

PROMOTIONAL ACTIVITIES AND SALES PERFORMANCE

(A case study of East African Breweries Limited)

PRESENTED BY

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DECLARATION

I wish to declare that this is my original work and has not been presented for a degree in any other institute of learning.

Signature.....

Michael P.Mndasha

APPROVAL.

This project has been submitted for examination with my approval as the supervisor.

Signature. Mr. Ruteganda 25/02/09

Mr. Michael Ruteganda.

DEDICATION

Foremost would highly like to dedicate these works to my beloved family: my father Paul Mndasha, my mother Jane P.Mndasha, mybrother Syliveris P.Mndasha, and my sister Maureen P.Mnadsha. Your prayers financial, emotional and material support is highly appreciated and I will forever remain indebted to you.

I would like also to dedicate this to my wife to be Yvonne W.Muita, who supported me through thick and thin. To my colleagues: David C.Mzindakaya, Munde Thomas and Isaiah R.Mwanyamba, your positive criticism and support is also highly appreciated. Although I can not name all my friends individually, I would like them to receive my heart felt gratitude and appreciation.

Finally I would also like to thank all my relatives who supported me through their prayers and great words of encouragement.

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Of course this page will remain incomplete without mentioning my family, who have encouraged me and financially supported me. I highly appreciate their support because without it this study would not have been possible at all.

ABSTRACT

The study sought to investigate problems being encountered in promotional efforts by East African Breweries. This was carried out with the following objectives:- to determine the main contributing factors to low response to the promotions being used by EAB Ltd, and to measure of the impact and reach of EAB promotions.

Questionnaires were structured and administered to a sample size of five sales force executives (managers), five sales representatives/employees and forty consumers. The questionnaires were filled and data collected. The reason why the population was divided into sub groups was to enable inference to be carried out.

After collection of data, from the questionnaires and analysis of the completed questionnaires was made and there after conclusions and recommendations were made which were meant to resolve the problems EAB is facing in execution of their promotional efforts. Recommendations made were: EAB should always monitor, evaluate and control promotional programs, have tentative budget allocation to promotional effort, use integrated promotional efforts, select correct target market, select correct airing time and finally create and maintain marketing mix that satisfies the market needs of their products.

If all these recommendation would be put in serious practice then the problems being encountered by EAB will come to an end.

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DEFINITION OF TERMS

Advertising

This is a paid form, non-personal use of communication through various media e.g. newspapers, television, radio, magazines and billboards. It may include less traditional forms such as commercials on video tapes, video screens, in supermarkets and messages on signs pulled by air planes, those used by business firms, non-profit organizations and individuals and are in some way identified in the advertising messages and hope to inform or persuade members of particular audience.

Integrated promotion

This is where a marketer uses different types of promotional techniques to create awareness for their product and to enforce the image of their brands. Companies typically blend their advertising efforts with a variety of other promotional techniques which include: personal selling, direct marketing, sales promotion, public relation and corporate advertisement.

Liberalization

Liberalization means the act of removing any kind of limits. For example, in importation, a government can scrape off custom duties on imported products.

Personal Selling

This is the interpersonal influence process involving sellers promotional presentation that is conducted on a person to person basis with the prospective buyer, costs are normally high because of quantities and are mostly used in industrial markets.

Promotion

This is the act of creating public awareness of an organizations new products or brand. It is made up of personal selling, advertising, sales promotion publicity and public relations.

Promotional mix

This includes product, price, promotion and place, which are combined together into a marketing program to facilitate the potential for the exchange with consumers in the market place.

Publicity

This is important in the case of effective public relations effort. It is the non-personal stimulation of demand for goods, services, people, cause or organization favorable presentation through radio, television, or the stage that is not paid for by an identified sponsor.

Public relations

This is a two way communication and relationship between a firm and its various publics, customers, suppliers, stock holders, employees, the government, the general public and the society on which the organization operates, to create mutual understanding.

Retrenchment

This is a program of laying off some employees due to various reasons i.e. the aged.

Sales promotion

It is considered as a tool that stimulates demand of a product and leads to increase in sales. These are various tools used in accomplishment of sales and it includes sampling,

coupling, premiums, context and sweepstakes, bonus, packs, price off, events sponsorship and discounts.

Situation analysis

It involves the examination of both internal and external environment. This is usually done in order to identify the strengths (capabilities) and weaknesses, environment opportunities and threats. This is also known as environmental scanning.

Strategy

This is a marketing logic by which the business unit expects to achieve its marketing objectives. It consists of making decisions on the business marketing expenditures, marketing mix and marketing allocation in relation to expected environmental and competitive cohesion.

Vandalize

This is to damage or destroy a property meant for the public intentionally.

ACRONYMS.

| Acronym | what it stands for? |
|----------|---------------------------|
| Advert : | Advertisement |
| Adm : | Admission |
| CBL : | Castle Breweries Limited. |
| EAB : | East African Breweries. |
| Fig : | Figure |
| Ksh : | Kenyan Shillings |
| Ltd : | Limited |
| No : | Number |
| Pop : | Population |
| Tab : | Table |

CHAPTER ONE

1.0 Introduction

At present Kenya is experiencing a very severe and unpredictable economic trend that is coupled with great pressure from foreign donors for a liberalized economy. Thus according to donors the green light to liberalized economy is to allow for great competition amongst manufacturers which will result into production of better and high quality products and thus elevating the standards of living. The welcome of liberalization has put the long-lived and dominant companies on toes because; these leaders are finding it as a threat for the future marketing excellence of their products. With this type of prevailing atmosphere the players or competitors in any given industry/market must use each and every “weapon in store” in marketing strategies in order to achieve their marketing and co-operate objectives e.g. maintaining or improving their market share, reaching for new markets and achieving a high profitability position. Among the various companies is that of promotion; promotion is the junction of informing, persuading and creating awareness, and influencing the consumers purchase decision. Thus promotional efforts are important because they provide information about a product or service, they increase demand, they differentiate the product, they accentuate the products value and they also stabilize sales. In addition, promotional mix involves the proper blending of numerous variables to satisfy the needs of the firms target market and achieves organizational objectives; promotion consists of various elements known as the promotional mix. This includes advertising, personal selling, sales promotion, publicity and public relation. The purpose for advertising for instance is to inform, persuade and remind the market of what the company offers or intends to offer.

1.1 Background to the Study.

George and Charles Hurst formally registered Kenya Breweries on December 8, 1922. Their first beer was brewed in small copper vessels heated by firewood. It was bottled by hand and the breweries first order often cases was personally delivered to the General Manager of the Stanley Hotel.

The unique malt beer became as much a part of East Africa's traditions as safari itself. George Hurst was killed in 1923 by a charging bull elephant. In memory of his tragic death, the famous lager that he had created was named "Tusker".

Breweries had two branches Allosops and Tusker. This gave further to other branches namely: Mombasa breweries and Kisumu breweries. Across the border EAB established one plant in Tanzania by the name Kibo breweries and another in Uganda known as Uganda breweries. Until 1977 it had manpower of 6500 employees. Due to liberalization and severe economic hardship, EAB has resorted to retrenchment of its manpower. The firm was known as Kenya breweries and later in 1998 the company decided to change back to its initial name EAB. EAB has for the last 75 years dominated the East African brewing market. It was only until 1997 when Castle breweries joined the brewing market of East Africa. To compete effectively, breweries decided to install the following high technological machines. The line iii machine, which was installed mainly to improve productivity, this was to a tune of Ksh. 3 billion. In 1999 EAB installed another high technological machine known as mashing machine to a tune of Ksh. 336 million. Another high technological machine is the Effluent disposal plant, whose main aim was to reduce pollution and this was to a tune of 82 million.

EAB limited boast of producing a long range/variety of brands this include the following :- Pilsner 500ml, Tusker 500ml, Malt lager 255ml, Guinness 300ml and 500ml, Pilsner ice 300ml, Pilsner light 500ml, Whitecap 500ml, Citizen special 500ml, Citizen original 300ml, Tusker Export 300ml, Tusker Premium 300ml, Tusker can, Guinness can, Pilsner for export, Senator, Smirnoff ice black label.

Breweries also has a variety of departments, and this include: Engineering, Human resource, Production, Distribution, Accounts, Information system, Advertisement, Stores, Business development, Health and clinic, Purchasing, Marketing and sales,

Brewing, Laboratory, Forklift and workshop, Housing, Customer care service, Security, Warehouse, drawing and Canteen.

For creating awareness of the existence of its products or emerging of new ones EAB has resorted to heavily incur costs in promotional tools. Among the tools they are using are sales promotions, Advertisement, Public relations, publicity, tele-marketing and e-marketing.

For motivation of its workers, breweries have decided to offer the following to employees: Transport, medical care, which includes ambulance services of 24 hours, insurance to employees from Ben Hock, housing (situated at Tusker, Alisops, Kaloleni, Shauri Moyo, Ziwani). They offer trainings to employees such as in-house-external and internal, offer security which is 24 hours, offer land scaping services-general cleaning of the estate, offer Christmas gifts and annual parties, scholarships, i.e. strathmore for employees children who have excelled in national examination, and also Tembo savings which is an annual bonus for co operative members.

EAB has also built a good relationship with his suppliers to ensure there is continuous flow of raw material. Some of the established suppliers include the following: -

| Raw material | Suppliers |
|--------------|---|
| Crates | Kenpoly, Acme containers and Ambonischoeker |
| Labels | General printers |
| Chemicals | Henkel and Eco lab |
| Bottles | Central glass |
| Stationery | Multi choice |
| Gas | Total |
| Forklift | Achieves |
| Sugar | Mumias sugar |

Source- Author (2008)

Tab 1

On the social aspect, EAB offers recreational facilities such as libraries, soccer pitch Rugby pitch and pavillion. It also offers all types of field and indoor games. Amongst the games, soccer has been the flag bearer. This is because of its outstanding performance. The soccer team has been the champions for the Hedex regional cup in the years 1994/95/96 in a row; it has also lifted the Moi golden cup in the years 1989/93/94. Has been a league champion in 1977/78/94, 1996. They were East and Central Africa champions in 1988 and 89. At present they are the defending champions of the premier league title.

1.2 Statement of the problem.

Major problems were encountered during the execution of promotional tools. The problems which were encountered were as follows: -

Billboards.

Billboards were one of the promotional tools used by EAB and the problems encountered during execution were as listed below.

- Other parties which were using the same billboards i.e. there are some parties that stuck posters on EAB billboards hence the message were not well executed.
- The billboards could be vandalized
- Installation of billboard and its maintenance was very expensive i.e. installing one billboard cost EAB Ksh 70 million.
- Billboard as a media was overpopulated hence also competitors were using it.
- Most of the billboards were centralized in town thus the messages could not reach people living in the outskirts of the town.
- It was hard to spot the right site to install the billboard.
- There was also war to secure a site to install a billboard since the most strategic place was the town Center.
- After sometime the billboard with its message would become monotonous hence the execution strength would be reduced.
- Billboards were not allowed to be near schools

Advertisement problems:

- It was very expensive especially taking into account the number or range of brands EAB wanted to advertise.
- Getting a chance to advertise would become hard because there were also other firms that wanted to use the same media to advertise their products.
- EAB would face more advanced adverts e.g. the sorts of Coca-cola hence rendering theirs substandard.
- There was a struggle for the right time of airing the company products i.e. every company could target the bulletin news or prime time hour because most of the people would watch the television at 7 & 9 o'clock for television viewers.
- The television adverts being more impactful, they however did not reach all the targeted market. This was due to very few people in rural areas owning televisions.
- There were complaints from customers that some of the adverts were very boring thus it was difficult to really come out with an advert that would impress customers.

Sales promotion problems.

- Some brands were more advertised than others are. E.g. Tusker was the biggest share thus there were some biases.
- It was a a very expensive affair because a lot of cash was involved.
- Spotting the right site for sales promotion proved to be a nuisance to the company.
- Although there were other problems encountered in the company, the above named were the major problems.

1.3 Objective of the study

- (I) To establish the problem faced by EAB Ltd. in promotion of their products.
- (ii) To determine if promotion was the major tool used to communicate in EAB.
- (iii) To determine the present promotional tool used by EAB and the effects or impacts realized in the sale of their products.
- (iv) To determine if the promotional efforts used by EAB was reaching the target market.
- (v) To determine the promotional objective of East African Breweries.
- (vi) To distinguish the promotional efforts being employed by competitors.
- (vii) To determine the customer's preference towards East African Breweries products in relation to promotional effort employed.

1.4 Research questions.

The study was meant to answer the following questions.

- (i) Would promotional efforts reach fully the intended market?
- (ii) Would the recent liberalization of the Kenyan market and the entry of competitors in brewing market greatly affect EAB ltd?
- (iii) Would the main promotional objectives of EAB Ltd. of informing, creating awareness and persuading or developing consumer's attitude and preference (accentuate product value) be fully or successfully achieved?
- (iv) Would Castle Breweries (CBL) be one of the major competitors EAB will face?
- (v) Would advertise and sales promotions, which were the current promotional tools, used by EAB be very expensive?

1.5 Importance or significance of the Study.

The results of the study were used to:

- (i) Suggest methods that would be used to improve promotional strategies employed by EAB.
- (ii) Identify in details the obstacles, impediments and problems that incapacitate EAB in its endeavor to promote its beer products.
- (iii) Provide essential information that would facilitate EAB design effective promotional effort that would enhance the achievement of their objective goal.
- (iv) Suggest ways in which EAB would employ in their promotional effort so as to wholly or adequately reach the intended market.
- (v) Suggest ways in which EAB would reduce the cost used in promotional efforts
- (vi) It would be useful to other researchers who would be interested in carrying out problems encountered in promotional effort. (a case study with EAB)

1.6 Limitations.

Limitations which were encountered in the following areas:-

- (i) Inadequacy of time because the research was carried out along with other challenging duties e.g. studies.
- (ii) Inadequacy of funds to cover the area indicated in sample design fieldwork.
- (iii) UN —returned questionnaires.
- (iv) Fear of untrue report from participants.

- (v) Some of the population interested in filling the questionnaires were illiterate especially consumers.
- (vi) Some of the questionnaires were not fully filled due to fear of information leaking to competitors (castle).
- (vii) Information given was not adequate and accurate because EAB was suspicious of the researcher (me) being sent by their competitors (castle)

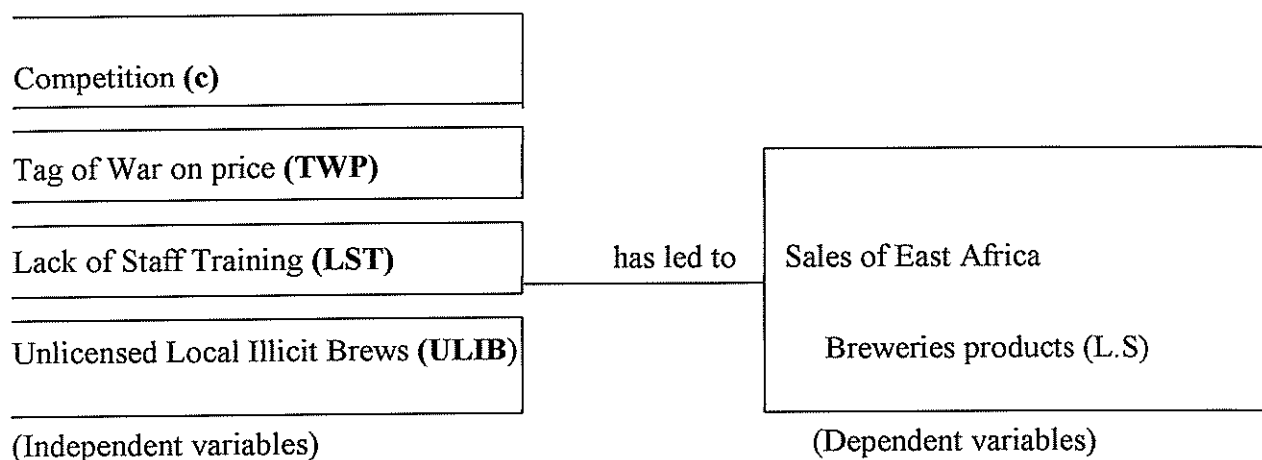
1.7 Scope of the Study.

The study covered the head quarter of EAB situated in Ruaraka. The study concentrated on problems encountered by EAB in its effort in promotion of their products. Population under which the study was based on constituted the advertising executive, sales force, distributors and consumers of EAB beer products and the time allocated for the study was four weeks.

1.8 Conceptual Framework

The variables that were of interest to the study included the promotional activities as the independent variable and sales performance of EAB products was the dependent variable. The specific variables examined included promotional tools and in particular the tools were as follows: - Advertising, Sales promotion, Publicity, Public Relation, Personal selling, and Competition.

However, from the research it was realized that the following variables affected the promotional tool competition, tag of war on price, lack of training of staff and local illicit brews. The study established how these variables would affect sales of East Africa Breweries products.



$$C + TWP + LST + ULIB = LS$$

Source – Author (2009)

Table 2

1.8.1 Competition

Competition led to low sales of (EAB) products in the following ways: - Due to competition, consumers had a wide range of products to choose from, hence part of the market shares initially were occupied by a company were to shift to new emerging competitors and this may be attributed to competitors having a low price products advertising more or even having a quality product.

1.8.2 Tag of War on Prices

The new emerging competitors came up with products that were pricing low i.e. market penetration technique hence these led to potential consumers shifting to these low priced products and thus resulting to low sales of (EAB) products.

18.3 Lack of Training

The modern era was of advancement in technology and thus to operate high technology machines needed trained manpower, hence some of the companies EAB inclusive found it hard to train its large mass of manpower. This led to the staff not being, able to operate these machines due to lack of technological know-how and as a result low sales were realized because production is also low.

1.8.4 Unlicensed Illicit Brews

Due to economic hardship each person would opt to go for a product that would make him save a bit of his money. Thus these unlicensed illicit brews were lowly priced, hence coping with the economic hardship some people opted for these brews which as a result led to low sales of EAB products.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction.

Literature review will be a continuous process that will cut across all stages of the research process in a dynamic way, the review will help to clarify, strengthen and direct each stage of research from the formulation of each topic to the mechanism of the dissemination and utilization of the research finding in general however the review of the relevant literature will serve six main purposes. According to the international development research center, the purposes will be as described below:-

2.1.1 Benefit from previous finding.

It will be true to say that all knowledge will be an accumulation of the unique contribution of previous research. It will be unwise if a researcher does not take advantage of the works of others who have investigated similar problems. In this way a more comprehensive view will be obtained for the dimensions of the problem, the potential, difficulties in that area of investigation and the unique context and potential contribution of the current research project. Indeed other researchers might have done exactly the same study in recent times. The review will lead to either change in the study topic or reshaping it to cover gaps that others will not cover or overlooked. The review will also help to avoid sterile problem areas where research will fail to provide meaningful results.

2.1.2 Improve Methodological and procedural matters.

Very often researchers will put together research proposals without paying enough attention to methodological and procedural issues they will want to start the research design as soon as they will secure funding. However this will be the wrong way round since research designs differ in their implications. Thus, prior familiarity with a variety of procedures and research designs will enable one to judge their applicability to the problem and the cost of using each of them. For instance one will know what case study will be in order to be able to apply and cost it appropriately. There will be books and

review articles on the various research procedures and designs. There will not point in “Re inventing the wheel” one can use designs, which have already been used by others.

2.1.3 Development often researchers are challenged to.

Articulate the theoretical or conceptual framework of their study. Most phenomenon which lead themselves to research have a contextual body of knowledge and the ultimate purpose of research is to develop general but unified explanations that extend this pool of knowledge. Thus before one plunges into the mechanics of research, it is important to search for the theoretical background of the problem. In fact it is this familiarity which enables the researcher to make succinct statements of the problem and develop plausible explanation which can take the form of hypotheses, or themes, or arguments. The emphasis is being investigated.

2.1.4 Evaluate previous studies.

One other function of the literature review will be to assess and evaluate the importance and significance of existing studies. Not everything that will be published will be worthy of attention. Each study will be assessed on its own merits to determine its soundness, relevance and design, the accuracy of the data and the validity of the interpretations. In this process, one will work hard to avoid falling victim to biased perspective and being tempted to take as confirmed findings which will only preliminary hints. One must remain critical and open minded, as the outcome of the research could either confirm or disapprove the given hypothesis.

2.1.5 Avoid duplication

While it will not be possible to review all published and unpublished studies around the world, one will not want to duplicate a study unintentionally. Reviews of literature will help to minimize the chances of duplicating studies identical to the one under consideration. However it should be noted that there will be nothing inherently wrong with replicating a previous study if there will be good reason for doing so. For instance one will aim at challenging and verifying some doubtful findings.

2.1.6 Argue a case for the present study.

The selection of the research problem will be justified and supported by the review of related studies. It will be in this comprehensive and critical review of selected studies that the problem becomes apparent. As the researcher will argue his case he shows how the study will enlarge, modify, depart from or complement existing knowledge.

The review will be carried out from marketing books, research articles, journal articles and handouts relevant to my topic of study and also data collected from the field.

2.2 Previous/ Past Study done in the Area.

From the EAB journals relevant books that concern EAB, and the research I carried out indicate that there was no research similar to my topic of study which had been done in the area before.

2.3 Critical Review of Major Issues.

I will elaborately discuss promotional tools used by EAB. The tools will be: - Advertising, personal selling, publicity, public relations and sales promotion. Also the issue I will discuss under the critical review is competition which will be a major threat facing EAB.

2.3.1 Advertising.

Advertising will be a "paid non personal communication mix through various media by/organizations that will be in some ways identified in the advertising message and who hopes to inform or persuade members of a particular audience.

When deciding how advertising fits into the communication mixed marketers considered such issues as budget, which media to use (television, radio, print, direct mail or outdoor (billboards). Each medium will had its advantages and disadvantages and the medium (or blend of media) that was most appropriate for one product was not be suitable for another. For instance a National television commercial would reach most of its

households at once not a practical way to advertise as sale at a local department store. When choosing where, when and how to use advertising marketers using the quality approach decide which method will communicate the message about the product most effectively and efficiently.

2.3.2 Personal Selling.

Personal selling is that involving personal interaction with the customer. Personal selling will take place face to face by phone (telemarketing, by video, even by fax or computer). Personal selling will provide immediate feedback to the seller, which will allow the seller to adjust communications to meet the needs of the situation. If noise in the communication process exists from other people in the room, this includes: ringing telephones, static misunderstood language and so forth, the seller can probably correct it immediately. Thus if a customer will not understand how a particular feature on a lawn mower works face to face, the seller will correct that through in person demonstration. If a telemarketer gleans that he/she will be called a potential customer at an inconvenient time the phone call will be rescheduled.

On the downside, personal selling costs more per customer contact than any other type of marketing communication and the personal touch provided the personal selling will sometimes back fire. Also one sales person will present the message more clearly and in a more appealing manner than another. Thus personal selling even by highly professionals will be consisted.

2.3.3 Publicity.

According to Gilbert A. Churchil, this is the act of promoting a company or its products by planting something new about it in media, not paid for by the sponsors or its non-personal stimulation of the demand for the product, service or idea by means of commercially, significant news or entertainment materials that are carried out in some media vehicle such as magazine, newspaper, television programmes or motion picture. There will be no direct charge for the time or space used to carry message and the vehicle publicity operates independently of the sponsoring company, publicity is typically a short-term strategy.

Publicity will be highly credible because its not perceived as being sponsored by the company, as a result the consumer perceives this information as more objective and places more confidence in it. In other instances the information may be perceived as a kin to an endorsement by the media in which it appears. Publicity is news and people like to pass on information as news. Publicity results in a significant amount of word of mouth communication free and credible information regarding the form and its products.

The market responses towards publicity will be pronounced and rapid and the immediate sales increases are always due to the effect of publicity. The effects of positive publicity may be more instrumental to the success of an organization.

2.3.4 Public Relations.

According to Appleby, public relation like advertising and sales promotion, is an important marketing tool. Not only must the company relate constructively to its customers, suppliers and dealers but it must also relate to a large set of interested publics, we define public as follows: - A Public will be any group that has an actual or potential interests in or impact on company's ability to achieve its objectives. Public relation involves a variety of programmes designed to promote/ or protect a company's image or its individual products.

A public can facilitate or impede a company's ability to achieve its objectives. PR will often be treated as marketing stepchild on after serious thought to more promotion planning. But the wise company will take concrete steps to manage successful relation with its key public. Most companies will operate as a public relations department to plan these relations. The PR department monitors the attitude of the organizations public and distributes information and communication to build good will. When negative publicity breaks out, the PR department acts as troubleshooter. The best PR department spends time counseling top management to adapt positive programmes and to eliminate questionable practices so that negative publicity will not arise in the first place. PR departments perform the following five activities, not all of which support marketing objectives:

- I. Press relations; presenting news and information about an organization in the most positive light.

- ii. Product publicity; sponsoring various efforts to publicize specific products.
- iii. Co-operate communication; promoting understanding of the organization with internal and external communication.
- iv. Lobbying; dealing with legislators and government officials to promote or defeat legislation and regulation
- v. Counseling; advertising management about public issues and company positions and image. This includes advertising in the event of a product mishap when the public confidence in a product is shaken.

2.3.5 Sales promotion.

Sales promotion will be a key ingredient in marketing campaigns, it will consist of a diverse collection of initiative tools mostly short term, designed to stimulate quicker and or greater purchase of particular products/ Services by consumer or trade.

Where advertising will offer a reason to buy, sales promotion will offer an initiative to buy, sales promotion will include tools for consumer promotion (samples, coupons, cash, refund offers, prices off premium prices, patronage rewards, free trials, warranties, tie- in promotions, cross-promotion, point of purchase displays and demonstrations) trade promotions (price off, advertising and displaying allowances and free goods and business and sales for promotion) trade shows and conventions, context for sales representative and specialty advertising.

Sales promotion tools will be used by most organizations, including manufacturers, distributors, retailers, trade associations and non-profitable organizations. As examples of the last, churches often sponsor bingo games, theatre, parties, testimonial dinners and raffles.

2.3.6 Competition.

According to the author, the question facing any company will be whether to be invested in particular market given its dynamics. Much depends on the nature and intensity of competition in the market. Why was competition a major draw back of EAB limited? This was due to the following five threats.

Threat of intense segment rivalry; the segment was already attractive to EAB due to this strong and aggressive competitor Castle Breweries Limited. The segment was now unstable, plant capacity addition was done in large increment fixed cost high, existing barriers were high and CBL as a competitor had a high stake in staying in the segment. Hence this would result to frequent price wars, advertising battles and new product introduction which was making expensive for EAB to compete.

Threat of substitute product; substitutes would place a limit on prices or profit that a segment would earn. EAB was not an exemption, and was forced to watch closely the price trends in substitutes. And if at all the competition in the substitutes increased then EAB prices and profit were bound to fall.

Threat of new entrants; EAB would face a market situation where both existing and entry barriers were high. As a result they would have a chronic over capacity and depressed earnings.

Threat of buyers growing bargaining power; Buyers would now force prices down, demanding more quality products and services all at the expenses of EAB profitability.

Threat of suppliers growing bargaining power; Suppliers would raise prices, reduce quantity supply and this led to the existing competition with CBL and they threatened to shift to CBL if EAB went against them. All these was done due to competition prevailing and it was at the expense of EAB profits.

2.4 Summary of the Gaps to be filled by the Research.

From the research which was carried out, it was realized that problems being encountered by EAB in execution of there promotional efforts could be solved if at all the following issues were taken into account:-

- The company would always monitor, Evaluate and control promotional programs.
- The company would have tentative budget allocation to promotional effort.
- The company would use integrated promotional effort in creation of awareness of their products. EAB should select the correct target market.
- The company would select the appropriate media.
- EAB would undertake situation analysis.
- The company would select the correct air time thus for television viewers EAB would create and maintain marketing mix that would satisfy the market needs of their products.

CHAPTER THREE

3.0 DESIGN AND METHODOLOGY

3.1 Design of the Study.

This was a descriptive research method whereby a researcher would collect data from a population in order to describe the problems being encountered in promotional efforts. This type of design would use survey methods in data collection and analysis. The instruments to be used would be interviews and questionnaires.

3.2 Target population

Size of the population

| | |
|--------------------------|------------------|
| Top marketing executives | 10 |
| Sales force | 20 |
| Customers | 40 |
| Total | <u>70</u> |

Source-Author (2008)

Tab 2

3.3 Sampling design and Procedure.

Sampling was a procedure by which some elements of a population were selected as a representative of the total population. The main aim of selection was to make observation or measurements of these elements and make conclusions regarding the entire population.

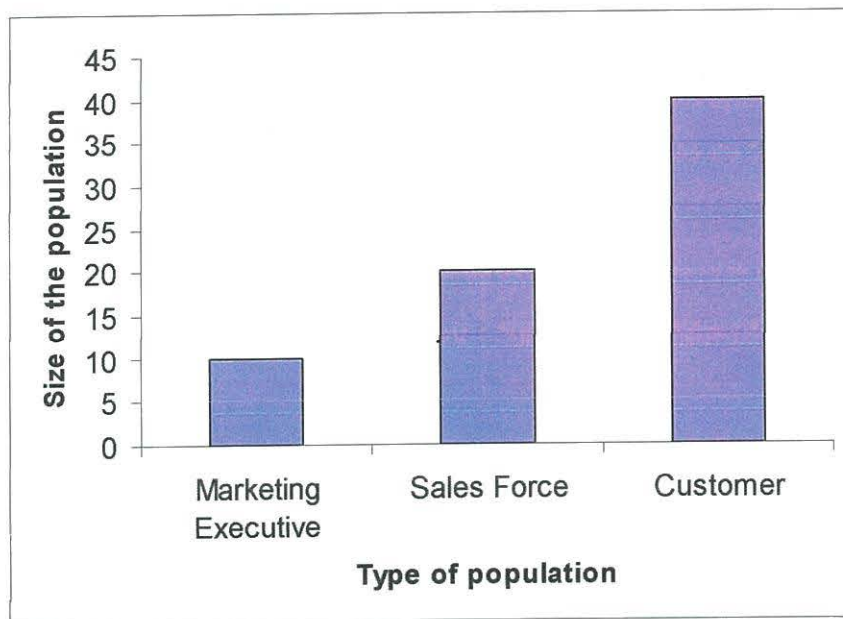
The sampling methods I used in the process of selecting subjects from the parent population was the stratified random sampling. This is where by the resulting sample used was called stratified. Stratified random sample is a sample obtained by dividing elements of a population into non- overlapping and homogenous sub-population called

strata then selecting simple random sample from its structure, such procedures ensures that each sub-population or strata will be presented in the sample. The major strata in the population was identified i.e. Customers, distributors, sale force and marketing executives. The proportion of each category in the population is identified and sample size determined. Estimate of sample proportions was as follows: The sample was based on 50% of the target total population.

| | Total Population | Sample % | Sample size |
|---------------------------|-------------------------|-----------------|--------------------|
| Top advertising executive | 20 | 50 | 10 |
| Sales force | 40 | 50 | 20 |
| Customers | 80 | 50 | 40 |
| | | TOTAL | 70 |

Source- Author (2008)

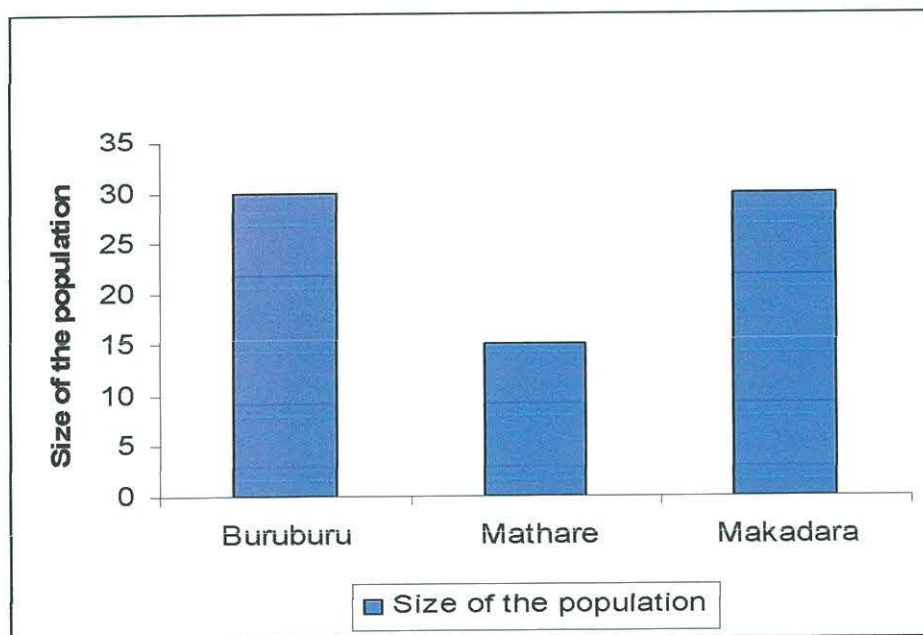
Tab 3



Estates

Fig 1

Data collection from customers was carried out in three main areas in Nairobi, and is as follows:



Source – Author (2008)

The target population is to about 70 people as shown in the figure below.

To come up to the target population i specified the population to be studied. The next step was to develop a frame i.e. list of the elements to make up the defined population, thus Marketing Executives, Sales force and Customer which had a total of two hundred and eighty people. To come up with the target population size, I took quota of the total population thus seventy. I then decided to use probability sample.

The reason for using this type of sample is because, it enabled me estimate the amount of sampling error in the sample results. The probability sample used was stratified because I had interest in three groups, thus Marketing Executives, Sales force and Customers, which i divided into the following sizes of Ten, Thirty and Forty respectively.

I preferred to use stratified random in this particular section, this method catered for various strata of the population so that each included in the sample in sufficient numbers and thus their responses was divided into strata on basis of variables depending on the focus of the study. Basically the stratification used my (researcher) knowledge of the population in order to increase the representativeness of a sample. The two key factors I had in mind while dealing with the stratification process was: - to maximize variation between the selected populations and minimize variation within the selected population. Thus strata that are likely to show importance differences in different variable should be chosen.

3.4 Data Collection Instruments.

The type of data collected mainly included primary data. Also in minimal occasion the secondary data was required or used. The data collection instrument was:-

1. Questionnaires

This was a formatted set of questions that was drawn up to meet the objectives of the survey. The key factor in the construction of questionnaires will be relevance of the questions to the goals of the study and to the individual respondent. It will be important that care be taken to decide on how answers will be analyzed before

including an item in the questionnaire. Questions will be clear and categorical, subsequent, follow up, and then open-ended questions will be treated separately.

Questionnaires however suffer from low response rate and thus the need to have a large sample size for adequate representation. But I will deal with structured questionnaire which will be carried out mainly on the sales force and advertising executives. Structured interviews will be appropriate because they will give standard answers which will be needed for better analysis of findings.

3.5 Data Collection Procedures.

Questionnaires will be administered to the chosen populations that will sale executive, sale force and consumers. The questionnaires will then be filled with each party I will be conducting.

In the initial stage a pilot study will be conducted on six members of the targeted population of which they was not included in the sample

The Data generated from these members will be used to improve the quality of instruments which will be used.

3.6 Data Analysis.

Analysis

Analysis carried out from the questionnaires will be as follows:-

People with high income i.e. from Westlands and Lavington Estates will respond positively because they will be highly exposed to different types of media's i.e. televisions, radio, newspapers, which advertise EAB brands. Hence for the low income e.g Mathare respond will be low because they will not be exposed to the media thus will not be very familiar with the brands and type of media EAB uses to advertise their brands.

3.6.1 Analysis on Marketing Executives

Most of the managers will not want to fill questionnaires because they will be suspicious that some of their competitors,, with the likes of Castle Breweries might have sent me, (the researcher) Thus they will feel this could endanger their position in the market.

3.6.2 Analysis on Sales force

Most of the sales force which will comprise the EAB employees will fill the questionnaires but some will fear that they will be victimized by their managers for having given information, thus a few will decline to fill the questionnaires;

3.6.3 Analysis on customers

The response will be good and this will be as a result of their being no one to victimize them and nothing will be lost

CHAPTER FOUR

4.0 DATA ANALYSIS AND PRESENTATION OF RESULTS.

4.1 Introduction.

This is where a researcher decides a broad outline on how the information he proposes to collect will be analyzed. A number of charts and tables (dummy tables) have been drawn up which will show the classification of the variables, which also consider how different kinds of results will be interpreted. Such type of “projection” of analysis often reveals gaps in the denominator population, defects in scales of measurement and suprefluous data. It will provide a further opportunity for second thoughts as to whether the study, as plan will be likely to meet its objectives. Statistical tests to be used will be spelt out as this normally indicates the strengths and weaknesses of the conclusion to make and the appropriateness of data. To avoid problems, all charts and tables will be clearly labelled. Variable are be also spelt out and their scales of measurement explicitly stated. Figures should always be checked whenever possible.

Thus under data analysis and presentation of results the techniques used the quantitative analysis and qualitative result and they will discuss in the next chapters.

4.2 Quantitative

Develop something form the quantitative research which are just numbers. So that you will take action. Answer questions of how, what, why and who. Issues within quantitative will be numbers, measurements, magnitude or degree, ratios or proportion and percentages.

Response to questionnaires of the targeted population.

- Top executives
- Sales force
- Customers

| Name of the population | Targeted population of | Respond | Proportion (%) |
|------------------------|------------------------|---------|----------------|
| Marketing | 10 | 5 | 8.3% |
| Sales force | 20 | 15 | 25% |
| Customers | 40 | 40 | 66% |
| TOTAL | 70 | 60 | 100% |

Source - Author (2008)

Tab 4

Response of customer's questionnaires in different estates with different income.

| Name of the Estate | Targeted population | Response | Proportion (%) |
|--------------------|---------------------|----------|----------------|
| Westlands | 30 | 25 | 50% |
| Mathare | 20 | 10 | 20% |
| Makadara | 30 | 15 | 30% |
| TOTAL | 80 | 50 | 100% |

Source – Author (2008)

Tab 5

How each question in the questionnaire was answered?

Questionnaire 1 (THE EAB MANAGEMENT)

| How many questionnaires were filled | Question Number | How many were answered | How many were left in blank |
|-------------------------------------|-----------------|------------------------|-----------------------------|
| 5 | 1 | ALL | NONE |
| | 2 | “ | “ |
| | 3 | “ | “ |
| | 4 | “ | “ |
| | 5 | TWO | THREE |
| | 6 | ALL | NONE |
| | 7 | “ | “ |
| | 8 | “ | “ |
| | 9 | “ | “ |
| | 10 | TWO | THREE |

Tab 6

Source – Author (2008)

Question II (TO CUSTOMERS)

| How many questionnaires were filled | Question Number | How many were answered | How many were left in blank |
|-------------------------------------|-----------------|------------------------|-----------------------------|
| 40 | 1 | ALL | NONE |
| | 2 | “ | “ |
| | 3 | “ | “ |
| | 4 | “ | “ |
| | 5 | “ | “ |
| | 6 | “ | “ |
| | 7 | “ | “ |
| | 8 | “ | “ |
| | 9 | “ | “ |

Tab 7

Source - Author (2008)

Questionnaire III (TO EMPLOYEES)

| How many questionnaires were filled | Question Number | How many were answered | How many were left in blank |
|-------------------------------------|-----------------|------------------------|-----------------------------|
| 15 | 1 | ALL | NONE |
| | 2 | “ | “ |
| | 3 | “ | “ |
| | 4 | “ | “ |
| | 5 | “ | “ |
| | 6 | “ | “ |
| | 7 | “ | “ |
| | 8 | SEVEN | EIGHT |
| | | NINE | SIX |

Source – Author (2008)

Tab 8

4.3 Qualitative Analysis and Results

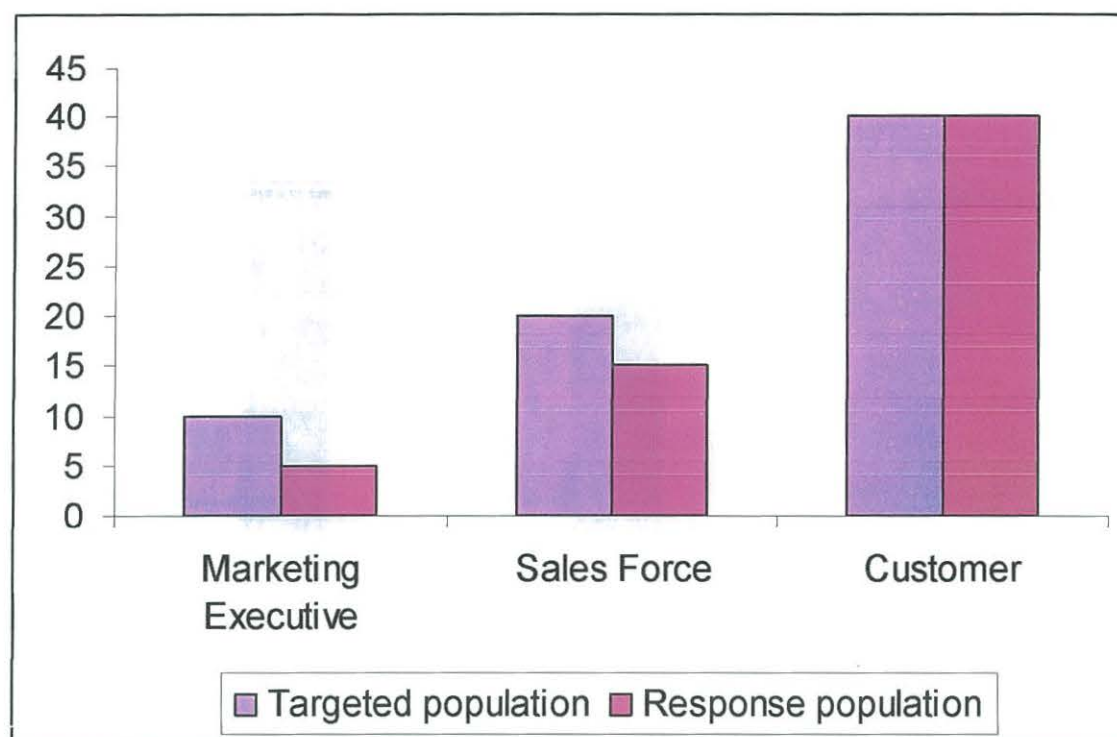
Qualitative analysis was a research method used with groups or individuals identified among the target audience to find out what their perceptions, feelings, attitude, and expectation will be. We needed to understand their behavior, when and why, and with whom it was practiced.

. This helped the researchers to understand the problem before designing any intervention and or implementation.

Qualitative research helped the researchers to effectively identify

- Who the audience were:
- Where they were
- What they knew about the subject
- How they felt about the problem
- What they valued about the problem
- What they were doing and why
- What they wanted to change and why;
- What their expectations were
- From whom and where they were seeking for help to meet their expectations.

Response of questionnaires of the targeted population i.e. Top executives, sales force, customers.

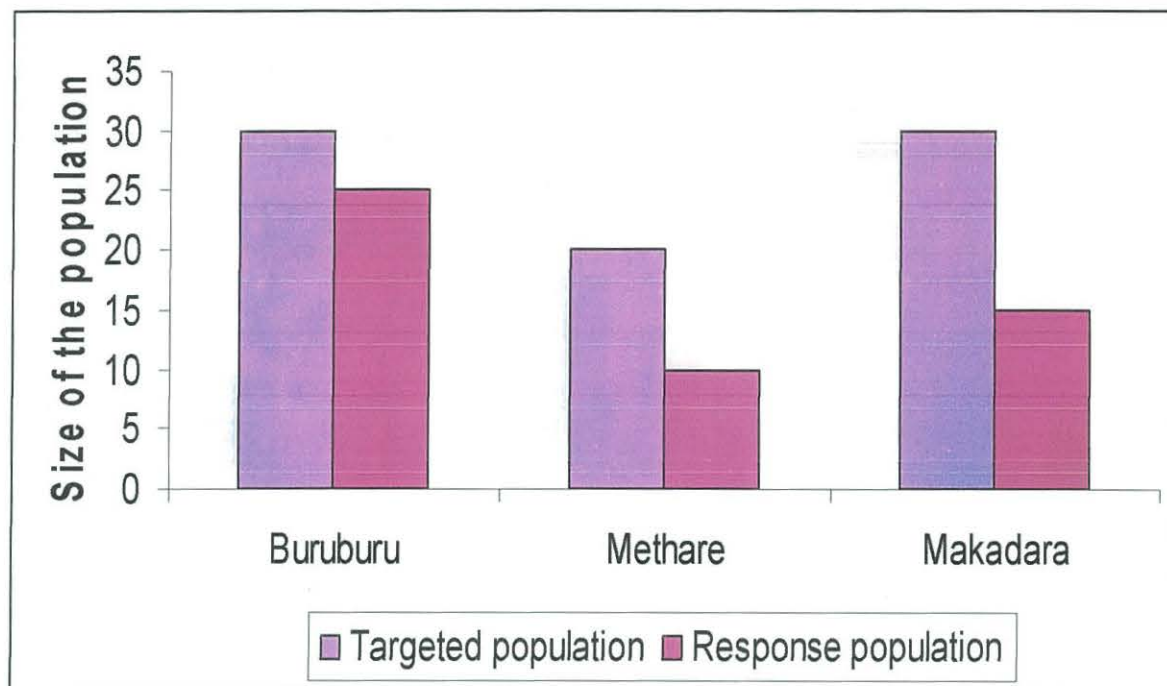


Source – Author (2008)
Fig 3

Analysis

From the above figure made, the response was low for marketing executives because, they feared to be given full information because some of the information would be leaked to their competitors who would capitalize on this to compete with them.

Response of customer's questionnaires in different estates with different incomes



Source – Author (2008)

Estates

Fig 4

CHAPTER FIVE

5.0 SUMMARY OF FINDINGS AND DISCUSSION

5.1 Summary of findings

From the findings in qualitative and quantitative analysis it was found out that

- (a) Managers were not willing to freely give the required information
- (b) It was also found out that although the employees were willing to give information they feared victimization
- (c) Customers gave out required information. From the findings in questionnaires following were complains from customers
- (d) Most of EAB billboards were not in strategic places.
- (e) Some EAB stayed for a very long time before being changed hence rendering the message monotonous and boring.
- (f) There were also be complains of advertisement especially through billboards being concentrated only on town centers.
- (g) Also customers were complaining about some brands being advertised more than others.

5.2 DISCUSSION

From the findings the following discussion were carried out

Managers and employees were not willing to give out information because they were afraid of sensitive information being leaked back to the company. Also employees were not willing to give full information because they were afraid of being victimized to why they had leaked out the company secrets. But the story was different with the customers who gave the required information and this was due to no one victimizing them or they

had nothing at stake to loose. Also there was this issue of billboards being installed only on town centers,

This was so because in most of town centers they had large population hence this was where one could trap these people. Thus in town centres, most of the people would come across, the messages as compared to outskirts of town centre and this was the reason why this billboards were being installed in town centers. Also there was the issue of a billboard staying for a long time without being changed. This was so because installation of billboards and maintenance was very expensive i.e. Installation of one billboard costs EAB seventy million which was a very huge sum of money. Thus it would always take a long time before EAB changed their billboards because it was very expensive.

Another issue that arose in the findings was that some brands i.e. tusker were more advertised than others. The reason for this was that tusker would advertise more because it was the main brand. The rest would just back up Tusker. That is why Tusker was advertised more than others.

5.2.1 Answers to research Questions.

From the analysis and findings the following research questions was answered as was asked in earlier chapters.

- (ii) Promotional effort did not fairly reach the intended market.
- (iii) Recent liberalization of the Kenyan market and entry of competitors in brewing market has greatly affected EAB. This was because part of this market was taken by the competitors hence a decline in profit.
- (iv) The main promotional objective of EAB of informing, creating awareness and persuading was not fully or successfully achieved. This was due to poor selection of media, airing time, target market and poor monitoring, evaluation and controlling of promotional efforts.

- (v) Castle Breweries was the major competitor EAB was facing which went further in taking EAB staff
- (vi) Sale promotion and advertising especially by use of billboards was very expensive i.e. installation of one billboard cost EAB seventy million.

5.2.2. Relationship to earlier Findings.

My findings were not so much related to that of other scholars who had previously tackled the same issue. This was a result of changes that recently took place i.e. the liberalization of Kenyan market and the entry of new competitors in the brewing sector i.e. the likes of South African Castle Breweries. This changes greatly changed the trading pattern hence the rise of difference in my findings to those of scholars who carried out earlier on before the occurrence of the named changes. The difference also arose due to using different data collection instrument and procedures which gave different results from other scholars.

5.2.3 Implication.

The difference in finding with other scholars who had been previously tackling the same issue arose due to the following changes in the liberalization of Kenyan market and entry of competitors. Thus the implication was the changes which would be continuously taking place. More and more changes were also expected to take place. Thus for a company to effectively compete in such unpredictable condition or environment, the implication would be that research should also be continuously undertaken. By doing so this will enable the companies to cushion these changes and come with strategies that would suit the prevailing environment which was an aspect that customers were interested in i.e. is the product on fashion, was it used by many customers, was it of high technology if all those were made then your product would be on demand and it would be bought. Hence to achieve these a research had to be undertaken.

5.3 Conclusions

The study was concluded that;

- (a) The promotional message could not reach all the intended target market.
- (b) The budget allocated for promotional efforts by EAB was not enough.
- (c) Promotional programs were not closely monitored, evaluated and controlled.
- (d) The target market selected by EAB was not the correct one.
- (e) Most of EAB promotions were concentrated in town centres and very little efforts were done in the out skirts of town centres.
- (f) The promotional tools which were used by EAB were not enough
- (g) Competitors were increasing in the brewing field; hence they captured part of EAB market shares which greatly contributed to the decline in profit making.
- (h) The liberalization of market greatly intensified competition.
- (I) Some of EAB were promoted more than the others i.e. there were biasness in Promotion of brands.

5.4 Recommendations.

This study recommended that;

- (a) EAB should not only concentrate its advertisement in town centres i.e. installation of billboard. The billboards should also be installed in outskirts of town centres.
- (b) EAB should always change with technology i.e. they should use computerized billboards which will be proved to be effective in passing across the message.

- (c) EAB should be keen and study some of the promotional being used by competitors who are successful.
- (d) EAB should use media that will be able to wholly reach the targeted market.
- (e) During the installation of billboards EAB should choose strategic sites that customers can easily get the message being conveyed.
- (f) Also billboards should be changed frequently to avoid monotony and boring messages due to staying at site for along time.
- (g) EAB should choose an appropriate time of airing their adverts for television viewers.
- (h) EAB should have a tentative budget for promotional efforts.
- (I) EAB should always monitor, evaluate and control promotional programs.
- (j) EAB should use integrated promotional efforts
- (k) EAB should create and maintain marketing mix that will satisfy the market needs of their products.
- (l) EAB should also select the correct target market.

6.3 Suggestion for further Research

I will suggest further research to be done by other scholars because the time I was allocated to carry out my research very minimal/ little and besides that I carried out the study with other challenging duties such as work and school work. Also due to inadequacy of funds I did not fully cover the intended area thus I do feel that I did not fully come out with a comprehensive report.

Also why I should suggest for further research is we will be living in times of changes i.e. more .and more competitors will enter the market which will change the business trend. Thus research will be continuously undertaken to enable different companies compete

effectively i.e. a company should know how their competitors will be carrying out their activities in order to come out with strategy that will enable it survive in the market.

Technologically things will also change i.e. in recent times there will be the introduction of computerized billboards hence if you don't change with technology then you will be bound to fail, this is because most customers would like to be associated with high technological equipment. Thus with all this changes research is necessary.

Thus due to all these gaps I suggest further research by other scholars who will be able to fill this gaps and come out with a more comprehensive research report.

7. Comment on the impact of promotional effort used?

.....

8. What limitations are encountered in executing of promotional tools named above (in?

No. 7)?

9. What suggestion/comments do you have on the improvement of the present promotional tools used by EAB?

.....

.....

Thank you for your co-operation.