and more profitable.

2.1.1.6 Theories of Customer Satisfaction

Consistency theories suggest that when the expectations and the actual product performance do not match the consumer will feel some degree of tension. In order to relieve this tension, the consumer will make adjustments either in expectations or in the perceptions of the product's actual performance. Four theoretical approaches have been advanced under the umbrella of consistency theory.

2.1.1.6.1 Assimilation Theory

Assimilation theory is based on Festinger's (1957) dissonance theory. Dissonance theory posits that consumers make some kind of cognitive comparison between expectations about the product and the perceived product performance. This view of the consumer post-usage evaluation was introduced into the satisfaction literature in the form of assimilation theory.

According to Anderson (1973) consumers seek to avoid dissonance by adjusting perception about a given product to bring it more in line with expectation.

Consumers can also reduce the tension resulting from a discrepancy between expectations and product performance either by distorting expectations so that they coincide with perceived product performance or by raising the level of satisfaction by minimizing the relative importance of the disconfirmation experienced.

2.1.1.6.2 Contrast Theory

Contrast theory was first introduced by Hovland, Harvey & Sherif (1987). They define contrast theory as the tendency to magnify the discrepancy between one's own attitudes and the attitudes represented by opinion statements. Contrast theory presents an alternative view of the consumer post-usage evaluation process than was presented in assimilation theory in that post-usage evaluations lead to results in opposite predictions for the effects of expectations on satisfaction. While assimilation theory posits that consumers will seek to minimize the discrepancy between expectation and performance, contrast theory holds that a surprise effect occurs leading to the discrepancy being magnified or exaggerated.

According to the contrast theory, any discrepancy of experience from expectations will be exaggerated in the direction of discrepancy. If the firm raises expectations in his advertising, and then a customer's experience is only slightly less than that promised, the product/service would be rejected as totally un-satisfactory. Conversely, under-promising in advertising and over-delivering will cause positive disconfirmation also to be exaggerated.

2.1.1.6.3 Assimilation-Contrast Theory

Assimilation-contrast theory was introduced by Anderson (1973) in the context of post-exposure product performance based on Sherif & Hovlands (1961) discussion of assimilation and contrast effect. Assimilation-contrast theory suggests that if performance is within a customer's latitude (range) of acceptance, even though it may fall short of expectation, the discrepancy will be disregarded – assimilation will operate and the performance will be deemed as acceptable. If performance falls within the latitude of rejection, contrast will prevail and the difference will be exaggerated, the produce/service deemed unacceptable.

Assimilation-Contrast theory suggests that if performance is within a customer's latitude (range) of acceptance, even though it may fall short of expectation the discrepancy will be disregarded – assimilation will operate and the performance will be deemed as acceptable. If performance falls within the latitude of rejection (no matter how close to expectation), contrast will prevail and the difference will be exaggerated, the product deemed unacceptable.

2.5.1.6.4 Negativity Theory

This theory developed by Smith & Aronson (1963) suggests that any discrepancy of performance from expectations will disrupt the individual, producing *'negative energy'*.

Negative theory has its foundations in the disconfirmation process. Negative theory states that when expectations are strongly held, consumers will respond negatively to any disconfirmation. Accordingly, dissatisfaction will occur if perceived performance is less than expectations or if perceived performance exceeds expectations. This theory developed by Smith & Aronson (1963) suggests that any discrepancy of performance from expectations will disrupt the individual, producing *"negative energy."* Affective feelings toward a product or service will be inversely related to the magnitude of the discrepancy.

2.1.1.7 Factors that affect Customer Satisfaction

Customer satisfaction relates to a customer's perceptions about his shopping experience. Customer satisfaction is a combination of a customer's pre-purchase expectation and post purchase evaluation of shopping experience. A positive experience will result in a satisfied customer. A business benefits from satisfying its customer through increased revenues due to customer retention and new customer due to word of mouth endorsement.

Some factors that affect customer satisfaction are quality of the product, availability of products availability of products easily, effective customer handling, complaints handling and others.

Matzler *et al.,* (2002) classify factors that affect customer satisfaction in to three factor structures: -

a) **Basic Factors: -** these are the factors that require minimum requirements that are required in a product to prevent the customer from being dissatisfied. They do not necessarily cause satisfaction but lead to dissatisfaction if absent. These are those factors that lead to the fulfillment of the basic requirement for which the product is produced. These constitute the basic attribute of the product or service. They thus have a low impact on satisfaction even though they are a prerequisite for satisfaction, in a nutshell competence and accessibility.

b) **Performance Factors: -** these are the factors that lead to satisfaction if fulfilled and can lead to dissatisfaction if not fulfilled. These include reliability and friendliness.

c) **Excitement Factors: -** these are factors that increase customers' satisfaction if fulfilled but does not cause dissatisfaction if not fulfilled which include project management.

2.1.1.8 Reason for Customer Dissatisfaction

Sometimes customers become dissatisfied, as indicated on www.qualitygurus.com some of the reasons for this dissatisfaction are: -

- Not knowing the Expectations: Customer remains dissatisfied unless the company knows what the customer actually expects out of their product.

- Not Meeting the Expectations: a customer may become dissatisfied because the product does not live up to expectations. In addition to that as a result of the rapid improvement in the technology, customer may compare the products provided by a company with those of the competitors, which may lead to dissatisfaction and customers over expectations and their changing needs may lead them for dissatisfaction.

2.1.1.9 Things to do when you have Dissatisfied Customer

If customers dissatisfied, the first step is to identify and define their dissatisfaction. Their wants and needs first must be uncovered and defined to see if the features and benefits of your company's product or services can satisfy those wants and needs. Their dissatisfaction as well as their satisfaction should be measured and analyzed to get a better perception of their true level of dissatisfaction. Once the reason and level of their dissatisfaction is exposed then a system to improve that unhappiness can be instituted and a control can be implemented to insure continuation of that improvement in product or level of service. (*www.qualitygurus.com*)

2.1.3. Relation between product Quality and Customer Satisfaction.

Customer satisfaction and product quality are closely linked to market share and customer retention Fornell (1992), Rust & Zahorik (1993), Patterson & Spreng (1997). There are overwhelming arguments that it is more expensive to win new customers than to keep existing ones, Ennew &

Binks (1996). This is in line with Athanassopoulos, & Stathakopoulos's (2001) arguments that customer replacement costs, like advertising, promotion and sales expenses, are high and it takes time for new customers to become profitable. From the literature that has been reviewed so far, customer satisfaction seems to be the subject of considerable interest by both marketing practitioners and academics since 1970s Churchill & Surprenant (1982), Jones & Suh (2000). Companies and researchers first tried to measure customer satisfaction in the early1970s, on the theory that increasing it would help those Coyles & Gokey (2002). Throughout the 1980s, researchers relied on customer satisfaction and quality ratings obtained from surveys for performance monitoring, compensation as well as resource allocation, Bolton (1998) and began to examine further the determinants of customer satisfaction. According to Jahanshahi (2011) & Senthikumar (2012) product quality can improve customer satisfaction. The influence of product quality to customer satisfaction can be explained that a better perceived level of product quality will impact perceived level of satisfaction. The product quality could influence customer satisfaction significantly through customer value.

2.2 Empirical Reviews

Different scholars and researchers tried to find the relation between product quality and customer satisfaction in their own ways in different industries and concluded their summery and findings accordingly.

Author: Olise moses chigbata **Year: 2018** **Title: Effects of product quality on customer satisfaction case of Anambra state manufacturing companies.**	This research tried to examine the effects of product quality on customer satisfaction in Anambra state manufacturing companies. Based on these the researchers founded that the quality of a product has significant impact on the customer satisfaction & these in turn lead to high performance of manufacturing companies. Based on these researchers recommended that apart from the product quality there is a need for the customer to put into consideration. Other influencing factors that might affect satisfaction like customer service and price.
Author: Ling chen Hoe **Year: November 23 2018** **Title: The effect of product quality on customer satisfaction in the case of Malaysian engineering industry.**	The research study tried to study the factor that affects customer satisfaction based on product quality features in the engineering industry in Malaysia. Its result show that result that serviceability & perceived quality has impact on customer satisfaction. It results also indicates that performance, feature, reliability has influence on satisfaction but not significant.
Authors: Michela Sugorova, Andria Kubeakova, Veronica Sueltkova. **Year: 2017** **Title: The effect of product quality on customer satisfaction in case of big Slovak dairy milsy.**	This research tried to study the impact of product quality on customer satisfaction on milsy diary. The result shows there is a dependency between satisfaction with products & related service of the company. The analysis also showed product quality is a guarantee of satisfaction & are more satisfied than dissatisfied. Only few respondents consider product quality as partially satisfied & are more dissatisfied than satisfied. It concluded that respondents from whom the brand missy is guarantee of quality & are satisfied. This research will also try to found if the customer is satisfied by the quality products offered by the company.

Author: Albert V.Cruz **Year: 2015** **Title: Relationship between product quality and customer satisfaction in the U.S automobile industry.**	The purpose of this study was to examine the relationship among product quality & customer satisfaction in the U.S automobile industry. The result shows significant statistical relationship between product quality and customer satisfaction. Building high quality cars leads to fewer injuries and death associated with vehicular accidents thus promoting positive social change for both U.S automobile buyer and seller.
Author: Daniel Kitaw & Fasika Bete **Year: 2003** **Title: Quality management efforts and problems in Ethiopian manufacturing industries.**	This research tried to study the quality management efforts and problems in Ethiopian manufacturing industries. Because of the poor management commitment in quality, most enterprises don't have their own business culture to support total employees' involvement in quality improvement. Thus, the quality vision, mission objective statement and relative measures are not clear or do not exist. When quality conflicts with quantity, quantity is above quality and short-term interest will override long term interest. In many manufacturing companies in Ethiopia, because they don't have systematic quality training program, people in quality and other departments are not familiar with quality tools and thus quality improvement cannot be achieved in a systematic way.
Author: Berhanu Beshah and Daniel Tilahun **Year: 2014** **Title: Quality management practice in Ethiopia**	This paper tried to study was to examine quality management in Ethiopia the analysis in all criteria of EQA shows the performance of Ethiopian industries is low. Policy and strategy are the least visible in the practiced criteria. This indicates that policy and strategy the most problematic area among all the criteria. Quality management practice in Ethiopia was found to be low in all tents including leadership, policy and strategy, resource management, process management and customer satisfaction, business performance and impact on the society.

Author: Olga Madodo **Year: 2015** **Title: Factors affecting beer customer satisfaction in the breweries industry case of east African breweries limited in Kenya**	The availability of quality products helps an organization build a reputation that yields customer loyalty and satisfaction. The availability of a product, and how it is promoted, packaged, and advertised influences customer's satisfaction. Consumers are always in a constant search of products to satisfy their present or future desires, the availability of a product at the time when the consumer wants it leads to satisfaction. The researcher added that beer producers who are keen in designing their adverts that play to customers tastes and preferences, increases chances for sales volume, out of which, if products are quality, customer satisfaction ensues. The brand does not imply the physical characteristics of the product; it however does imply a combination of crucial factors, which corresponds to the customer's overall evaluation of the company.

Source: The internet and Different Journals (2020)

2.3 Conceptual Framework

In this study, in order to assess the effect of product quality on customer satisfaction in *Walia* beer Gavrin's 1987 product quality features were used. In this study the independent variable is the product quality features that are related to the study, and the dependent variable is customer satisfaction.

Based on the above literature review the following conceptual framework is developed based on the product features related to the study.

Figure 2.1 Conceptual framework
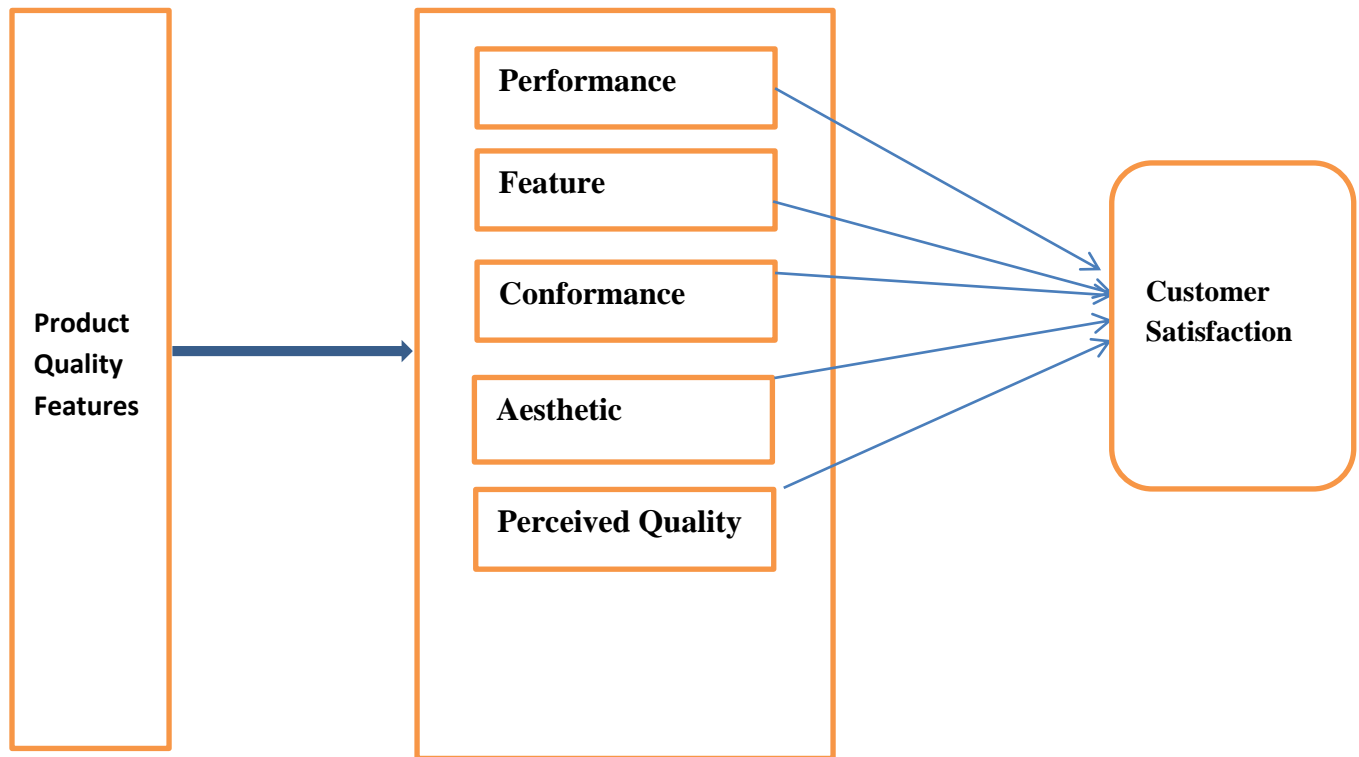
Source: researcher own work 2020

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Research Area

The study was conducted in *Nefas silk Lafto* area of Addis Ababa, located in south western side of the city. The reason for choosing this area for this research is like other sub city it has a huge number of populations living in the area and due to time and money constraints the researcher selected this sub city which is convenient for the researcher. The researcher identified three areas for this purpose. *Saris (wereda 10) Adey Abeba (wereda 7)* and *Laphto (wereda 12)* will be chosen by convenient approach to the researcher.

3.2 Research Design

In this paper the researcher used quantitative research design and data were analyzed them then compared the results to see if the findings confirm or disconfirm each other Creswell (2013).

The researcher used descriptive and explanatory research design. Descriptive research was employed as a main research method of this study and used to describe the effect of product quality and its effect on customer satisfaction. As described by Suryabrata (2003) descriptive method is a method that describes the study systematically, factually and accurately utilizing facts, behaviors and relationship between the phenomena's being studied. As cited by Naik *et al.,* (2010) the researchers also used explanatory research design since the researcher will explain the relationship between the product quality variables and customer satisfaction and how these dimensions affect customer satisfaction.

3.3 Data type and Source

The study used quantitative data and also used primary and secondary data sources.

Primary source: Primary data were collected through structured questionnaire.

Secondary sources: were collected from analyzed reports, different books, and journals, published and unpublished documents related with product quality and customer satisfaction.

3.4 Sample size Determination

A well-defined sampling is the process of obtaining information about the entire population by examining only part of it Kotler (2004). Science it offers cost and time of data collection and analysis sampling is a day to day practice in social science research. In this study it is impossible or impractical to access the number of beer drinkers in Addis Ababa at *Nifas Silk Laphto* sub city and *Woredas.* The sample frame is not accessible one and the population is unknown. In such case for population that is large as par to yield are representative sample for proportion and key variable of the population is qualitative. According to C.R Kothari

(2004) if the population is unknown use the following formula to get your minimum sample size.

$$n=Z^{2*}s^2/d^2$$

Where n = Minimum sample size

     Z = the value of standard normal distribution.

     S = the population standard deviation.

D = the maximum allowed deviation or error of the estimate.

$$Son=Z^2*s^2/d^2 = (1.96^{)2} (0.5)^2/ (0.05)^2$$

$$n =384$$

   Where: 1.96 is the value of p at 95% confidence level.

               0.5 is number of standard deviations of commonly used levels of confidence.

               0.05 is acceptable standard error of the mean.

The researcher will distribute 384 questionnaires and the sample will be drawn from beer drinkers found in the three selected *woredas* in the sub city.

The questionnaire ended up with five scale question about their view of satisfaction they experienced throughout their experience and the results are presented based on the Garvin's product quality features which are purposefully selected by the researcher and also analyzed.

Mean represent the average response for each of the question that the researcher forwarded for the respondents. The research tries to analyze the result that the sample population response based on the average of their reaction. Critical questions were analyzed by the model of Zaidatol & Bagheri (2009).

Table 3.1 Mean Value

Mean Score	Description
<3.39	Low
3.40-3.79	Moderate
>3.80	High

Source: Zaidatol & Bagheri (2009).

Accordingly, 384 questionnaires were distributed based on the number of populations living in the respective *woredas.*

Table 3.2 Sample distribution

NO	*Woreda*	NO. of Population	Percentile	No. questionnaires
1	W 7	26,452	31%	119
2	W 10	28,528	33%	127
3	W 12	31,121	36%	138
Total			100%	384

Source: National Statistics CSA (2013)

Accordingly, the researcher dispensed the questionnaires for these *woredas*, then the researcher drawn a random sample from each sub population. In order to increase the representativeness of the sample, the researchers applied proportionate allocation sampling procedure.

3.5 Sampling Method

The researcher used purposive sampling which is type of non-probability sampling in which researchers rely on their own judgment when choosing members of the population to participate in their study. Non probability sampling refers to the sampling process in which the samples are selected for a specific purpose with a predetermined basis of selection Creswell (2013).

3.6 Data Collection Methods and Instrument

In this study both primary and secondary data were used. The primary data is collected through a self-administered questionnaire based on product quality dimensions, which is adapted from Gavrin (1987). A questionnaire was prepared to get idea about the customer's experience of product. For understanding the importance and satisfaction of each product quality dimensions a 5-scale questionnaire was used (1= strongly disagree, 2= disagree 3= somewhat agree, 4= agree, 5=strongly agree.)

Questionnaire

Using questionnaire in the research has its own advantage when a researcher attempts to compare with other data collection instrument. According to John (2011) the responses are gathered in a standard way, so questionnaires are more objective, certainly more so than interviews. Generally, it is relatively quick to collect information using a questionnaire. There is also potentially information can be collected from a large portion of a group.

The researcher used questionnaire method of data collection to analyze the data quantitatively. Questionnaire were designed based on Matrix rating scale through structured response questions on the effect of product quality on customer satisfaction by Rensis Likert scale with descriptions on every rating scale and are balanced in which respondents are led in either of directions.

3.7 Data Processing and Presentation

In this research paper, the data were collected through questionnaires. To analyze the quantitative data, researcher arranged questionnaires in table and then processed through SPSS.

3.8 Method of Data analysis

The data analysis included: descriptive statistics to count the frequency of response, reliability analysis to test the internal consistency of the instrument, correlation analysis to assess the relationship between variables of the study and multiple regression analysis to assess the extent of influence of independent variables (product quality features) or dependent variable (customer satisfaction). After the required data is collected the researcher will code and enter data into a computer for electronic processing using SPSS.

3.9 Ethical Consideration

Ethics are the moral distinction between right and wrong, and what is unethical may not necessarily be illegal Bhattacherjee (2012). In order to be ethical a researcher should consider voluntary participation and harmlessness. Subjects in a research project must be aware that their participation in the study is voluntary, that they have the freedom to withdraw from the study at any time without any unfavorable consequences, and they are not harmed as a result of their participation or non-participation in the project. Name of the respondents were not asked to write in order to increase the confidentiality of the information they give, and also the questionnaires and interview explains that the purpose of research was for academic purpose and finally the respondents were included based on their willingness.

CHAPTER FOUR
DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Data Presentation

The main objective of this paper is to investigate the effect of product quality on customer satisfaction in case of *Walia* beer. In this chapter, the data obtained in the study are analyzed, presented, interpreted and discussed. The chapter starts by providing the demographic and personal information of respondents. The descriptive and inferential statistics are presented then after.

A total of 384 questionnaires were distributed to the respondent's beer customers using non probability (Purposive sampling) techniques. This sampling technique is selected because it enables the researcher to draw representative data by selecting samples from the population based on the researcher judgment that are conveniently available and thinks it will meet the specific purpose of the study. Also, the researcher used this technique in order to gather the data quickly. Even though there are some risks in adopting a purposive sampling like it is prone to researcher bias due to the fact that researchers are making subjective or generalized assumptions when choosing participants. In order to have a representative sample the researcher have administered questionnaire to sampled respondents with different backgrounds in terms of gender, age, and number of years of drinking. Out of the 384 questionnaires 353 (91.92%) questionnaire were properly filled. This response is quite large to confidentially run the analysis. Accordingly, the analysis of this study is based on the response obtained from these respondents.

4.2 Reliability Analysis

Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials. For this study internal consistence reliability is determined by Cronbach's alpha. When conducting Cronbach's alpha, one must be sure not to mix positively and negatively worded questions if so, Alpha will be negative. It is useful in assessing the consistency of the results across items within a test. It represents number between 0 and 1. According to Zikmundet (2010) scales with coefficient alpha between 0.6 to 0.7 indicate fair reliability and higher are considered adequate to determine reliability.

Table 4.1   Reliability of Statistics

Variable	Number of items in the scale	Cronbach's Alpha Result
Performance	5	.983
Feature	3	.959
Conformance	3	.940
Aesthetics	4	.951
Perceived quality	5	.975

Source: Own finding (2020)

From the above table 4.1 evidenced that in this study reliability tested, the alpha value for five variables were measured, tested and number of questions in the instrument identified , finally alpha result was determined the increase confidence that the instrument would yield acceptable results and it proved that scales with coefficient alpha acceptable for further analysis Zikmund (2010).

4.3 Validity

According to Mugend & Mugenda (2003) content validity is a measure of instrument and it provides adequate coverage of the investigative questions guiding the study. For survey, each question is given to a panel of subject matter expert analysts, and they rate it. They give their opinion about whether the question is essential useful or irrelevant to measuring the construct under study. So, Content validity uses a more formal and statistics-based approach because experts in the field judge the questions on how well they cover the study issues. Hence, in this study content validity is determined by consulting the Advisor and marketing lectures. In order to improve the instruments, the research adviser and lecturers looked at every question in the questionnaire and did their own analysis to ascertain that the questions answered the research objectives of the study.

4.4 Demographic Information of Respondents

The first section of the questionnaire demanded personal information from respondents. These questions include gender, age, & number of years of drinking.

Table 4.2 Demographic Information of Respondents

Table		Frequency	Percentage
Gender	Male	279	79.0
	Female	74	21.0
Total		**353**	**100.0**
Age	18-30	151	42.8
	31-45	136	38.5
	>45	66	18.7
Total		**353**	**100.0**
Years of Drinking	1-3	91	25.8
	4-6	148	41.9
	above 6	114	32.3
Total		**353**	**100.0**

Source: Own Finding (2020)

From the data presented in table 4.2 the majorities (79%) of the respondents were male and the remaining (21%) of the respondents were female. This specified that out of 353 respondents 279 were male & the reaming 74 were female. Therefore, the study comprises both male and female customers of beer industry.

Likewise, as explained in the table above, the majorities (42.8%) of the respondents were at the age of 18-30 years old and were followed by the age group of 31-45 years accounted for (38.5%), and the remaining (18.7%) were accounted from the > 45 years of age category. This implies the youngest society is largely accounted in the study and is the largest consumers of beer.

Moreover, regarding years of drinking (41.9%) of the target population has used beer for over 4-6 years and it is the largest age group. Next to that (32.3%) of the sample have used beer for over 6 years, and the remaining (25.8%) have consumed beer for over 1-3 years. This

implies the target populations have adequate experience on beer consumption and are the best for information on this study.

4.5 Data Analysis and Interpretations

In order to know the general knowledge of the respondents in the study area, different questions were forwarded to them and the responses of the respondents are briefly summarized in the following table.

Performance

Table 4.3 Performance product quality feature

No	Performance	1 SDG		2 DA		3 SWA		4 A		5 SGA		Total		*Mean*	*SD*
		f	*%*	*F*	*%*	*f*	*%*	*F*	*%*	*f*	*%*	*f*	*%*		
1	*Walia* beer performs to meet your expectation	31	8.8	60	17	63	18	112	31.7	87	24.6	353	100	3.46	1.27
2	Heniken brewery provides variety of products by *Walia* brand that you think can meet your satisfaction	21	5.9	55	16	72	20	108	30.6	97	27.5	353	100	3.58	1.21
3	*Walia* beer performs better than other beers that are found in the country	33	9.3	104	30	85	24	70	19.8	61	17.3	353	100	3.06	1.25
4	Using *Walia* beer products gives you pleasure	27	7.6	76	22	81	23	95	26.9	74	21	353	100	3.32	1.24
5	*Walia* beer fulfills immediate interest of customers	28	7.9	63	18	70	20	91	25.8	101	28.6	353	100	3.49	1.29
Grand Mean														3.382	

Source: Own findings (2020)

Table 4.3 shows the majority of the respondents (31.7%) agreed that *Walia* beer performs to meet the customer expectation, (24.6%) of the respondents strongly agreed that *Walia* beer meets their expectation. And (30.6%) of the participants agreed that the Heineken brewery by *Walia* beer provides variety of products that can meet their satisfaction and about (27.5%) of the respondents strongly agreed that the Heineken brewery by *Walia* beer provides variety of

products that can meet their satisfaction. About (26.9%) of the participants agreed that using *Walia* beer gives them pleasure and about (21%) of the respondents strongly agreed that using *Walia* beer gives them pleasure and about (25.8%) of the participants agreed that *Walia* beer fulfils the immediate interest of customers and about (28.6%) of the respondents strongly agreed that *Waila* beer fulfils immediate interest of customers. However about (30%) of the respondents disagreed that *Walia* beer performs better than other beers that are found in the country and about (9.3%) of the participants also strongly disagreed by the question that *Walia* beer performance relative to other beers. About (19.8%) of the respondents agreed that *Walia* beer performance is better relative to other beers that are found in the country and about (17.3%) strongly agreed *Walia* beer Performance relative to other beers that are found in the country.

As the above table indicated that the mean value of respondent perception on the performance of *Walia* beer to meet their expectation is (Mean 3.46, SD 1.27), where it shows margin above the low level, while they answered the question that they believe and moderately satisfied with the provision of diversified products by *Walia* brewery, (Mean 3.58, SD 1.211). However, significantly, lower mean score was registered (Mean 3.06, SD 1.248) for the idea that the performance of *Walia* beer in comparison to compatriots. Despite the fact that the feature depends on the users, the most participants of the study do not prefer *Walia* beer in terms of performance feature.

Feature

Table 4.4 Feature product quality feature

No	Feature	1 SDG		2 DA		3 SWA		4 A		5 SGA		Total		*Mean*	*SD*
		f	*%*	*f*	*%*	*f*	*%*	*F*	*%*	*f*	*%*	*f*	*%*		
1	*Walia* **additional features (rewards and sponsors are what you need to get satisfied)**	9	2.5	30	8.5	48	13.6	117	33.1	149	42.2	353	100	4.04	1.063
2	*Walia* **beer additional features are desirable and useful**	9	2.5	51	14.4	70	19.8	94	26.6	129	36.5	353	100	3.8	1.156

No	Product	1		2		3		4		5		Total		Mean	SD
3	*Walia* product features are more desirable and useful than other competitors	12	3.4	49	13.9	47	13.3	99	28	146	41.4	353	100	3.9	1.184
	Grand Mean													3.913	

Source: own finding (2020)

Table 4.4 shows the majority of the respondents (33.1%) agreed that *Walia* beer's additional features like sponsors and rewards are what they need to get satisfied. And about (42.2%) of the respondents strongly agreed by this statement and (26.6%) of the respondents agreed that *Walia* beer additional features are desirable and useful, about (36.5%) of the respondents strongly agreed that *Walia* beer additional features are desirable and useful. And (28%) of the respondents agreed that *Walia* beer features are more desirable and useful than other competitors and about (41.4%) of the respondents strongly agreed that *Walia* beers additional features are more desirable and useful than other competitors.

From the above table illustration, (Mean 4.04 SD 1.063), we can see that the participants of the study imply that *Walia* beer additional features are revelatory factors which are highly contributed for the satisfaction of the customer. In addition to what has been said, above the average level of mean had scored (Mean 3.9 SD 1.184) to the belief of *Walia* beer additional features are more desirable and useful than other compatriots.

Conformance

Table 4.5 Conformance product quality feature

No	Conformance	1		2		3		4		5		Total		Mean	SD
		SDG		DA		SWA		A		SGA					
		f	%	*f*	%	F	%	F	%	*f*	%	*f*	%		
1	**Walia beer have good reputations**	17	4.8	32	9.1	48	13.6	115	32.6	141	39.9	353	100	3.94	1.15
2	**The description of Heniken brewery about walia beer is consistent with the actual product**	31	8.8	68	19.3	99	28	94	26.6	61	17.3	353	100	3.24	1.2

3	Products by Heniken brewery is more conformant than other competitors	50	14.2	116	32.9	57	16.1	73	20.7	57	16.1	353	100	2.92	1.32
	Grand Mean													3.366	

Source: Own finding (2020)

Table 4.5, shows that large number of the sample population (39.9%) replied that they strongly agreed and (32.6%) agreed for the question forwarded about *Walia* beer has good reputation. In addition to this, (17.3%) of the respondents strongly agreed and (26.6%) were agreed that they believe the description of the Heineken brewery about *Walia* beer is consistent with the actual product. Nevertheless, (14.2%) of the participants of the study and (32.6%) of the respondents were respectively strongly disagreed and disagreed that on the question of whether products by Heineken brewery is more conformant than other compotators or not.

As depicted in table… the mean score of respondent's common opinion about *Walia* beer is i.e. reputation is (Mean 3.94 SD 1.154) which shows the beer has good reputation in its customer and had positive impact for their satisfaction. However, minimal mean score was registered in the question where if *Walia* beer has better conformant in comparison to other beer that are found in the country.

Aesthetic

Table 4.6 Aesthetic product quality feature

No	Aesthetic	1		2		3		4		5		Total		Mean	SD
		SDG		DA		SWA		A		SGA					
		F	%	F	%	f	%	F	%	f	%	f	%		
1	Do you like how *Walia* beer looks like	20	5.7	27	7.6	59	16.7	98	27.8	149	42.2	353	100	3.93	1.19
2	*Walia* beer have the best test in beer	49	13.9	111	31.4	80	22.7	64	18.1	49	13.9	353	100	2.87	1.26
3	Do you think *Walia* beer product is more aesthetic than other breweries	50	14.2	113	32	63	17.8	68	19.3	59	16.7	353	100	2.92	1.32

4	Do you think *Walia* beer have good aroma or smell	24	6.8	74	21	74	21	89	25.5	92	26.1	353	100	3.43	1.26
	Grand Mean													3.30	

Table 4.6 shows the majority of the respondents (42.2%) strongly agreed and (27.8%) of the sample agreed that they like the physical condition of *Walia* beer. While significant number of respondents disagreed (31.4%) and (13.9%) the sample population replied that they strongly disagreed on the question that rose whether they like or enjoy with the taste of *Walia* beer or not. On the question that the researcher rose about the condition of aesthetical features of the beer (14.2%) of the respondents were strongly disagreed and (32%) of the total participants of the study were disagreed on the aesthetical beauty of the beer compared to other beers.

The mean value elucidated in the table…described the participants of the study like the physical condition of the *Walia* beer it proved that (Mean 3.93 SD1.185) which the product gets high mean score. Contrary to this, substandard mean was scored (Mean 2.87 SD 1.262) in the study participants suggested that they did not even get best test in *Walia* beer. An escalated mean was scored (Mean 3.43 SD 1.264) in the idea that the products of *Walia* beer have better aroma.

Perceived quality

Table 4.7 Perceived quality feature

No	Perceived Quality	1 SDG		2 DA		3 SWA		4 A		5 SGA		Total		Mean	SD
		F	%	F	%	f	%	F	%	f	%	f	%		
1	Do you think *Walia* beer has high quality	72	20.4	101	28.6	60	17	90	25.5	30	8.5	353	100	2.73	1.28
2	Do you think if money is spent for beer *Walia* beer the best to do so	37	10.5	96	27.2	90	25.5	87	24.6	43	9.3	353	100	3.01	1.2
3	Do you think *Walia* beer have better quality compared to	37	10.5	111	31.4	77	21.8	91	25.8	37	10.5	353	100	2.94	1.19

No	Statement												Mean	SD
	that of competitors													
4	*Walia* beer maintains its taste throughout	83	23.5	87	24.6	79	22.4	70	19.8	34	9.6	353	100	2.67	1.29
5	After using *Walia* beer do you think it has hangover in the morning	76	21.5	90	25.5	67	19	76	21.5	44	12.5	353	100	2.78	1.34
Grand Mean														2.82	

Source: own finding (2020)

Table 4.7 shows the majority of the respondents (20.4%) strongly disagreed for the question that *Walia* beer is high quality beer and about (28.6%) of the respondents disagreed with the fact that *Walia* beer is high quality and about (27.2%) of the respondents disagreed that if the spent money for beer it would be for *Walia* rather for other beers and about (10.5%) of the respondents also strongly disagreed that if they spent money for beer they would buy and drink *Walia* beer and about (25.5%) of the respondents somewhat agreed by this question. (31.4%) of the respondents disagreed that *Walia* beer have better quality compared to that of competitors and about (10.5%) of the respondents strongly disagreed that *Walia* beer have better quality compared to that of competitors and about (21.8%) of the respondents somewhat agreed. (24.6%) of the participants disagreed that *Walia* beer maintains its taste throughout and about (23.5%) of the respondents strongly disagreed that *Walia* beer maintains its taste and about (22.4%) of the respondents somewhat agreed. (25.5%) of the respondents disagreed that after using *Walia* beer there is no hangover in the morning and about (21.5%) of the respondents strongly disagreed that after using *Walia* beer there is no hangover in the morning.

As the above table denotes that beneath mean score was registered in the customer's perception of *Walia* beer quality (Mean 2.73 SD 1.276), similarly lower mean was also registered in the assumption that the researcher attempted to know if the participants of the study are willing to spent money for *Walia* beer, they refused to do so, at the same time inadequate mean had been identified in the research (Mean 2.94 SD 1.188) on the idea which tries to extrapolate the attitude and perception of the respondents on the quality of *Walia* beer in comparison to other beers. The table also displays the lowest mean score (Mean 2.67 SD

1.292), which indicated that the participants of the study don not perceive that product of *Walia* beer do not maintain its taste throughout. Moreover, those people who involve in this sturdy also stipulated that they experienced hangover after using *Walia* beer (Mean 2.78 SD 1.337).

Customer Satisfaction

Table 4.8 Description of overall customer satisfaction

No	Customer Satisfaction	1		2		3		4		5		Total		Mean	SD
		SDG		DA		SWA		A		SGA					
		F	%	F	%	F	%	F	%	f	%	f	%		
1	Overall are you satisfied with the walia beer products	38	10.8	68	19.3	70	19.8	122	34.6	55	15.6	353	100	3.25	1.24
2	Are you going to use walia beer product in the future	44	12.5	110	31.5	57	16.1	97	27.5	45	12.7	353	100	2.97	1.26
Grand Mean														3.11	

Source: Own finding (2020)

Table 4.8 shows the number of the respondents (19.3%) disagreed that when they requested whether they are satisfied with *Walia* beer or not and about (10.8%) of the respondents strongly disagreed with this question, (31.5%) of the respondents disagreed that when they are asking whether they are going to use *Walia* beer in the future or not and about (12.5%) of the respondents strongly disagreed for this question while (23.8%) of the respondents somehow agreed on the issue of using the product for future.

From the above table 5.0 the (Mean 3.25 SD 1.24) had been registered for the idea that the researcher forwarded to know the overall satisfaction of the participants of the study, the result shows the satisfaction level of the beer customers and the score is below the average/expected mean score. Additionally, the lower mean score is also displayed in the table (Mean 2.97 SD 1.26) for the view that weather beer users will use *Walia* beer for future or not thus, more than large number of respondents refused to be customer of the product.

4.6 Regression analysis of product quality and customer satisfaction

Regression analysis is conducted to know by how much the independent variable explains the dependent variable. It is also used to understand by how much each independent variable (product quality features) explains the dependent variable that is customer satisfaction.

Table 4.9 Regression Analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.972ª	.945	.944	.28284

Source SPSS version 20 outputs (2020)

The regression of model indicated in the above table 4.9states that five independent variables that constitute the customer satisfaction of coefficient determination R square is 0.945, which implies that 94.5% variation on dependent variable caused by independent variable, i.e. those product quality features are highly determinant factors for the satisfaction of the customer, while the reset of less than 5.5% are unknown variables.

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.184	.064		-2.879	.004
	Performance	.510	.063	.518	8.090	.000
	Feature	.103	.045	.095	2.299	.022
	Conformance	.078	.037	.069	2.113	.035
	Aesthetic	.009	.046	.008	.193	.847
	Perceived quality	.324	.052	.301	6.198	.000

Source SPSS version 20 outputs (2020)

Hypothesis testing for this study is based on standardized coefficients beta and P-value to test whether the hypotheses are accepted or not.

H1: Product performance has a significant direct effect on customer satisfaction. The result of table…shows that standardized coefficient beta and p value of Product Performance was significant (beta=.518, p<0.05). Therefore, H1is accepted.

H2: Product Feature has significantly affected the customer satisfaction. The result of table…shows that standardized coefficient beta and p value of Product Feature was significant (beta=.095, p<0.05). Therefore, H2 is accepted.

H3: Product on Conformance has a significant effect on customer satisfaction. The result of table…shows that standardized coefficient beta and p value of Product on Conformance was significant (beta=.069, p<0.05). Therefore, H3 is accepted.

H4: Product on Aesthetical value has significant and direct impact on the customer satisfaction. The result of table…shows that standardized coefficient beta and p value of Product on Aesthetical value was significant (beta=.008, p>0.05). Therefore, H4 is not accepted.

H5: Products Perceived quality has a significant and direct impact on the customer satisfaction. The result of table…shows that standardized coefficient beta and p value of Product perceived quality was significant (beta=.301, p<0.05). Therefore, H5 is accepted.

Correlation analysis of Product quality and Customer Satisfaction

Bivariate correlations measure the direction and association between two variables. The correlation coefficient, which ranges from +1 to -1 a correlation coefficient of +1 describes a perfect positive relationship in which every change of +1 in one variable is associated with a change of +1 in the other variable. A correlation of -1 describes a perfect negative relationship in which every change of -1 in one variable is associated with a change of -1 in the other variable. A correlation of 0 describes a situation in which a change in one variable is not associated with any particular change in the other variable.

Table 5.0 Correlation analysis

	Performance	Feature	Conformance	Aesthetic	Perceived quality	Customer Satisfaction
Performance	1					
Feature	0.941	1				
Conformance	0.904	0.903	1			
Aesthetic	0.939	0.917	0.891	1		
Perceived quality	0.965	0.906	0.882	0.914	1	
Customer Satisfaction	0.967	0.924	0.895	0.917	0.955	1

Source: Own finding (2020)

Pearson Correlation Coefficient was used to assess the relationship among variables (independent and dependent variables). As can be seen from the Table 5.0, relationship formed the highest Pearson Correlation analysis with (r = 0.967) indicating that relationship has positive and high correlation with marked relationship toward customer satisfaction. Perceived quality (r =0.955) also interpreted to has positive and high correlation with marked relationship toward customer satisfaction. Other than that, the result also indicated that feature has positive and high correlation with marked relationship with customer satisfaction with the value of r = 0.924 and also Aesthetic (0.917) has also positive and high correlation with customer satisfaction. Conformance (0.895) also has positive high correlation with customer satisfaction. This implies that all the variables have positive high relationship among each other.

CHAPTER FIVE
SUMMERY, CONCLUSION AND RECOMMENDATION

5.1. Summary of Major Findings

This research aimed to identify the effect of product quality on customer satisfaction with the focus study area of Heineken brewery in its *Walia* beer products. Product quality features which are purposefully selected by the researcher were briefly explained in the literature part of the study. (Performance, feature, conformance, aesthetic and perceived quality). The theoretical, analytical and scientific assumptions of product quality were also provided in this part of the study.

The descriptive statistical part of the research displays that the internal consistence reliability proved that the coefficient alpha of every independent variables is high. The mean score of every variable were taken in the range of high, moderate and low.

This section tries to connect the research question and hypothesis with the major findings of the study.

The study initially intended to know the performance of *Walia* beer, through providing the a hypothesis that shows product performance has a significant and direct influence on customer satisfaction, for this reason, the finding of the study proves that *Walia* beer has lower performance in satisfying its customer, while statistically the hypothesis proved that this variable is essential factor to determine the satisfaction of the customer.

Since providing additional feature in product plays pivotal role in satisfying the customer, the researcher also aimed to identify the role of this feature through identifying the kinds of this feature given by the company and its significance and impact over satisfaction, thus the study identified that high number of respondents replied that additional features provided by *Walia* beer has important role for their satisfaction and the research also proved that the variable has statistically a direct and significant impact on customer satisfaction.

The other dimension of product quality is conformance and the study tries to attempt to answer weather *Walia* beer is conformant to the prescribed standard and also put an assumption that conformance has essential role for customer satisfaction, the research identified that the product the customers are not happy with the prescribed standard of *Walia* beer but the variable or the hypothesis is statistically significant which shows it is a determinant factor for customer satisfaction.

The study also tries to answer the question regarding on the aesthetical value of *Walia* beer in relation to other compatriots, the study proved that the product of *Walia* beer has low

aesthetical value, which the customer is assured that they are not satisfied with the physical, aesthetical value as well as test of the product. The hypothesis also rejected by the statistical data which proves that aesthetical value is not significant factor for customer satisfaction.

The researcher attempt to clarify how the customers perceive the quality in *Walia* beer and the result displays that most of the participants are not satisfied with the product, which means based on the customer assumption, attitude and viewpoints of quality, the product failed to make its customer happy, while the statistical part proved that hypothesis is valid and significant element which can determine customer satisfaction.

The regression model of the research demonstrated that those five independent variables of product quality feature indicated in R square is .945, where it means 94.5%variation on dependent variable, i.e. customer satisfaction. The remaining 5.5% are unknown factors. The hypothesis testing is being indicated that aesthetical value of the product is not statistically significant (where p>0.05) for the customer satisfaction. The rest of all independent variables (performance, feature, conformance, perceived quality) are statistically significant for the customer satisfaction.

5.2. Conclusion

Product quality is necessary factor for the producers to have the satisfaction of their customer, the satisfaction of the customers brings substantial economic, social and brand acceptance of the product in long run this has cumulative effect of the company to reach in its peak business success. Therefore, the key to reach there is to produce and deliver quality product for the users, hence given this huge emphasis this study focusses on the impact of product quality on customer satisfaction.

The finding of the research indicated that all product quality features which are used in this study have strong and positive relationship with customer satisfaction, i.e. delivering quality product specifically quality *Walia* beer will leads to customer satisfaction.

Performance feature has low mean value but significant element of product quality indicator, so, from this we can conclude that there is performance feature problem in *Walia* beer product, which has the problem in fulfilling the expectation of the customers.

Feature has the highest mean value and important feature of product quality feature. From this we can wind up that the product of *Waila* beer has no problem in inculcating additional features like reward which are desirable and essential to compete with competitors.

A margin close to moderate mean level scored in the conformance feature of product quality, this shows that there is a problem in reputation of the product as well as providing consistence with actual product.

The mean of the aesthetical value is low which implies that the physical feature of the *Walia* beer product and the test of the beer has problem. From this we can conclude that the taste of the product and the physical feature has something difficult to deal with.

The lowest mean score registered in the last feature of product quality that is perceived quality. From this we can conclude that there is huge problem in quality and maintain its taste.

The mean of overall customer satisfaction is low and from this we can sum up that there is a problem in the quality production of *Walia* beer.

5.3. Recommendations

Based on the major findings of the study, the following recommendations are suggested:

- ➢ Heineken brewery management members should exhaustively work to maximize the performance of *Walia* beer; lots of activities have to be done by the concerned staff to meet the customer expectation.

- ➢ The management staff of the company should strengthen their readiness to provide varieties of *Walia* beer products through conducting customer need assessment survey, which support the organization to be preferable by the customers. Since additional product features are crucial for customer satisfaction, Heineken Brewery Share Company should continue and upgrade what they are doing in adding such inspiring, motivational and desirable features in *Walia* products so as to increase the satisfaction of the customers.

- ➢ Heineken Brewery Share Company production unit have to set a strategy to make *Walia* beer more conformant than other competitors, specifically, the company should deliver in accordance with what has been said in diversified advertisement package and quality license assurance about their products. Thus, this will lead the increase of sell rate and acceptance of the beer by the people, which will eventually lead to the satisfaction of the customer.

- ➢ Heineken Brewery Share Company higher level leaders should aggressively work on the taste and aesthetical values of *Walia* beer, they need to conduct research on the taste of the beer and a decision has to be given to adjust the current taste of the beer in line with the customer preference. In addition to this, the company has to adopt a new and unique ways of decorating *Walia* beer and in relation to providing better aroma and smell. This leads the product to be competitive with other brewery companies.

- ➢ Despite the fact that the term quality has a subjective meaning or do not have general consensuses over the meaning and attitude of quality, companies like Heineken

Brewery need to conduct a contextual survey over the issue of what quality mean…this enables the company to provide what their customer needed and desired. Quality depends on the perceived value of customer; hence, the need to make continuous survey about what matter quality is significant. Therefore, the company has to work with the interest and the perceived value of the customer to deliver quality *Walia* beer. This enables the organization to be profitable and satisfy its customer.

> Once the customer loves the taste of the beer, the primary role of the company have to be keep the taste of the beer throughout…however, the study identified that *Walia* failed to do so, therefore, Heineken Brewery Share Company should strictly emphasize on the maintaining of the taste. A lot have to be done to keep the initial taste of the beer.

Generally, the above recommendations are the major suggestions that the researcher believed to forward for Heineken Brewery Share Company, the top-level managers need to take the major findings and recommendations to fix the problems identified in this study. In addition to this, further research should be done on the relationship between product quality features and customer satisfaction in brewery companies, researchers can also conduct research on the influence of one of the product qualities features on customer satisfaction.

5.4 Implication for further research

This research makes path way for future researchers, who want to investigate in similar area. It can be used as a guide to do more researches on this phenomenon. This paper used product quality features that are related to the study, but one can focus on using one feature and can explore more about what it is intended to study. One can also this paper to do researches to conduct thesis on other breweries.

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ANNEX
TIME TABLE

The time schedule from proposal writing up to the final submission and presentation is indicated in the table below.

S/NO	Activities	M1	M2	M3	M4	M5	M6	M7	M8
1	Finalizing the proposal								
2	Finalizing the review of related literature			↘	↘	↘			
3	Finalizing the research metrology				↘	↘			
4	Development of research instruments				↘	↘			
5	Data collection				↘	↘			
6	Research Report writing						↘	↘	
7	Submission of draft report							↘	↘
8	Submission of final report								↘
9	Presentation								↘

APPENDIX
COLLEGE OF BUISNESS AND ECONOMICS
ST MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES
DEPARTEMENT OF MARKETING MANAGEMENT

The Effect of product quality on customer Satisfaction The case of Heineken breweries'
***Walia* beer**

Questionnaire to be filled by beer drinkers in Nefas silk selected woredas

Dear Respondent

The purpose of this questionnaire is to collect primary data for conducting a study on the topic of the effect of product quality on customer satisfaction: the case of Heineken breweries *Walia* beer for the partial fulfillment of the Masters of Marketing Management program at St.mary's University. I kindly request you provide reliable information.

Thank you in advance for your cooperation

N.B: no need to write your name

Put (√) inside the box or table for an alternative you think is right.

Part I Personal information

1.1 Gender   male ☐   Female ☐

1.2 Age   18-30 ☐   31-45 ☐   45 years & above ☐

1.3 Number of years of drinking: below one year ☐   Above one year ☐

Part II: **Survey of product quality on customer satisfaction**

This survey deals with your opinion about product quality on customer satisfaction.

Based on this please put a tick (√) in the boxes which mostly explain your attitudes

The score levels are described as:

1. Strongly Disagree   4. Agree

2. Disagree   5. Strongly Agree

3. Somewhat Agree

Product Quality Features	Response				
Performance	5	4	3	2	1
1. *Walia* beer performs to meet your expectations.					
2. Heineken brewery provides variety of products that you think can meet your satisfaction.					
3. *Walia* beer performs better than other beers that are found in the country.					
4.Walia beer products makes you feel pleasure					
5. *Walia* beer fulfills the immediate interest of customers					
Feature	5	4	3	2	1
6. *Walia's* additional features (rewards and sponsors) are what you need to get satisfied					
7. *Walia* beer's additional features are desirable and useful					
8. Heineken product features are more desirable and useful than other competitors.					
Conformance	5	4	3	2	1
9. *Walia* beer have good reputation					
10. The description of Heineken brewery about *Walia* beer is consistent with the actual product.					
11. Products by Heineken brewery is more conformant than other competitors					

Aesthetic	5	4	3	2	1
12. Do you like how *Walia* beer looks like					
13. *Walia* beer have the best test in beer					
14. Do you think *Walia* beer product is more aesthetic than other breweries?					
15. Do you think *Walia* good aroma or smell?					
Perceived quality	5	4	3	2	1
16. Do you think *Walia* beer is high quality?					
17. Do you think if money is spent for beer *Walia* is the best to do so?					
18. Do You think *Walia* beer is better quality compared to that of competitors?					
19.*Walia* beer maintains its taste throughout?					
20. After using *Walia* beer do you think it have hangover in the morning?					
Customer satisfaction	5	4	3	2	1
21. Overall are you satisfied with the *Walia* beer product?					
22. Are you going to use *Walia* beer product in the future?					