

Addis Ababa  
University  
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***ASSESSMENT OF MARKETING STRATEGY  
PRACTICES IN THE CASE OF ST. GEORGE BREWERY  
(BGI)***

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF  
THE REQUIREMENTS FOR THE DEGREE OF MASTERS IN  
BUSINESS ADMINISTRATION (MBA)**

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**MBA PROGRAM**

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ADDIS ABABA**

## LETTER OF CERTIFICATION

This is to certify that **Chalachew Adege** has carried out his project work on the topic of “Assessment of Marketing Strategy Practices in the case of St. George Brewery” under my supervision. This work is original in its nature and it is suitable for Submission in partial fulfillment of the requirement for the award of Masters Degree in Business Administration (MBA).

Salehu Anteneh (PhD)

(Advisor)

\_\_\_\_\_

Signature

\_\_\_\_\_

Date

**Addis Ababa University**  
**Faculty of Business and Economics**  
**MBA program**

Title: “**Assessment of Marketing Strategy practices in the case of St. George Brewery**”

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Signature

## DECLARATION

I, Chalachew Adege, declare that this project work entitled “**Assessment of Marketing Strategy practices in the case of St. George Brewery**” is my own original work. I have carried out it independently with the guidance and suggestions of the research advisor. And it has not been presented in Addis Ababa University or any other University.

Chalachew Adege

\_\_\_\_\_

(The Researcher)

Signature

\_\_\_\_\_

Date

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### ***Abstract***

*The ultimate goal of any business establishment is to remain in business profitably through production and sales of products or services. Without optimal profit, a business firm cannot survive. One of the core activities in a business company to stay in business is having a well developed marketing strategy. The ultimate success or failure of a company depends on its marketing strategy. So, it should be implemented effectively to achieve the company's objectives.*

*Having this in mind, the study has been designed to assess the marketing strategy practices of the St. George Brewery factory (BGI) in light of an integrated framework. Both primary and secondary data collection instruments were used to collect data. Closed ended and open ended questionnaires along with interviews were used for the purpose of data collection. The selections*

*of the respondents were carried out by using purposive sampling research method because no other departments were concerned about marketing strategies and the researcher took all the respondents of marketing staffs as a total population of the study.*

*The St. George Brewery's marketing strategy is effectively practiced by its employees and managers because they are committed to work and the smooth communication flow between marketing and other departments are the main important issue for the success of the work. It provides quality products with affordable prices by promoting its products by using high and effective advertising mechanisms with the determination of the buyers' accessibility to the products.*

*Even though the marketing strategies of the company are effectively practiced, there are some problems that the company faced while implementing it. These are; Infrastructure problems, Economic problem, Intensive competition in the market, Shortage of raw materials, Seasonality of consumption, Socio-cultural problems and the time and cost of awareness creation for the customers.*

**Key words:** *Marketing mix, Target marketing, St. George Brewery, Marketing Strategy*

## CHAPTER ONE: INTRODUCTION

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

### 1.1 Background of the Study

With the growing competition in the domestic and international markets, more demanding and assertive customers, rapid advancement in technology, and changing government policies and laws, the marketing environment has changed dramatically and is becoming more turbulent. Marketing is a major stakeholder in new product development, customer management, and value/supply-chain management, and marketing strategy provides concepts and processes for gaining a competitive advantage by delivering superior value to the business's customers. Therefore, to deal with the current challenges, the businesses must have more distinctive and purposeful marketing strategies and they should be effectively implemented (Jain, 1997).

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

The strategic marketing planning process flows from a mission and vision statement to the selection of target markets, and the formulation of specific marketing mix and positioning objective for each product the organization will offer. Additionally, organizations consider internal strengths and how these strengths can be leveraged through strategy to achieve sustainable competitive advantage. Nowadays, most companies face some form of competition,

no matter what the industry, because of deregulation and because of the globalization of many industries. Consequently, marketing strategy has become all the more important for companies to continue being profitable.

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

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

The organization in question, St. George Brewery factory was established in 1922 by a Belgium nationalist Mussie Dawit Hale. The Brewery was set up with modest premises to produce the country's first bottled Beer. The St. George Brewery is situated near the Mexico square, Addis Ababa and occupies an area of 20,000 square meters of land. The Brewery stands right on the same site it was 80 years ago. Slowly, but steadily, St. George Brewery continued to grow and was nationalized. It also started to produce Draught beer that enjoyed popularity and big sales.

Most of all the workers showed great commitment and dedication to keep the Brewery and its product popular. The role played by the Brewery was significant in supporting and promoting other social activities. The factory is now owned by BGI, an internationally acclaimed Brewing company that operates in many countries. It has excellent reputation in producing quality beer and Draught and brought St. George to the same standard. Today, St. George is the oldest beer in Ethiopia and is certainly also the youngest with fresh dynamism. The Brewery had also undergone a complete revolution. Almost all machines are renewed to meet the standard of a modern Brewery that can compete and excel in the market.

In the year 2009/2010 BGI's two breweries, located in Addis Ababa and Kombolcha, together produced 1.6 million hectoliters of beer in a year, placing BGI number one in terms of market

share, and meeting over 50% of the total consumption. Market analysts forecast a deepening gap in the demand and supply of beer based on the shortages witnessed today. The construction of roads that connect different rural areas along with general improvement of the country's infrastructure contributes to increase in demand for beer, aside from the shift from tella and Teji, traditional beers, to bottled industrial beer.

The major functional department of corporate sales and marketing must work to accomplish strategic objectives of the company. However, St. George brewery does not have a vision, mission and value statement which shows how the organization lacks behind from the strategic point of view.

Thus, the purpose of the study was to assess the marketing strategy practices of the St. George Brewery factory and to identify whether it was aligned with the target marketing, marketing mix and corporate mission to satisfy customer requirements.

## **1.2 Statement of the Problem**

It is natural that every business organization whether small or large, private or government, domestic or international operate in a turbulent and uncertain environment. In the context of changing customer expectations, technological discontinuities, increasing environmental uncertainties, business managers have a big challenge of making the right strategic choice and setting their strategic priorities in order to allocate their resources to different functions in an efficient manner for business success. Due to this, managers must develop new tools, new concepts, new strategy and the new mindsets to cope with the turbulent and chaotic environments leading to discontinuous change (Jain, 1997).

In fact when you run a business, everything might not be easily accomplished. Marketing success is the lifeblood of any company. Everyone knows that a marketing strategy influences the company's ability to generate profits or to stay in business. Not all too often good product ideas

are funded because of a poor marketing strategy. Likewise St. George Brewery might face with some problems while practicing/implementing the marketing strategies.

This study attempted to assess the problems associated with the marketing strategy practices in St. George Brewery. Specifically the study is designed to address the following basic questions.

- How the marketing strategies are practiced by St. George Brewery factory aligned with its mission, the target marketing, and marketing mix to satisfy customer requirements?
- What are the marketing mix elements devised for marketing strategies?
- How does St. George Brewery segmenting, positioning and targeting its products to win competitors and achieve its stated goals?
- What are the problems encountered in implementing the marketing strategies?

### **1.3 Objectives of the Study**

The general objective of the study was to assess the marketing strategy practices of the St. George Brewery factory (BGI) and to identify whether it is aligned with the target marketing, marketing mix and corporate mission to satisfy customer requirements.

The specific objectives were:

- To identify the company's marketing mix strategies that will appeal to the target market.
- To investigate how the company strategically positioning and segmenting the market to achieve its objectives.
- To explore the various factors to be considered in marketing strategy so that other interested researchers or the Company under consideration can further use them to study the topic at large.

- To identify problems encountering the marketing strategy implementation of St. George Brewery and to give recommendations.

## **1.4 Methodology**

### **1.4.1 Research Design**

The study has adopted a case study of research design by using both qualitative and quantitative to obtain the desired results of the company and to explore detailed evidence about the problems. In the course of analyzing the problems, both primary and secondary data collection procedures were employed. To achieve this goal, questionnaires, interviews and document reviews were going to be the main tools.

### **1.4.2 Sample and Population**

The target populations of the study were the managers and employees of the marketing department in St. George Brewery. The populations of the study were 48 who are working in corporate sales and marketing department. The selections of the respondents were carried out by using purposive sampling research method because no other departments were concerned about marketing strategies and the researcher took all the respondents of marketing staffs as a total population of the study.

In addition to this, the data was collected by using interview from marketing manager and regional sales managers of the company.

### **1.4.3 Data collection Instruments**

In order to gather the data from relevant sources, both primary and secondary data collection instruments are used. The primary data conducted in the form of personal interviews with marketing managers and closed and open-ended questionnaires were distributed to marketing department staffs. On the part of secondary data, written documents on corporate strategies and marketing strategies, different reference books, journal articles, Internet web sites, policies, procedures, and document reports from BGI was referred. The information that was obtained by using both instruments was integrated during data presentation and analysis phase.

### **1.4.4 Method of Data Analysis**

The collected data was analyzed and interpreted by using both qualitative and quantitative techniques. The data collected by open ended and interview questionnaires were analyzed qualitatively. Closed ended questionnaires were analyzed quantitatively by using figures, tables, percentages and likert scale (five point scale) statement computations.

## **1.5 Scope of the Study**

The scope of the study was covered how the marketing strategies were practiced in the St. George Brewery to achieve its stated goals that aligned with target markets, positioning, segmenting and the marketing mixes to satisfy customer requirements.

The study was delimited to the marketing strategy practices by the organization's side with concerned employees (marketing department staffs and managers).

The focus of the study was also delimited to the data obtained from the rates using questionnaires and interviews in the Addis Ababa branch only while further study of other regions in the country would have a significant effect on the comprehensiveness of the study.

## 1.6 Limitation of the Study

The lack of cooperation of the respondents and their commitment to complete filling the questionnaires and interviews to devote their time to provide the researcher with the relevant information was seriously limited the outcome of the research. Since the study was made based on interviews and questionnaires, these method were not certain to clearly reveal real situations due to personal biased, especially the interviews part were made with managers and those managers may not be volunteer to give the true situation/sense of the organizations strategy because they may fear that their competitors may imitate their ideas. The study was conducted on the organization's side which is the marketing strategy practices of the employees and uncovered the other stakeholders such as government (government regulation on Brewery industries), intermediaries and to see what looks like the marketing strategy of the company in terms of customers' side.

## 1.7 Significance of the Study

The ultimate goal of any business establishment is to remain in business profitably through production and sale of products or services. Without optimal profit, a business firm cannot survive. One of the core activities in a business company is having a well developed marketing strategy. The ultimate success or failure of a company depends on its marketing strategies. The initial investigation revealed that much has not been done on this core activity, or at least, it has been a neglected area.

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

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

## **1.8 Organization of the Paper**

The research project was organized into four chapters: Chapter one has contained the introduction part dealing with research problems, objectives, and methodologies. The second chapter discussed the review of related literatures about the subject matter. In chapter three was focused on the analysis of the subject matter to investigate and evaluate the problems. Finally, chapter four has covered the conclusions of the findings and forwards recommendations.

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

### **2.1 Marketing Strategy Overview**

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

While all marketers do not agree on a common definition of marketing strategy, the term generally refers to a company plan that allocates resources in ways to generate profits by positioning products or services and targeting specific consumer groups. Marketing strategy focuses on long-term company objectives and involves planning marketing programs so that they help a company realize its goals. Companies rely on marketing strategies for established product lines or services as well as for new products and services.

Marketing strategy determines the choice of target market segments, positioning, marketing mix, and allocation of resources. Marketing strategy encompasses selecting and analyzing the target market(s) and creating and maintaining an appropriate marketing mix that satisfies the target market and company. (Paul Fifield 1994).

According to McDonld, Marketing strategies are the means by which marketing objectives will be achieved and are generally concerned with the four major elements of the marketing mixes; product, price, promotion and place (Malcolm McDonald and Ian Dunbar,2007).

In the word of Kotler, marketing strategy is the marketing of logic by which the business unit expects achieve its marketing objectives. Marketing strategy consists of marketing decisions on the business's marketing expenditure, marketing mix and allocations in relation to expected environmental and competitive conditions (Philip Kotler, 2007).

## **2.2 Marketing Strategy Development**

After testing and selecting a product concept for development, the new-product manager must draft a three-part preliminary marketing-strategy plan for introducing the new product into the market. The first part will describe the target market's size, structure, and behavior; the planned product positioning; and the sales, market share, and profit goals sought in the first few years. The second part will outline the planned price, distribution strategy, and marketing budget for the first year. The third part will describe the long-run sales, profit goals, and marketing-mix strategy

over time. This plan forms the basis for the business analysis that is conducted before management makes a final decision on the new product (Ranchhod A., 2007).

### 2.3 Elements of marketing Strategy

In order to achieve the marketing objectives, we need to have a strategy that includes different elements. Here there are four major elements that are used in the literature to explain the detail of marketing strategy. These are the Target market, Segmentation, Positioning and the marketing mixes (Roger Brooks bank, 1994, pp.10-14.).

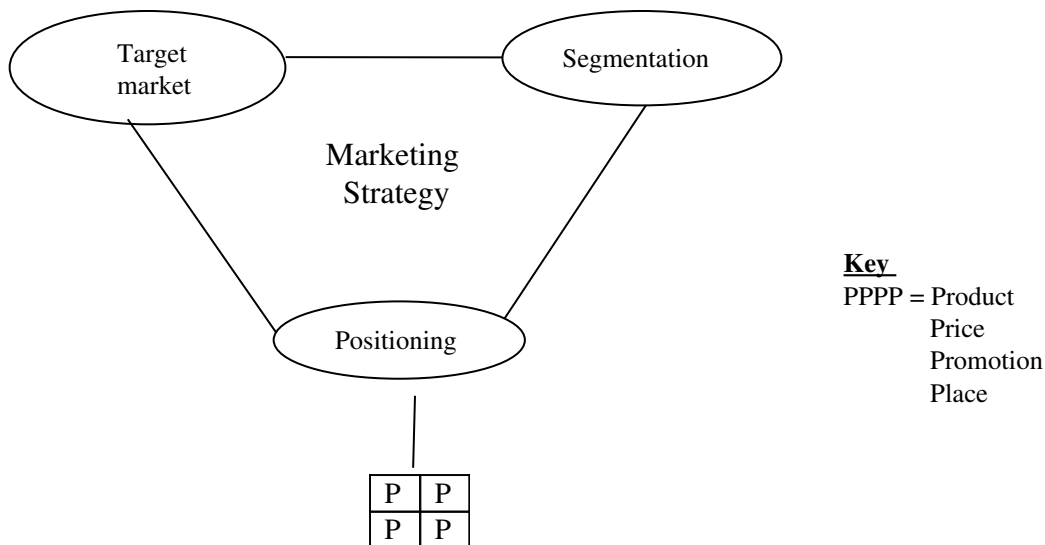


Figure 1: Framework of Marketing Strategy

Source: Adopted from Roger Brooks bank, 1994, pp.10-14.

#### 2.3.1 Segmentation, Targeting and Positioning

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

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

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

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

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

## Bases for Segmentation

Consumer markets can be segmented on the following customer characteristics

### A). Demographic Segmentation

Gender, age, income, housing type, and education level are common demographic variables. Some brands are targeted only to women, others only to men. Music downloads tend to be targeted to the young, while hearing aids are targeted to the elderly. Education levels often define market segments. For instance, private elementary schools might define their target market as highly educated households containing women of childbearing age. Demographic segmentation almost always plays some role in a segmentation strategy.

#### B). Geographic Segmentation

This is perhaps the most common form of market segmentation, wherein companies segment the market by attacking a restricted geographic area. For example, corporations may choose to market their brands in certain countries, but not in others. A brand could be sold only in one market, one state, or one region.

Geographic segmentation can take many forms (urban versus rural, north versus south, seacoasts versus interior, warm areas versus cold, high-humidity areas versus dry areas, high-elevation versus low-elevation areas, and so on). These examples also reveal that geographic segmentation is sometimes a surrogate for (or a means to) other types of segmentation.

#### C). Behavioral Segmentation

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

#### D). Psychographic or Lifestyle Segmentation

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

### Target Market Selection

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

### Positioning

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

## **2.3.2 Marketing Mix Strategies**

The marketing mix was first developed by McCarthy over 40 years ago. It was designed to suggest that you should have a balanced mix of marketing activities within your marketing plan. It is a planned mix of the controllable elements known as a "mix" because each ingredient affects the other and the mix must overall be suitable to the target customer. The main four elements of

the marketing mix are described as "the 4 P's" - product, price, promotion and place (Littler and Wilson, (1995).

### **2.3.2.1 Product Strategy**

Product strategy specifies market needs that may be served by different product offerings. It is a company's product strategies, duly related to market strategies, which eventually came to dominate overall strategy and the spirit of the company. Product strategies deal with such matters as number and diversity of products, product innovations, product scope, and product design

#### **2.3.2.1.1 Product Positioning Strategy**

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

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

#### **2.3.2.1.2 Product Elimination Strategy**

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

desirable to pull the product out of the market place. Poor performance is easy to spot (Walker, Boyd and Larreche, (1992).

### **2.3.2.1.3 New Product Development Strategy**

New product development is an essential activity for companies seeking growth. By adopting a new product strategy as their posture, companies are better able to sustain competitive producers on their existing products and make headway. The implementation of this strategy has become easier because of technological innovations and the willingness of customers to accept new ways of doing things. The term new product is used in different senses. For our purpose, the new product strategy will be split into three alternatives; product improvement/modification, product imitation and innovation.

### **2.3.2.1.4 Product Mix Strategy**

A product mix (also called product assortment) is the set of all products and items that a particular marketer offers for sale. The product mix of an individual company can be described in terms of width, length, depth, and consistency. The width refers to how many different product lines the company carries. The length refers to the total number of items in the mix. The depth of a product mix refers to how many variants of each product are offered. The *consistency* of the product mix refers to how closely relate the various product lines are in end use, production requirements, distribution channels, or some other way. These four product-mix dimensions permit the company to expand its business by (1) adding new product lines, thus widening its product mix; (2) lengthening each product line; (3) deepening the product mix by adding more variants; and (4) pursuing more product-line consistency ( Aaker, D.A. and Keller, K.L.1990).

### 2.3.2.1.5 Marketing through the Product Life Cycle

In today’s highly dynamic marketing environment, a company’s marketing strategy must change as the product, market, and competitors change over time. Here, we describe the concept of the product life cycle (PLC) and the changes that companies make as the product passes through each stage of the life cycle. To say that a product has a life cycle is to assert four things: (1) Products have a limited life; (2) product sales pass through distinct stages with different challenges, opportunities, and problems for the seller; (3) profits rise and fall at different stages of the product life cycle; and (4) products require different marketing, financial, manufacturing, purchasing, and human resource strategies in each stage. Most product lifecycle curves are portrayed as a bell-shape as shown in the following figure (Lancaster, G. A, 2004).

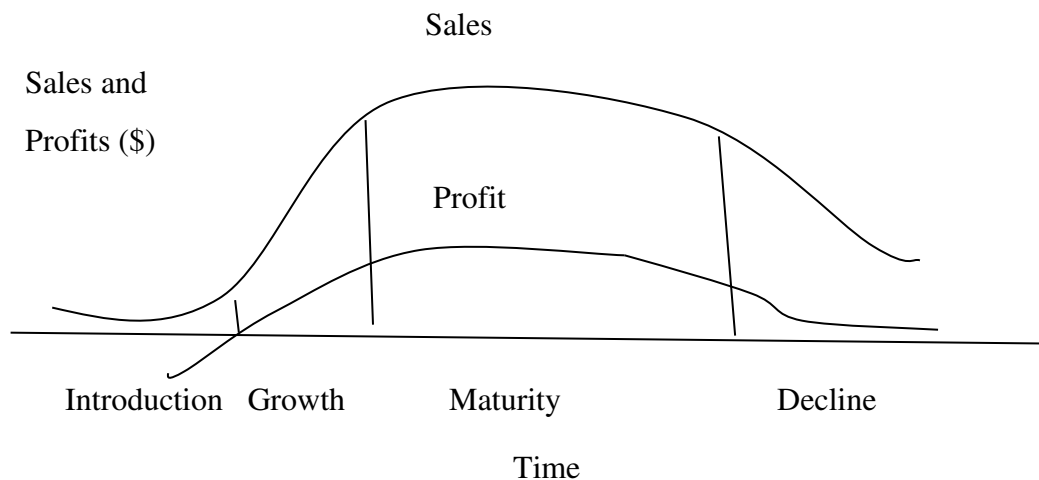


Figure 2: Sales and Profit Life Cycles  
(Philip Kotler, 2007)

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

Because it takes time to roll out a new product and fill dealer pipelines, sales growth tends to be slow at this stage. There are several causes for the slow growth: delays in the expansion of production capacity, technical problems (“working out the bugs”), delays in obtaining adequate distribution through retail outlets, and customer reluctance to change established behaviors.

Firms focus their selling on those buyers who are the readiest to buy, usually higher-income groups. Prices tend to be high because costs are high due to relatively low output rates, technological problems in production, and high-required margins to support the heavy promotional expenditures.

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

The growth stage is marked by a rapid climb in sales and attracted by the opportunities; new competitors enter with new product features and expanded distribution. Prices remain where they are or fall slightly, depending on how fast demand increases. Companies maintain or increase their promotional expenditures to meet competition and to continue to educate the market.

During this stage, the firm uses several strategies to sustain rapid market growth as long as possible: (1) improving product quality and adding new product features and improved styling; (2) adding new models and flanker products; (3) entering new market segments; (4) increasing distribution coverage and entering new distribution channels; (5) shifting from product-awareness advertising to product-preference advertising; and (6) lowering prices to attract the next layer of price-sensitive buyers.

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

At some point, the rate of sales growth will slow, and the product will enter a stage of relative maturity. This stage normally lasts longer than the previous stages, and poses formidable challenges to marketing management. Most products are in the maturity stage of the life cycle, and most marketing managers cope with the problem of marketing the mature product.

Three strategies for the maturity stage are market modification, product modification, and marketing-mix modification.

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

As sales and profits decline, some firms withdraw from the market. Those remaining may reduce the number of products they offer. They may withdraw from smaller market segments and weaker trade channels, and they may cut their promotion budget and reduce their prices further. In a study of company strategies in declining industries, The five possible decline strategies: Increasing the firm's investment, maintaining the firm's investment level until the uncertainties about the industry are resolved, Decreasing the firm's investment level selectively by dropping unprofitable customer groups while simultaneously strengthening the firm's investment in lucrative niches, Harvesting ("milking") the firm's investment to recover cash quickly; and Divesting the business quickly by disposing of its assets as advantageously as possible.

### **2.3.2.2. Pricing Strategies**

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

#### **2.3.2.2.1 Factors to be Considered When Setting Prices**

A company's pricing decision are affected both by internal and external company factors.

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

### 2.3.2.2 Pricing Strategies for New Products

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

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

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

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

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

### 2.3.2.2.3 Pricing Strategies for Established Products

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

- ♣ Maintaining the prices: - If the market segment from which the company drives a big position of its sales is not affected by changes in the environment, the company may decide not to initiate any change in its pricing strategy.
- ♣ Reducing the prices: - There are three main reasons for lowering prices.

First, as a defensive strategy, prices may be cut in response to competition. In addition, to successfully compete in mature industries, many companies reduce prices, following a strategy that is often called value pricing.

A second reason for lowering price is offensive in nature. Following the experience curve concept, costs across the board go down by fixed percentage every time experience doubles.

Technology advances have made possible the low cost production of high quality electronics gear. The third and final reason for price-cutting may be a response to customer needs.

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

### 2.3.2.2.4 Price Bundling Strategy

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

Under the bundle strategy, not only are costs of hardware and profits covered, anticipated expenses for extra technical sales assistance, design and engineering of the system concept, software and applications to be used on the system, training of personnel and maintenance also include (Philip K. & Garry A. (2007).

#### **2.3.2.2.5 Pricing Adjustment Strategies**

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

#### **2.3.2.3 Promotion Strategies**

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

##### **2.3.2.3.1 Promotional Mixes**

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

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

Advertising is any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor Advertising can reach geographically dispersed buyers efficiently. Certain forms of advertising (TV advertising) typically require a large budget, whereas other forms (newspaper advertising) can be done on a small budget.

In developing an advertising program, successful firms start by identifying the target market and buyer motives. Then they can make five critical decisions, known as the five Ms: Mission: What are the advertising objectives? Money: How much can be spent? Message: What message should be sent? Media: What media should be used? Measurement: How should the results is evaluated?

### **B). Sales Promotion Strategy**

Sales promotion, a key ingredient in many marketing campaigns, consists of a diverse collection of incentive tools, mostly short term, designed to stimulate trial, or quicker or greater purchase, of particular products or services by consumers or the trade. Whereas advertising offers a reason to buy, sales promotion offers an incentive to buy. Sales promotion includes tools for consumer promotion (samples, coupons, cash refund offers, prices off, premiums, prizes, patronage rewards, free trials, warranties, tie-in promotions, cross-promotions, point-of-purchase displays, and demonstrations); trade promotion (prices off, advertising and display allowances, and free goods), and business sand sales force promotion (trade shows and conventions, contests for sales reps, and specialty advertising). Sales promotion offer three distinctive benefits: (1) communication (they gain attention and usually provide information that may lead the consumer to the product); (2) incentive (they incorporate some concession or inducement that gives value to the consumer); and (3) invitation (they include a distinct invitation to engage in the transaction now). Sales promotion can be used for short-run effects such as dramatizing product offers and boosting sales (Ranchhod, A., and Gurau, C, 2007).

### **C). Public Relations Strategy**

Not only must the company relate constructively to customers, suppliers, and dealers, but it must also relate to a large number of interested publics. A public is any group that has an actual or potential interest in or impact on a company's ability to achieve its objectives. Public relations (PR) involve a variety of programs that are designed to promote or protect a company's image or its individual products. The wise company takes concrete steps to manage successful relations with its key publics.

The appeal of public relations and publicity is based on three distinctive qualities: (1) high credibility (news stories and features are more authentic and credible than ads); (2) ability to catch buyers off guard (reach prospects who prefer to avoid salespeople and advertisements); and (3) dramatization (the potential for dramatizing a company or product).

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

Personal selling is a key element in promotion, one of the four Ps in the marketing mixes.

Personal selling has three distinctive qualities:

(1) Personal confrontation (it involves an immediate and interactive relationship between two or more persons); (2) cultivation (it permits all kinds of relationships to spring up, ranging from a matter-of-fact selling relationship to a deep personal friendship); and (3) response (it makes the buyer feel under some obligation for having listened to the sales talk). Salespeople perform one or more of the following tasks: Prospecting, targeting, communicating, and selling approaching, Servicing, Information gathering, Allocating (Philip K. & Garry A, 2007).

#### **2.3.2.4 Distribution Strategies**

Distribution strategies are concerned with the channels a firm may employ to make its goods and services available to customers. Decisions about marketing channels, which help producers deliver goods and services to their target markets, are among the most critical facing management—because the channels that are chosen intimately affect all of the other marketing decisions. For example, the company’s pricing depends on whether it uses a direct Web presence, discount merchants, or high-quality boutiques. In addition, the firm’s sales force and advertising decisions depend on how much training and motivation its dealers need.

Another reason why these decisions are so critical is that they involve relatively long-term commitments to other firms. In an era when buyers and sellers alike seek speedier sales transactions, marketing-channel technologies (including automated inventory and storage systems) and the Internet are adding value by expediting the flow of physical goods, ownership, payment, information, and promotion (Rayport, J. and Sviokla, J.1994).

Types of utility distribution offers:

- ❖ Time...when the customers want to purchase the product.
- ❖ Place...where the customers want to purchase the product.
- ❖ Possession...facilitates customer ownership of the product.
- ❖ Form...sometimes, if changes have been made to the product in the distribution channel, i.e. Pepsi/Coke, concentrate to bottlers.

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

The distribution system:

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

#### **2.3.2.4.1 Functions of Intermediaries**

The primary role of middlemen is to transform the assortment of products made by producers in the assortments desired by consumers. Producers make narrow assortments in large quantities, consumers want broad assortments in small quantities, discrepancy in quantity and assortment. Producer Specialization in production, economies of scale etc., therefore wants to produce large quantities but narrow product mixes. Other functions of intermediaries include: Assuming risk Provide working capital by paying for goods before they are sold, Information Flow, Financing, Payment and title flow, Negotiation, Contacts, and Promotion. A producer will use an intermediary when it believes that the intermediary can perform the function(s) more

economically and efficiently than it can. "You can eliminate the middle man, but you can't eliminate their functions"-a well accepted maxim in marketing (Littler and Wilson, (1995).

#### **2.3.2.4.2 Channel Conflict**

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

#### **2.3.2.4.3 Selection of Distribution Channels**

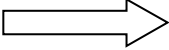
Should determine what the final buyer wants and determine the best way to reach them, Marketing Oriented! Determined by:

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

#### **2.3.2.4.4 Types of Channels of Distribution**

Channels for Consumer Products i.e. Vertical dimensions, determined by the number in the channel.

Channel A:

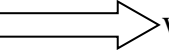
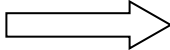
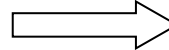
Producer  consumer, i.e. door to door purchases, unsought products, example; Encyclopedias. Technological developments are making the direct channel more common: TV Home shopping, CDs, Catalogs, LL Bean etc., Internet, and WWW .

Channel B:

Producer  Retailer  Consumer

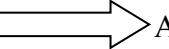

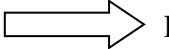
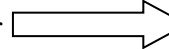
Large retailers, no discrepancy in quantity supplied and demanded. Popular for shopping products, clothing, Automobiles-cost of transportation and inventory is high.

Channel C:

Producer  Wholesaler  Retailer  Consumer

Smaller retailers, widely distributed products, convenience products

Channel D:

Producer  Agent  Wholesaler  Retailer  Consumer

Mass distribution, i.e. processed food; also when there are a number of small producers etc. It may be the most efficient distribution channel for consumer products and Convenience products (Philip K. & Garry A, 2007).

## 2.4 The Concept of Competitive Advantage

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

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

- ✓ Product feature- for example Philips developed a television that can display two channels on the same screen.
- ✓ After sale service- convenience and quality, services could be a critical factor in deciding among alternatives.

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

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

## CHAPTER THREE: DATA PRESENTATION AND ANALYSIS

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

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

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

### 3.1 Profile of Respondents

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

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

Questionnaires	Number	Percentage
Returned	45	94%
Unreturned	3	6%
Total distributed	48	100%

### 3.2 Questionnaire Analysis

Table 2: General information of respondents

Descriptions of Respondents	Response	
	Number	Percentage
<b>A) Gender</b>		
Male	36	80%
Female	9	20%
Total	45	100%
<b>B) Age(years)</b>		
Less than 20	0	0%
21 to 35	23	51.1%
36 to 50	16	35.6%
51 to 65	6	13.3%
More than 65	0	0%
Total	45	100%
<b>C) Educational level</b>		
1 to 12 Complete	0	0%
Certificate	0	0%
Diploma	36	80%
BA/BSC	6	13.3%
MA/MSC/MBA	3	6.7
PhD	0	0%
Total	45	100%
<b>D) Position</b>		
Senior Manager	1	2.2%
Manager	2	4.5%
Staff	42	93.3%
Total	45	100%
<b>E) Service years in BGI</b>		
Less than 1 year	0	0%
2 to 5	8	17.8%
5 to 10	13	28.9%
10 to 15	16	35.5%
More than 15 years	8	17.8%
Total	45	100%

From the above information about 80% employees were male and the least amount 20% staffs were females. The age of majority employees were between 21 and 35 years old that accounts

51.5%. Employees who were between 36 to 50 years are 35.5% and from 51 to 65 years old were 13.3%. This indicates that there is a potential advantage for working by young employees especially to achieve future objectives of the company's marketing strategy and the young employees are more eager to work.

When we saw the level of education, 80% of the respondents were Diploma holders and 13.3% were first degree whereas 6.7% were second degree holders. Here, we can conclude that all the respondents are educated and more than Diploma holders. This implies that it is a good advantage for marketing strategy application and gives the organization a competitive advantage because nowadays the Brewery industries are in a highly competitive market. In addition to, all respondents were expected to understand the questionnaire and respond correctly.

With respect to the position of the respondents, 93.3% were fall in lower level employees and the lowest numbers fall in senior managers and managers. This indicates that, it is a fact that in every organization there are few managers and many employees that signify a few manager plans the activity and ordered the lower level employees of the company to do it. To end, the highest number of respondents (35.5%) have experienced of 10 to 15 years in the company. 28% of the respondents had 5 to 10 years of experience, 17.8% respondents had 2 to 5 years of experience and the rest 17.8% had more than 15 years of experience in the company. Long years of experience shows that there is a relatively lower employee turn-over as a result reduces cost of hiring new employees and saves time. As a result, the company can achieve its objectives and can maximize its profit. Generally, senior marketing staffs are knowledgeable about the marketing strategy practices and activities of the company.

Table 3: Employees opinion towards target customers

Target customers	Frequency	Percentage
Individual customers	23	51.1%
Hotels, Restaurants and groceries	18	40%
Other intermediaries	4	8.9%
Total	45	100%

The one and most crucial activity of the marketing strategy is the selection of target markets or the identification of the products to whom produced. Companies use the target marketing to their tailor for specific markets.

As the above table shows, 51.1% of the respondents said that the target markets are individual customers. 40% of the respondents replied hotels, restaurants and groceries where as the rest of 8.9% of the respondents said the target customers are other intermediaries like retailers and whole sellers.

Thus, the company's target customers are individuals who have the interest of drinking bottled beer and draught beer. Moreover, as the researcher got additional information from the interviews of the managers, as a policy of the company, the target customers are any individual:

- Who are more than 20 years old; hence, below 20 years old, they were tanagers and not allowed to drink beer at this stage.
- Who have a good income level
- Who have not any medical problems
- Who are not prohibited by religion
- Who are living in city (for city residents), this implies that those target customers are more users/drinkers of the company products.

Table 4: Responses in relation with the basis of market segmentation

Basis of market segmentation of BGI	Number	Percentage
Geographic location	19	42.2%
Psycho graphical or Lifestyle Segmentation	9	20%
Economic situation	4	8.9%
Demographic	13	28.9%
Total	45	100%

The table indicates that the majority of respondents said that the bases of the company’s market segmentations are geographic location and demographic segmentation which accounts 42.2% and 28.8% respectively. Nearly 20% respondents answered as the basis of segmentation is psychographic or Lifestyle Segmentation and the least number of respondents said that it is based on economic situation.

From this responses, we can concluded that the basis of the company’s market segmentation is the geographic location that can take many forms i.e. from urban to rural, north to south, warm areas to cold areas etc.

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

segmentation, geographic segmentation is the common form of the company's market segmentation mechanism.

Table 5: Opinion of employees towards the company's marketing mix strategies

Company's marketing mix to appeal marketing strategy	Number	Percentage
Product	-	-
Price	-	-
Promotion	-	-
Place	-	-
All the above mixes	45	100%
Total	45	100%

Marketing mixes are controllable elements of the company's products, prices, promotion place/distribution strategies that are essential for the marketing strategy implementation. As shown in table 5, all employees (100%) responded the company exploits all the 4Ps of marketing mix elements. The response implies that the company uses all the 4Ps marketing mix elements for the purpose of marketing strategy implementation because each ingredient affects the other and each mix must be suitable to the target customers and to maximize its profits, gain market share and for competitive advantages.

Table 6: Employees' response in relation to the company's product quality

The company product's quality	Number	Percentage
Very good	45	100%
Good	-	-
Medium	-	-
Poor	-	-
Very poor	-	-
Total	45	100%

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

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

The company product qualities in the production process and marketing perspectives are summarized as follows:

-Quality control from production processes point of view: quality in St. Gorge brewery has checked at every phase of production process. That is quality control was made at the very early stage of receiving raw materials through inspection centers. Most of the quality control were used to very technical statistical control methods identified using visual machines that shows problem or defect case of production process while the activity was on the progress.

-Quality from market or customer perspective with respect to color, clarity and foam of beer: Here, the important point is that quality perspectives should be based on customers' preference, not on internal evaluation. So, the ultimate objectives of product quality should be to delight the customers in every way possible. Brand, price, promotion, distribution and quality are the main drivers that influence the purchasing decision of the St. Gorge beer drinker. Market experience with poor quality of beer has focused the consumer on some key parameters. In addition to the products quality, the customers' primary reason for buying and using the company products are:

- Proximity of supply/availability
- Effective promotion

- Lower price than others
- Fits with the customers preference

Table 7: Opinions concerning the prices of the company’s products

Prices of the product	Number	Percentage
Very cheap	-	-
Cheap	14	31.1%
Affordable	31	68.9%
Expensive	-	-
Very expensive	-	-
Total	45	100%

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

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

- Transportation charges: - Costs are incurred by transporting inputs and distributing the final products
- Competitors’ costs: - costs incurred in order to stand out competitors resulting in different pricing by competitors’ pressure.
- Economic factor: - inflation and deflation affects the pricing strategy

- Gross profit costs: - a margin that the company maintains in order to gain and survive after covering its direct costs.
- Over head costs: - costs that are incurred for different marketing activities, wages, salaries etc
- Net profit: - the ability of paying the owners in the form of dividends
- Direct costs:-costs that are incurred by raw materials, taxies, machinerics etc

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

Table 8: The Company’s products availability and accessibility

Product availability and accessibility	Number	Percentage
Excellent	37	82.2%
Very good	6	13.3%
Good	2	4.5%
Poor	-	-
Very poor	-	-
Total	45	100%

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

As table 4.8 depicts, 82.2% of the respondents said, the availability and accessibility of the products are admirable. 13.3% replied very good and 4.5% of the respondents responded as it is good. The response implies the distribution system of the company is brilliant and determines the pro-

duct's marketing presence and the buyers' accessibility to the product. Thus, products availability is so nice and buyers can get the product easily in almost everywhere.

Table 9: Communication effectiveness between the departments

Communication effectiveness between marketing and other departments	Number	Percentage
Very good	40	88.9%
Good	5	11.1%
Somewhat good	-	-
Poor	-	-
Very poor	-	-
Total	45	100%

Effective communication between departments is essential to accomplish strategic objectives easily. The above table shows that 88.9% of the respondents reflected that the communication effectiveness between marketing and other departments are very good. The remaining 11.1% said it is good. This replies the marketing department of the St. George Brewery has a positive relationship and communication with other departments. This positive communication helps the department to accomplish the marketing strategy practices effectively and also reduces costs as well as saves time.

Table 10: The selling process of the company products

Process of selling the products	Number	Percentage
Direct personal selling	11	24.4%
Direct online selling	-	-
Indirect through the channels	34	75.6%
Word of mouth	-	-
Telemarketing	-	-
Total	45	100%

Table 10 shows about 75.6% of the respondents agreed with the selling mechanism of the product is done by through indirect channels. The remaining 24.4% answered that the selling process is through direct personal selling. The implication of selling for the company product is mainly through indirect channels. These indirect channels are intermediaries/agents who address the products from the producer to the consumers. St. George Brewery has its criteria to select the best intermediaries such as; they must have financial capacity, skilled and experienced manpower, necessary logistics (or transportation), they must be legal or licensed, has storage capacity, well structured, and reputed. They should also be capable of maintaining closer contact with the company and different roots under its chain.

Table 11: Opinions of employees regarding marketing strategy practices

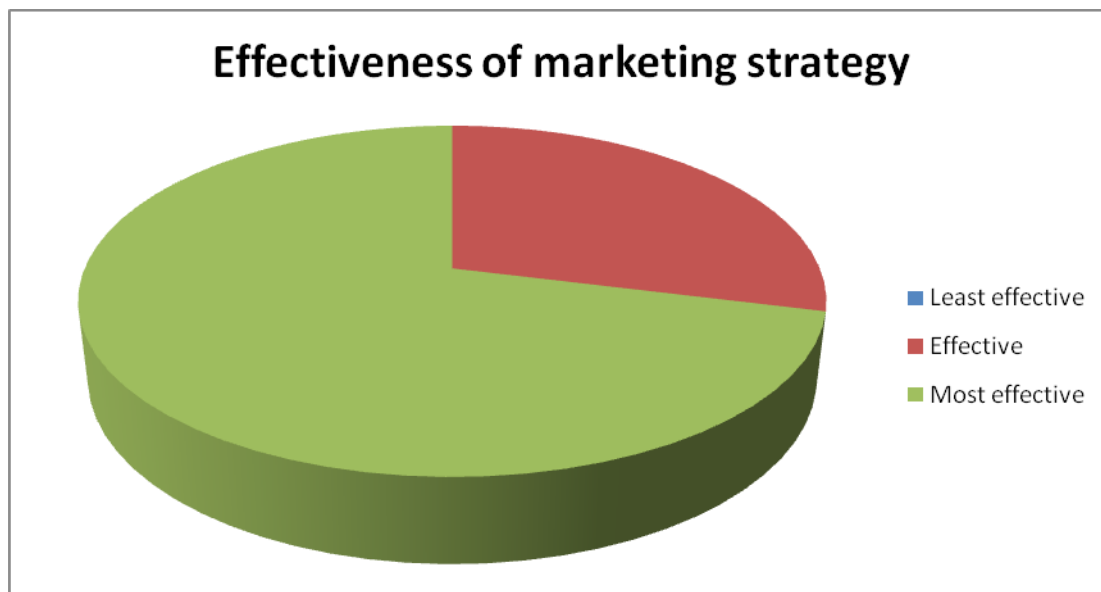
Items	Responses					Total
	Strongly agree	Agree	Undecided	Disagree	Strongly disagree	
1. I am confident that I can perform my job effectively.						
Total	25	9	7	4	-	45
Weights	5	4	3	2	1	15
Percentage (%)	55.5%	20%	15.6%	8.9%	-	100%
Weighted Frequency	125	36	21	8	-	190
Calculated weighted mean						4.22
Table mean						3.0

It is clear that the table shows, the weighted frequency which accounts 4.22 is greater than the table mean which is 3.0. The majority of the respondents (75.5%) who said Strongly Agree and Agree perform their duties effectively. 8.9% of the respondents responded that they disagree with the statement. The rest of 15.6% preferred to stay in undecided. This implies that the employees can perform the marketing strategy practices of the company effectively. Hence, the Marketing strategies are the means by which the marketing objectives will be achieved, the employees and managers of the marketing department are genuinely performing their duties to achieve the company's objectives. They are also committed for their work.

Hint:

- Weights: (in a 5 scale point likert, the weights are given from 5 to 1/from strongly agree to Strongly Disagree).
- Weighted frequency: Calculated by multiplying the each response by the weights.
- Weighted mean: weighted frequency divided by total respondents.
- Table mean: the sum of each weights divided by five.

Fig 4: Company's overall marketing strategy



As can be observed from the above figure, almost all the respondents witnessed about the marketing strategy effectiveness. They responded that the marketing strategy of the company is sufficiently effectual. This implies the overall marketing strategy of the company accomplishes its duties with in a given constraints and the marketing strategy practices are successfully achieved its objectives.

Table 12: The Company’s advertising strategy

Best strategy of advertising	Number	Percentage
Media (TV, Radio, Newspaper)	16	35.6%
Word of mouth	13	28.9%
Free sampling	6	13.3%
Internet	4	8.9%
Billboard	6	13.3%
Total	45	100%

The table clearly reveals that the best strategy of advertising is through media communication (TV, Radio, newspaper) as 35.6% of the respondents replied and 28.9% responses filled that the finest advertising strategy is word of mouth. 26.6% of the respondents said the best advertising strategy of the company is through free sampling and billboard. The remaining 8.9% responded as the preeminent way of advertising means is through internet websites.

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

Table 13: Appropriateness of the company promotional tools

Effectiveness of promotional tools	Least effective (1)		Effective (2)		Most effective (3)	
	Number	Percentage	Number	Percentage	Number	percentage
Advertising	-	-	18	40%	27	60%
Personal selling	1	2.2%	42	93.3%	2	4.5%
Sales promotion	-	-	20	44.5%	25	55.5%
Public relation	3	6.7%	20	44.5%	22	48.8%

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

These all indicate the company's promotional mix strategies are vital for the marketing of products. It creates a good image for the Brewery and gained popularity as the company's perspectives of quality products. Moreover, the managers underlined about the promotional tools as the company gives attention for it and go beyond using Medias or vehicles; it also gives emphasis for social marketing activities like:

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

### **3.3 Interview Analysis**

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

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

Currently, there are a number of competitors in the market, such as; Dashen beer, Harar, Meta Abo and Bedele beers. Three other beer factories, Habesha Brewery in Debre Berhan, Amhara Region; Raya Brewery in Tigray region; and Kangaroo Beer in Mojo, Oromia region are under formation.

This implies that there is an intensive competition in the market. The St. George Brewery company is doing better than its competitors. For example, beyond delivering quality products and selecting best partners, St. George Brewery marketing strategy focuses on implementing an efficient distribution net work along with creative and innovative marketing. It gives special attention in training and upgrading the skills and competence of employees and partners.

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

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

As per the interviewee replied, modern marketing is a complex practice that involves the production of quality and standard products, the establishment of various and efficient distribution networks, popularizing the product with fair prices and delivering continuous services after distribution. In this connection, St. George Brewery has done a lot with regard to marketing strategies of its products. The marketing strategy of the company is effectively practiced and it is customer oriented. This indicates the Brewery's marketing strategy is effectively implemented by its employees to achieve its objectives because the workers showed great commitment and dedication to keep the Brewery and its product popular. These strategies will effectively accomplished by improving the type, quality and quantity of the products, by discarding all out dated machines and substituted them with modern and state of the art technologies, and by using the same bottles used by all modern Breweries and these do not get broke, bored or eroded easily: the bottles are also distributing in strong and handy creates.

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

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

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

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

- Infrastructure problem: - it is the major problem which hampers the company's marketing strategy to not to implement well. With any facility of infrastructures (like roads to transport beers, electricity to stay it with a refrigerator, water, telecommunication etc.), it will be very difficult to address for all regions.
- Economic problem: - as we know the income of individuals are not equal, some may have good income, in the contrarily some may not have enough money even to eat bread. Due to these financial problems, all people may not be drinking our beer/draught.

- Intensive competition: - there are direct/substitute/local competitors in the market. These competitors may affect our marketing strategy.
- Shortage of raw materials: - sometimes there is a shortage of raw materials when the rain is not enough for malt production.
- Seasonality: - there is some seasonality of consumption of beers. For example, in the fasting season most people may not drink alcohol beverages. So, during this season there will be less consumption of beer/draught.
- Socio-cultural problems: - these are cultural entities like norms, religious and values which encumbers the marketing strategy to implement effectively. For example, some religions prohibited alcohol drinks including St. George beer; some cultures have their own habits of drinks like areki (katikala), teji, tella, bukri etc. These all may affect the marketing strategy practices.
- Awareness creation for the customers
- Shortage of supplies, there is a high demand in the market
- High cost of advertising program

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

#### 4. Future plan of St. George Brewery (BGI)

According to the managers, as a future plan, St. George Brewery (BGI) is already on the way to open the 3<sup>rd</sup> plant beer in Hawassa .The country's major beer producer, BGI Ethiopia, has received seven hectares of land in the industrial zone of Hawassa for its third beer factory in the country. BGI is expected to begin construction of the factory shortly. "If all goes as per plan the brewery will start production in the second semester of 2011. The land, some 300 kilometers south of Addis Ababa, was leased from the Southern Nations Nationalities and Peoples' Regional State.

The beer market in Ethiopia is expanding day to day. Today 3.1 million hectoliters of beer (1 hectoliter is equal to 100 liters) is consumed per year in Ethiopia. Five years ago it was only 1.5 million hectoliters. There is a shortage of beer in the market today. This reveals that there is a high demand of beer in the country, Ethiopia. To fill the gap between the demand and supply of beers, it is a need to expand the new ventures in different regions of the country. It also shows that Hawassa was chosen for the new plant, as BGI has already a plant in the center, Addis Ababa, and in the north, Kombolcha, Hawassa would allow it to reach the southern market easily and there will not be any accessibility/availability problems in the northern part of the country.

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

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

#### 6. Distribution strategy of the company

“Quality product is the key to the company success” said the marketing and sales managers of the Brewery. “And as a result, everyone is willing to carry out our products.” they added. This shows that once quality product is produced, it will not have any problem to distribute it and St. George Brewery produces quality products and distributes it through direct and indirect channels. An agent is assigned to each market or region or a big territory. For an agent to be selected by the company, it must have financial capacity, skilled and experienced manpower,

necessary logistics (or transportation), it must be legal or licensed, has storage capacity, well structured, and reputed. The agent should also be capable of maintaining closer conduct with the company and different roots under its chain.

## **CHAPTER FOUR: CONCLUSION AND RECOMMENDATION**

### **5.1 Conclusion**

The main conclusions of the study in relation to each of the marketing strategy elements and the associated follow-up actions considered to be needed are given below.

Marketing strategies are the means by which the marketing objectives will be achieved. The employees and managers of the marketing department are genuinely performing their duties to

achieve the company's objectives. The smooth communication flow between marketing and other departments are the main important issue for the success of the work. St. George Brewery (BGI) employs each of the marketing strategy elements to achieve its objectives. Those elements are selection of target customers, segmentation strategies and marketing mix strategy elements.

Selection of target customers is a fundamental activity of the marketing strategy in St. George Brewery (BGI). The company provides its products to those individuals who are more than 20 years old, who have good income level, who have not any medical problems and to whom for city residents. This shows that those target customers are more users of the company products.

Market segmentation is the activity of subdividing the market along with some commonalities, similarity or kinship. It is also classified based on the customer characteristics such as demographic, geographic, behavioral and psychographic or lifestyle segmentation. However, among those segmentation bases the company uses geographic location as a major form of segmentation variables. In addition to geographic segmentation, the company market segmentation is based on the facility of infrastructures like water, electricity, telecommunication, cultures, values, religion and urban areas.

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

The Brewery provides two types of products such as; bottled beer and Draught beer. These products are produced with excellent qualities because in almost all stages of production, the company gives a high emphasis for quality by objecting the lion share of the market. In each stage of the fermentations, there are laboratory technicians who controlled the quality of the Brewery. To sum up, quality product is the key to the company's success.

In terms of the pricing strategy, St. George Brewery sets the fair pricing strategy for its customers. The objective is to maximize its profits. It has not any written pricing policy as a result the prices of the products are depends on different factors like; transportation charges, Competitors' costs, Economic factors, Gross profit costs, Over head costs, Net profit, Direct costs. Generally, the pricing strategy is not in a single way because there is a highly turbulent environment and the price also will change according to the conditions. The company like any other organization, prices its products to maximize its profits or the price must cover the whole costs and should gain some profits. But the company works hard to lower its production, over head and administrative costs by cutting redundant operations, increase efficiency and productivity

Promotion strategy is also an essential tool for the practice of the marketing strategy of the company. The company promotional tools are advertising, personal selling, sales promotion and public relation. The St. George Brewery promotes its products by means of erecting artistic notice board in towns, at main public squares, sight-catching places, major outlets and inlets, public service stations and on vehicles etc and contributing to popular events by means of sponsoring various exhibitions, music festivals, public gatherings, research forums, religious events etc. The company's promotional mix strategies create a good image for the brewery and gained popularity as the company's perspectives of quality products. Moreover, the company gives emphasis for social marketing activities like; constructing roads, schools, clinics, Bridges etc and participating in HIV/AIDS prevention as major promotional tools. The best way of advertising means of the company is media advertisement. This media advertisement includes TV, Radio and newspapers.

Distribution strategies are concerned with the channels of a firm that employ to make its goods available to customers. The distribution system of the company is brilliant and determines the product's marketing presence and the buyers' accessibility to the product. Thus, products

availability is so nice and buyers can get the product almost everywhere. The selling processes of the products are mainly through intermediaries. St. George Brewery has its own criteria to select the best agent such as; they must have financial capacity, skilled and experienced manpower, necessary logistics (or transportation), they must be legal or licensed, has storage capacity, well structured, and reputed. They should also be capable of maintaining closer contact with the company and different roots under its chain.

Even though the marketing strategies of the company are effective, there are some problems that the company faced. These are; Infrastructure problem, Economic problem, Intensive competition in the market, Shortage of raw materials, Seasonality of consumption, Socio-cultural problems and the time and cost of awareness creation for the customers.

## 5.2 Recommendation

Even though the marketing strategy of St. George Brewery is practiced effectively by employees and managers, it has some problems. Therefore, the study recommends the following points based on the analysis;

- A company, whether it is a business or non- business, needs to have a mission, vision statement or reason for being came in to existence. However, St. George Brewery does not have those statements. Therefore, the company should develop and put its mission, vision and value statements for all stakeholders. Since these statements are a frame for the marketing strategy activities to be achieved in the long run.
- What makes the most economic sense, what makes the most community sense, and what makes the most common sense and constitutes the highest and best use of marketing strategy is to simply let includes all the parameters of the population. It is to mean that the target customers of the company, the one who are above 20 years old and not prohibited by religion. The company simply ignores under 20 years old and religious prohibited customers. So, it is better to include those customers by producing Alcohol free Breweries.
- Currently, there is a high demand and shortage of supply of Breweries in the market. Therefore, the company should work more to fill the gap between the imbalances of demand to supply requirements and recognize that they can no longer take their customers' loyalty for granted, and need to adopt ongoing marketing strategies to satisfy the demand of the customers' requirement and to stay ahead of their competitors.
- The Marketing Mix Analysis has the dignity to help the company implement the right marketing strategies to satisfy and penetrate the company's customer groups, which is phrased as target markets. Therefore, the company should constantly alter the sub-elements of each marketing mix to successfully compete with its competitors and offer the greatest value to its customers.

- In the research project, the researcher has assessed the marketing strategy practices of the St. George Brewery on the organization's side. So, for future the researcher recommends to see the overall marketing strategy of the company by involving the organization, customers, intermediaries, government (government regulations in Brewery industries) and a survey study of marketing strategy practices in the Brewery industries of Ethiopia.

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# APPENDICES

Addis Ababa University  
Faculty of Business and Economics  
MBA Program

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

Dear respondents;

The purpose of this interview question is to enable me to carry out a research for the partial fulfillment of master's degree in Business Administration (MBA). The research focuses on St. George Brewery (BGI) with the topic of "Assessment of Marketing strategy practices". A Marketing strategy interview questions are tools used to collect data from people regarding Marketing. Hence, to gather information, I kindly seek your assistance in responding to the questions listed below. Any information you present will be kept utterly confidential and will be used only for academic purpose. Your cooperation and prompt response will be highly appreciated.

Thank You in advance!

1. Who are your target consumers? And how does the company positioned its products?
2. Have you identified whom the consumers of your products in terms of geographic location, age group or economic situation?
3. What is the company's overall business strategy (Differentiation, cost leadership, focus strategy)?

4. Is there any competition? Who are your competitors? What are your major competitive advantages?
5. What are the marketing strategies offered by the company (in terms of 4Ps)
6. What are the problems you encountered in implementing the marketing strategies?
7. What is your future plan to expand your products or to increase your market share?
8. What factors do you consider in setting pricing strategy? Or what are the bases for your pricing strategy?
9. What distribution objectives and strategies are the company pursued?
10. What promotional tools do the company used?
11. What is the status of promotional mixes done by the company interims of advertising, personal selling, sales promotion, participating in bazaars and exhibitions, brochures etc?
12. What is the role of advertisement in the promotional campaign? When is the best time to advertise your product? Is there any seasonality in the market?
13. Over all how do you evaluate the company's current marketing strategies?

Addis Ababa University  
Faculty of Business and Economics  
MBA Program

Questionnaires to be filled by employees of the marketing department of St. George Brewery

Dear respondents;

The purpose of this questionnaire is to enable me to carry out a research for the partial fulfillment of master's degree in MBA. The research focuses on St. George Brewery (BGI) with the topic of "Assessment of Marketing strategy practices". A Marketing strategy questionnaires are tools used to collect data from people regarding Marketing. Hence, to gather information, I kindly seek your assistance in responding to the questions listed below. Any information you present will be kept utterly confidential and will be used only for academic purpose. Your cooperation and prompt response will be highly appreciated.

*N.B:*

Writing your name is not necessary

You can give more than one answer

Put "√" for your choice in the box provided

**Thank You in advance!**

1. Gender

Male  Female

2. Age(in years)

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

3. Educational level

1-12 Complete  Certificate  Diplomas

BA/BSC  MA/MSC/MBA  PhD

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

4. Position

Senior Manager  Managers  Staff

5. How long have you been employee of St. George Brewery (BGI)?

Less than one year

Two to five years

Five to ten years

Ten to fifteen years

More than fifteen years

6. Who are the company's major customer groups?

Individual customers/consumers

Hotels and restaurants and groceries

Other intermediaries

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

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

Media (Newspapers, Radio, TV)

Word of mouth

Free sampling

Internet

Billboard

Other (kindly suggest another method) \_\_\_\_\_

\_\_\_\_\_

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

Very cheap

Cheap

Affordable

Expensive

Very expensive

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

Excellent

Very good

Good

Fair

Poor

10. What is your opinion about the products quality?

Very good

Good

Medium

Poor

Very poor

11. On the rate 1 to 3, where 1 represents “least effective” and 3 “most effective” how would you rate the company’s over all marketing strategies?

1

2

3

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

Promotional tools	1	2	3
Advertising			
Personal selling			
Sales promotion			
Public relation			

13. What marketing mix strategies does the company use?

Product

Price

Promotion

Distribution

All of the above mixes

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

Very good

Good

Somewhat good

Poor

Very poor

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

Quality of product

Proximity of supply

Lower price than others

Effective promotion

Customer preference

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

\_\_\_\_\_

16. What are the bases of segmenting the market?

Geographic location

Psychological or life cycle

Economic situation

Demographic

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

\_\_\_\_\_

17. What is the process of selling the products of the company?

Direct personal selling

Direct online sales

Indirect through the channels

Word of mouth

Telemarketing

Other please specify \_\_\_\_\_

---

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

Strongly agree

Agree

Undecided

Disagree

Strongly disagree

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

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

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