



## Impact of Advertisement on Brand Preference of Beer Products with Reference to Hawassa City

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### Abstract

*Measuring the impact of advertisement on consumers' brand preference is very essential for every marketer. If advertisement does not create any positive change in consumers' brand preference, all resources such as money, time, and effort spent on advertisement will be lost in vain. Most marketers use advertisement as a tool to attract substantially new customers and to retain the existing ones. The study aims to explore the impact of advertisement on consumers brand preference in the beer market in Hawassa city. Every brand in this market uses advertisement as a major weapon to overcome the fierce competition. In order to study the impact of advertisement in consumer brand preference, three main variables were considered with appropriate dimensions. They are advertising media, source of advertisement, and characteristics of advertising messages as independent variables, and brand preference as dependent variable. The structured questionnaires were distributed to 384 respondents which are selected using stratified sampling technique to collect primary data. However, only 346 duly filled in valid questionnaires were collected. The collected data were analyzed using descriptive statistics (frequency, percentage) and inferential statistics like correlation and multiple regressions. The finding revealed that there are positive and significant relationships between advertising media, source of advertisement, characteristics of*

*advertising messages and brand preference of beer. Even though it has high influence in overall view, among advertising media TV is the most influential media, where as internet advertisement has low influence in brand preference of beer in Hawassa City context. Moreover, the result of qualitative analysis indicates that the need for celebrity-product and celebrity- target audience match. This congruence might influence the celebrity endorsement effectiveness through the process of consumer attributions of the celebrity's motive for associating him /herself with the particular product. The personalities of celebrities are also very strong and they can rapidly change perceptions of a brand. Eventually, the study recommended appropriate actions for companies in refining their advertising strategies as a means of overcoming the intense competition that exist in the market. So doing, they can increase their sales volume and market share.*

### Key words:

Advertisement; brand preference; source of advertising; advertising Media; characteristics of advertising message

### INTRODUCTION:

Advertising plays a crucial role for any business to boost up its performance because it is a powerful promotional tool to attract consumers towards the

product. In today's competitive environment, the use of advertising becomes mandatory for manufacturers, suppliers, marketers and others who are directly or indirectly related to business. Advertising is a dominant and leading weapon in all marketing tools due to its positive impact on consumers' buying behavior. It is an attractive way to communicate and convey the message to the audience. Advertising today is no longer a mere tool of marketing. It is a business, a creative process, a social phenomenon, and a fundamental ingredient of a free enterprise system.

The use of advertising to promote the product to its users is not new phenomena. Different historical records inform us that it was in use since the olden days. According to Kotler and Armstrong (2008), advertising can be traced back to the very beginnings of recorded history. Archaeologists working in the countries around the Mediterranean Sea dug up signs announcing various events and offers. The Romans painted walls to announce gladiator fights and the Phoenicians painted pictures, on large rocks along parade routes, promoting their wars. During the Golden Age in Greece, town criers announced the sale of cattle, crafted items and even cosmetics. However, now-a-days the way advertising is used more complicated as a consequence of long-term changes such as the increase of larger and more diverse range of media as well as the arrival of new technologies.

According to Arens et al.(1996) "Advertising is the non personal communication of information, usually paid for and usually persuasive in nature about products (goods and services) or ideas by identified sponsors through various media." This definition clearly emphasizes the fact that all kinds of advertising – be it for products, services or ideas is usually aimed at a particular segment of the population that is called the target audience, which could be either the consumers or business houses. Advertising presents the company and its products to the market helps in the organization to achieve the marketing goal and hence there is a need to understand the relationship between marketing and the way consumers behave.

According to Igbal (2013) advertising is a part of our everyday life. It is all around us. We cannot escape looking at it or listening to it. Even if we are not consciously looking at it or listening to it,

the message of advertising reaches and influences us. It is often recorded somewhere at the back of our minds and is recalled when we are buying something or looking for a particular service.

This research mainly investigates the impact of advertising on brand preference of consumers'. Different factors such as advertising media, source of advertisement, and characteristics of advertising messages and others which influence brand preference of consumers' are considered in this study to examine their impact on beer brand preference.

## LITERATURE REVIEW

### CONCEPTUAL LITERATURE:

According to Tolani (2012), the first advertisement may have been a sign painted on a wall of a building. The early outdoor-advertising competitors were town criers employed by merchants to praise their goods. It was Gutenberg's invention of the moveable-type printing press in 1450 that resulted in the mass production of posters and circulars. According to Pope (2013) over a century ago, Harper's Weekly commented that advertisements were "a true mirror of life, a sort of fossil history from which the future chronicler, if all other historical monuments were to be lost, might fully and graphically rewrite the history of our time." Few if any historians today would claim that they could compose a complete history of an era from its advertisements, but in recent year's scholars have creatively probed advertisements for clues about the society and the business environment that produced them. The presences of many excellent online collections of advertisements provide learners as well as established scholars the opportunity to examine these sources in new ways. The experience can be tantalizing and frustrating, since advertisements don't readily proclaim their intent or display the social and cultural context of their creation. Yet studying advertisements as historical sources can also be fascinating and revealing.

According to Bee Hive Digital, the origins of advertising lie thousands of years in the past. One of the first known methods of advertising was an outdoor display, usually an eye catching sign

painted on the wall of a building. Archaeologists have uncovered many such signs, notably in the ruins of ancient Rome and Pompeii. An outdoor advertisement excavated in Rome offers property for rent, and one found painted on a wall in Pompeii calls the attention of travelers to a tavern situated in another town. As much as some three thousand years ago Papyrus sheets were used in Thebes in Egypt for announcing the reward for return of runaway slave. The first advertisement was somewhat in the form of stenciled inscriptions, which were found on earthen bricks prepared by the Babylonians about three thousand years before Christ. The bricks carry the name of the temple in which they were used and the name of the king who built it, just as a modern public building which contains a corner stone or stone tablet with the names of officials in office when the structure was erected. The method was to cut a stencil in hand stone and with it each brick was stamped while the clay had been in its son stage.

Advertising is any paid form of non personal communication about an organization, product or service, or idea by an identified sponsor. The paid aspect of this definition reflects the fact that the space or time for an advertising message generally must be bought. An occasional exception to this is the public service announcement (PSA), who's advertising space or time is donated by the media. The non-personal component means that the advertising involves mass media (e.g., TV radio, magazines, newspaper) that can transmit a message to large groups of individuals, often at the same time. The non-personal nature of advertising means that there is generally no opportunity for immediate feedback from the message recipient (except in direct-response advertising). Therefore, before the message is sent, the advertiser must consider how the audience will interpret and respond to it (Belch, et al., 2007; Niazi et al. 2012).

Belch and Belch (2003) stated that in the modern world nearly everyone is influenced to some degree by advertising and other forms of promotion. Organizations in both the private and public sectors have learned that the ability to communicate effectively and efficiently with their target audiences is critical to their success. Advertising and other types of promotional messages are used to sell products and services as well as to promote causes, market political candidates, and deal with

societal problems such as alcohol and drug abuse. Consumers are finding it increasingly difficult to avoid the efforts of marketers, who are constantly searching for new ways to communicate with them. As the new millennium begins, we are experiencing perhaps the most dynamic and revolutionary changes of any era in the history of marketing, as well as advertising and promotion. These changes are being driven by advances in technology and developments that have led to the rapid growth of communications through the interactive media particularly the internet.

Kotler, Keller, and Koshy (2009) stated that, advertising is the best known and most widely used form of promotion because of its persuasiveness; it can create brand images and instill preferences among consumers. Advertising can result in creating strong positioning of brands thereby creating loyal consumers. Morden (1991) also corroborates the views given by Kotler et.al., (2009) stating that advertising is used to establish a basic awareness of the product or service in the minds of the potential customers and to build up knowledge about the brand.

Like Belch, et al., (2007 and Niazi et al. (2012), Terence (2007) defined advertising as a paid, mediated form of communication from an identifiable source, designed to persuade the receiver to take some action, now or in the future. The word paid in this definition distinguishes advertising from related public relations that secure unpaid space or time in media due to the news value of the public relations content. The expression mediated communication is designed to distinguish advertising, which typically is conveyed (mediated) via print and electronic media, from person-to-person forms of communication, including personal selling and word of mouth. Finally, the definition emphasizes that advertising's purpose is to influence action, either presently or in the future. Most advertising is undertaken by companies that market their brands to final consumers (B2C advertising).

According to Agrawal (2012), advertising is a relatively low-cost method of conveying selling messages to numerous prospective customers; it can secure leads for salesmen and middlemen by



convincing readers to request more information and by identifying outlets handling the product. It also can force middlemen to stock the product by building consumer interest. Advertising is to stimulate market demand. While sometimes advertising alone may succeed in achieving buyer acceptance, preference, or even demand for the product, it is seldom relied upon. Advertising is efficiently used with at least one of other sales methods, such as personal selling or point-of-purchase display, that directly move customers to buying action. Advertising builds a corporate image for a company. It increases sales of the product or service thereby creating and maintaining a brand identity or brand image (David et al., 2009).

According to Macrae (1994) "Brand benchmarking applied to global branding processes" consumer buyers almost always approach the marketplace with a well established set of tastes and preferences. The vast majority of times, even their unplanned and unanticipated purchases are strongly influenced by pre-existing tastes and preferences. In a very real sense, marketing and promotion constitute a battle for the minds of consumers! While direct competitors strive to outdo one another to winning greater brand preference and loyalty, there is also rivalry between producers and marketers in very different industries, promoting very different kinds of goods and services (Knox, 1997). Almost every one grows up in the world which is flooded with the mass media e.g. television, advertising, films, videos, billboards, magazines, movies, music, newspapers, and internet (Latif and Abideen, 2011). According to Kotler and Armstrong (2008) advertising media is the vehicle through which advertising messages are delivered to their intended audiences. As advertising becomes more important for businesses, larger companies are able to spend more and more on sophisticated ways to make us buy their products. Advertisers also exert direct and indirect influence on the media companies and their content in order to foster moods and cultures where consumers are more likely to buy their products. As a consequence, dumping down of content is not uncommon. According to Bergh et al. (1999) advertising media can be categorized in to three major classifications.

According to Belch and Belch (2003), outdoor advertising has probably existed since the days of cave dwellers. Both the Egyptians and the Greeks

used it as early as 5,000 years ago. Outdoor is certainly one of the more pervasive communication forms, particularly if you live in an urban or suburban area. Even though outdoor accounts for only about 2.3 percent of all advertising expenditures and the number of billboards have decreased, the medium has grown steadily in terms of dollars billed. In 1982, USA approximately spent \$888 million in this area; in 2001, expenditures reached \$5.3 billion. Outdoor advertising is not all color full bill board along the street and high way, however; it includes others such as: benches, posters, signs and transit advertising (Ibid). Benefits of outdoor advertising are captured audience; since it is the public domain outdoor advertising assuredly reaches its audience. People cannot switch it off or throw it out. People are exposed to it whether they like it or not. In this sense, outdoor advertising truly has a captured audience, easy coordination with other forms of ads; it is an excellent ad medium to other types of advertising. In fact it is most efficient when coupled with other media. Other advantage is permanent message; Since most messages stay in the same place for a period of a month or more, people who drive by or walk past see the same message a number of times, targetable market; Particular locations can be acquired for certain purposes.

According to Thompson (2005) source of advertising are groups that people refer to when evaluating their own qualities, circumstances, attitudes, values and behaviors. Sociologists call any group that individuals use as a standard for evaluating themselves and their own behavior as a reference group. Source of advertising act as a frame of reference to which people always refer to evaluate their achievements, their role performance, aspirations and ambitions. A source of advertisement can be either from a membership group or non-membership group; it can also be referred as reference group.

Source of advertising are used in order to evaluate and determine the nature of a given individual or other group's characteristics and sociological attributes. It is the group to which the individual relates or aspires to relate him or herself psychologically. It becomes the individual's frame of reference and source for ordering his or her experiences, perceptions, cognition, and ideas of self. It is important for determining a person's self-

identity, attitudes, and social ties. It becomes the basis of reference in making comparisons or contrasts and in evaluating one's appearance and performance (wiki pedia.com). As a consumer, ones' decision to purchase and use certain products and services, is influenced not only by psychological factors, ones' personality and life-style, but also by the people around them with whom they interact and the various social groups to which they belong. The groups with whom one interacts directly or indirectly influence his/her purchase. (www.marketing.com).

## EMPIRICAL LITERATURE:

Michael (2012) conducted his study with the title of "Impact of Media on Consumers' Brand Preference" undertaken on Carbonated Beverage Market with Reference to Coca-Cola. The collected data from the survey shows that brand preference exists in the carbonated beverage Market and the media efforts affect consumer preferences and their brand choice. Out of eight different carbonated beverage brands which featured in the study, Coca-Cola topped the brand Preference table in carbonated beverage industry. Hence it is clear that Coca-Cola is the favorite carbonated beverage among consumers. Based on this study, advertisement and taste was the major factors responsible for the success of Coca Cola. The implication is that other variables do not influence much when brand is supported by heavy advertisements and appeals to consumers' taste buds which persuades them to continue buying. Majority of the respondents claimed to have known Coca-Cola over 15 years and Coca-Cola having been in existence for more than 20 years still remain the delight of many consumers of carbonated beverage. It is evident that the brand has enjoyed a relatively prolonged life cycle. The study also showed that advertisement is the major source of awareness of Coca-Cola and Television is the most effective medium as cited by most of the respondents. Vivekananthan (2010) studied "Influence of advertisement in consumer brand preference with reference to soft drinks". The research was conducted by taking three variables, namely *Information, communication, and comprehension*. Findings of this research revealed that the variable *information* has high influence in

advertisement on consumers' brand preference. This has the mean value of 3.62 and standard deviation of 0.39. Here the variable information is measured by three dimensions: *attractiveness, attention, and awareness*. These three dimensions account for about 56 percent of respondents that are highly influenced by information in advertisement.

The next variable is communication, the influence of communication in advertisement indicates the high influence in consumers brand preference mean value 3.73 with standard deviation of 0.52. From 200 respondents 66 percent expressed their high influence, 28 percent expressed their moderate influence and 6 percent expressed their low influence in brand preference. Message, source and media considered as main dimensions of communication to measure the influence of advertisement in consumer brand preference of soft drinks. The final variable is comprehension. The comprehension in advertisement indicates the high influence in the brand preference of consumer. mean value 3.67, standard deviation 0.52. From 200 respondents 63 percent expressed their high influence, 33 percent expressed the moderate influence and 4 percent expressed low influence in consumer brand preference. It is measured through the three dimensions: recall, link, and attitude. Recall had 71% of high influence in comprehension with the mean value of 3.83. Link indicated 49% modern influence and attitude showed 73% of high influence. Although the three variables showed high influence in overall view, the researcher wanted to consider indicators which have low and moderate influence in their future developments to maintain its position in the market in the long run. Adeole et al.(2005) examined the impact of advertisement on consumers brand preference. It was conducted in Nigeria. The major objectives were to examine the influence of advertising on consumers buying behavior, to assess the influence of age on advertising. To figure out the most effective media through which advertising message is conveyed and examining the leading food drinks in the food and beverage industry. The finding revealed that Bournivita (food drink) is the most leading and highly consumable product of others in Nigeria. Results showed that from five different media used in advertising Bournivita and how consumers viewed them in order of preference,

most consumers around 71.43% expressed their preference for television advertising while newspaper and magazine shared 4.44% each. According to the paper advertising and quality are the major factors responsible for the success of Bournivita. Very few subjects cited other reasons such as price, packaging and availability for their choice of the brand. In addition the result showed that the age group of consumers does not determine the reception of advertising efforts. The purpose of advertising in creating awareness and influencing purchasing decision in consumers can be achieved through effective campaign aimed at a well selected target market irrespective of the age group in the chosen market segment.

Gezachew (2012) assessed the influence of advertisement on consumers brand preference with reference to electronics products in Hawassa City. In the study, he used four variables, namely, *advertising media, features of advertisement, contents of advertising messages and reference group*. The findings of the study revealed that from advertising media perspective television advertising is the most preferred by consumers to have awareness about the product and chose alternative brand. 72.5% of respondents expressed that television advertising is most preferable. Mother Tang language is also the most preferable language by audiences. To convey advertising message experts, celebrities, and common man were preferred by consumers to get reliable information of the brand. Statistically celebrities account for the mean value of 4.58 and standard deviation of 0.804, and experts have the mean value of 4.37 and standard deviation of 0.876. Common man, family and friends accounted the mean value of 3.73 and 4.29 respectively and the standard deviation of 1.486 and 1.081 respectively.

Chandrima (2009) conducted the research on “The impact of electronic and print media on consumers brand preference.” The results of this study found out that people notice advertisements and the awareness level of the brand is increased showing intention of purchasing and being loyal to the brand. This is only because of advertisements. Based on this study he concluded television advertisements have more access to the people. Customers prefer television in comparison to other media since they get both the audio and visual

effects. This also proved that customers rely on advertisements shown in media.

Tendon (2011) assessed the “Impact of advertising on the brand preference of tea.” variables of the study are advertising, sales promotion, they are source of awareness and income, age, gender, and education are also independent variables. The study revealed with the perspective of source of awareness of tea brand, advertising accounts for 72.4% of the respondents while 2.2% respondents feel that sales promotion schemes create awareness of the brands. In the side of parameters for the parameters of tea brand, 63.8% of respondents considered quality of the product (tea) as the most important parameter and only 12.9% of respondents considered advertising as the most important reason for the preference of tea. followed by availability 4.4% and packaging accounts for 2.2%. from this finding he interpreted that consumers nowadays are quality conscious and want to spend their money on quality matters. Again the study revealed that age, income, and education have great impact on the brand preference of tea whereas gender has no impact on the brand preference of consumers, its F value is 0.246 and P value of 0.62. The result of ANOVA table shows that Age has F value of 11.029 and p value is <0.000. and Income has F value 3.83 and P value of 0.010. Finally, education has the F value of 4.038 and P value of 0.008 which was significant.

Yang et al. (2007) Social reference group influence on purchasing behavior of mobile phone cross national comparative study. This study describes a comparative study investigating the influence of different reference group on consumer purchase behavior between mobile phone users of USA and China. The study revealed that among the three reference group influence examined only the utilitarian influence has resulted in statistically significant difference between China and USA mobile phone buyers. And another two reference group influences information and value-expressive, have relative insignificant impacts. Christina (2003) examines the relationship between celebrity endorsements and brands, by applying a selection of widely accepted principles of how consumers’ brand attitudes and preferences can be positively influenced. Thereby the concepts of source credibility and attractiveness, the match-up hypothesis, the meaning transfer model and the

principles of multiple product and celebrity endorsement were used. A brief assessment of the current market situation indicates, that celebrity endorsement advertising strategies can under the right circumstances indeed justify the high costs associated with this form of advertising. Several failures show, it is essential for advertisers to be aware of the complex processes underlying celebrity endorsement.

Singh et al.(2012) "Impact of advertisement on the brand preference of aerated drinks." The study is conducted by taking two major variables such as celebrity endorsement and types of advertising media. The finding revealed that celebrity endorsement has positive impact on attention and exposure of consumers and from different types of media, television advertisement became the most effective and popular media and liked by consumers followed by internet and outdoor media. MacKenzie and Lutz (2000) identify advertising credibility as consumers' general perception towards the truthfulness, reliability, trustworthiness and believability of an advertisement. The study of Goldsmith, Lafferty and Newell (2000) also indicated that credibility of an advertisement is affected by various factors, particularly by the company's credibility and the person who brings a message. Studies such as Ramaprasad and Thurwanger (1998); Haghirian and Madlberger (2005) lend support that there is a strong and positive relationship between informative and consumers' attitude towards advertising.

## STATEMENT OF THE PROBLEM:

According to Vivekananthan (2010), marketers' main objectives are getting new consumers and retaining the existing ones to increase their market share and sales volume. The cost of getting new customers is five times greater than the cost of retaining the current customer (Reicheld & Sasser, 1990). To do so, marketers are spending huge amount of money, energy, and time for advertising their products, services and ideas.

As it is stated in Wikipedia free encyclopedia, in 2010 spending on advertising was estimated at more than \$300 billion in the United States and \$500 billion worldwide. Form this TV ads covers between thousands and millions of dollars for a 30-second advertisement. For instance, in USA about

\$50,000-\$750,000 costs for set up of advertising, and for media it costs about \$35,000 to \$2 million per 30 second spot. It is so expensive than other types of ad media. Companies allocate a considerable part of their resources to advertising activities in the hope that advertising dollars are earning the best return on investment.

Marketers do advertisement in order to inform the availability of the product, to persuade that their product is of high quality, fair price, durable etc. and to remind about existing product. Advertising plays an important role in today's competitive world by which organizations communicate with their customers. If advertisement does not create any positive change in consumers' brand preference, all the resources such as money, time and efforts spent on advertisement will go in vain.

The importance of sales on business survival and the connection between customers and sales is expedient for organizations to engage in programs that can influence consumers' decision to purchase its products. This is where advertising and brand management are relevant. Advertising is a subset of promotion mix which is one of the Four 'P's in the marketing mix i.e. product, price, place and promotion. As a promotional strategy, advertising serves as a major tool in creating product awareness and condition the mind of a potential consumer to take eventual purchase decision (Kotler,P., Keller,K.L, & Koshy,A.,2009).

Marketers' survival depends on consumer satisfaction and consumer satisfaction depends on their perception and brand preference of the particular brand. In brand preference, advertising plays a major role. Nearly everyone in the modern world is influenced to some degree by advertising. Organizations in both public and private sectors have learned that the ability to communicate effectively and efficiently with their target audiences is important to their success. Consumer do have different alternatives to choose one brand from the other, hence, knowing which advertising methods can really catch consumers' preference and influence their buying decision is important to business advertisers' marketers, manufacturers, and suppliers. When competition is keen and the consumers are faced with brand choice in the market, it becomes imperative for the manufacturers and marketers to understand the major factors that can attract the attention of buyers

to their own brand, these then form the basis for marketing planning and action (Adeolu et al., 2005).

In Hawassa, there are a number of beer products in the market such as: BGI products (St. George Beer, Amber Beer, and Castle Beer), Harar Beer, Bedele Beer, Dashen Beer, Meta Beer and other foreign and local brands. The producers of these brands have been striving to increase their market share through varying marketing strategies. They do use sales promotion, advertisement, personal selling, and also provision of point -of -sale materials like, T-shirts, cups, posters, shelf strips etc, to their target consumers and tables, chairs, and umbrellas in which their trade mark is labeled on it to sellers of their products in order to stir, attract, and retain the existing consumers towards their product.

This research study was mainly focused on assessing the impact of advertising on brand preference of consumers and different factors which do have influence in brand preference of consumers that directly or indirectly contributes to the increase of market share and sales volume in the industry. In other words, the study made hard effort to see whether the advertising has brought about any significant change on sales volume or market share of beer beverages.

## GENERAL OBJECTIVE:

The general objective of the study is to explore the impact of advertisement on consumers' beer brand preference.

## SPECIFIC OBJECTIVES:

- ❖ To examine the relationships between advertising and consumers' brand preference of beer.
- ❖ To figure out the consumer perception regarding the most effective media for Advertisements.
- ❖ To examine the impact of celebrities on consumers brand preference.
- ❖ To investigate the influence of language of advertising on consumers brand preference
- ❖ To explore the relative impact of each independent variable (advertising media, source of advertising, and

characteristics of advertising message) that significantly influences consumers' brand preference of beer.

- ❖ To assess the impact of income level of consumers on beer brand preference.
- ❖ To examine the age difference of consumers in brand preference of beer through advertising.

## HYPOTHESIS OF THE STUDY:

**Ho<sub>1</sub>:** There is no positive relationship between advertisement and consumers' brand preference.

**Ho<sub>2</sub>:** Components of Advertisement have no positive impact on consumers' brand preference.

**Ho<sub>3</sub>:** Each advertising media has no positive impact on consumers' brand preference.

**Ho<sub>4</sub>:** Each reference groups has no positive impact on consumers' brand preference.

**Ho<sub>5</sub>:** Each characteristic of advertising messages has no positive impact on consumers brand preference.

**Ho<sub>6</sub>:** Celebrities have no positive impact on consumers brand preference.

**Ho<sub>7</sub>:** The impact of advertising on brand preference of beer is not dependent on income level.

**Ho<sub>8</sub>:** The impact of advertising on brand preference of beer is not varied by age.

## SIGNIFICANCE OF THE STUDY:

- There are number of beer manufacturing and marketing companies in the City of Hawassa. All of them are employing advertising campaign in order to increase their sales volume and market share by attracting more users of their brands. This study, therefore, is conducted to see whether advertising strategy has brought and helped them to increase the desired sales volume and market share.
- The finding of the study benefits the marketers, manufacturers and suppliers by positively influencing consumers to make purchase decision. And it helps in developing the integrated marketing



communications program, through setting new advertising program by developing message and media strategy (determining which communication channels will be used to deliver the advertising message to the target audience). Besides, the research will help them to understand the types of media which are more relevant for advertisement, the language that best fits the advertising campaign.

- And also it helps them in realizing the importance of advertising endorsers like: celebrities and experts.
- In addition, this research benefits companies to target their audiences by income level and age. Generally speaking, the result of this research helps companies in creating awareness about their products and to getting more market share and increasing sales volume. This can make them to earn more revenue and profit. In other words, it helps them in evaluating the return on investment (ROI) of advertising campaign.
- This research benefits consumers in providing information about the brand's availability, product modality, quality, etc. This research can be used as a source of reference and bench mark for new researchers who have intention to make further study in this area.
- Finally, it will help to construct suitable recommendations about advertising in attracting consumers to the brand choice.

## SCOPE OF STUDY:

The study was conducted on assessing the impacts of advertising on consumers' beer brand preference in Southern Nations, Nationalities and Peoples Region (SNNPR), Hawassa city. The study was primarily focused on why consumers prefer one brand over the other and which factors were more influential through advertisement of beer brands. It was also focused on the factors of advertisement such as types of media, source of advertising, and characteristics of advertising messages and languages of advertisement. It was conducted by taking beer products as only reference to the study. The study was conducted by taking data from

September 2014 to January 2015. In this study both quantitative and qualitative methods were used.

## LIMITATIONS OF STUDY:

There were several limitations regarding this research study. Primarily, it was difficult to investigate this broad topic that requires deep investigation and associated with large number of factors within the budgeted time and allocated cost. Secondly, the research was confined to the viewpoints of consumers, managers and salesmen only. It did not include the viewpoints of manufacturers, whole sellers and distributors. Thirdly, this research relied mainly on the primary data. It was also difficult to find the exact number of beer consumers in Hawassa city due to various natures and behavior of people. The result was also limited as the target group was restricted to people who were located in Hawassa and took beer products in the selected area. This may cause certain degree of bias. Moreover, the result obtained in this research may not represent the whole country (Ethiopia), since it was confined only in Hawassa city urban area. Other cities of the country also require the conduction of the same investigation in order to know the beer brand preference by the users of beer product.

## RESEARCH METHODOLOGY:

The study was conducted aiming to assess the impact of advertisement on consumers' brand preference with reference to beer products in Hawassa city. In this study, positivistic approach was adopted because this approach would allow the researcher to search for truths of the observation by empirical evidence via the hypothetic-deductive method (Jankowicz, 2005 cited in Ling et al., 2010). In this research both quantitative and qualitative data were used. However, more emphasis was given to quantitative data. The researcher also made use of qualitative data in order to triangulate the data collected through the quantitative method. The study employed both primary and secondary data. The primary data were collected directly from the sample respondents such as the consumers of beer, sales personnel and

managers in selected groceries, restaurants and hotels using structured questionnaire. Interview method was also used to substantiate the data obtained through questionnaire method. The secondary data were collected from such sources as books, journals, articles, research papers, and the internet.

Businessmen, traders, employees and other dwellers in Hawassa City, aged above 18 and consume branded beer products, and who frequently visit hotels, restaurants and groceries in all Sub-Cities were taken as the target population

of the study. To draw the required sample size, 8 sub-cities were selected by the researcher. To draw a proportional size that constitutes a sample of the study, the researcher used stratified sampling technique which provides equal chance of being considered to each stratum and then items were selected from each stratum to constitute a sample. To this effect, the study used sample size determination formula provided by Malhotra (2011) as follows:

$$n = \frac{2500 \times N \times Z^2}{[25(N-1)] + [2500 \times Z^2]}$$

$$n = \frac{2500 \times 210,679 \times 1.96^2}{[25(210,679-1)] + [2500 \times 1.96^2]}$$

$$n = 383.50 \approx 384$$

**Where:**

**n:** The minimum required sample size.

**N:** Population size of Hawassa city urban area

**Z:** The value for Z is found in statistical tables which contain the area under the normal curve (z =1.96) with 95% confidence level.

After determining the sample size, to determine the size each stratum constitutes, the following formula is used from Kothari (2004).

$$\text{Sample size} = \frac{\text{Total sample size} \times \text{sub-city population}}{\text{Total population}}$$

**Table 1: Population distribution by sub-cities and the number of sample size proportion.**

S/N	Sub-cities	population	Percent (%)	Sample size
1	Hawella-tulla	978	0.46	2
2	Mehal Ketema	19,685	9.34	36
3	Bahile Adarash	19,964	9.47	36
4	Hayek Dar	23,367	11.09	42
5	Addis Ketema	23,965	11.38	44
6	Misrak	31,191	14.80	57
7	Meneharia	32,945	15.64	60
8	Tabor	58,584	27.81	107
	<b>Total</b>	<b>210,679</b>	<b>100</b>	<b>384</b>

**Source:** Computed by the researcher based on the population of housing report (CSA, 2007).



As a mentioned of it has been made earlier, the primary data were collected using questionnaires and interview methods. A total of 384 sets of questionnaires were administered and distributed to the potential respondents that are believed to frequently use beer in the selected sample area. However, only 346 duly filled in questionnaires were returned representing the rate of 90.1 percent. Structured interview was prepared and the responses were collected from sales personnel and managers of the targeted hotels, restaurants and groceries.

Each question in the questionnaire was designed properly to easily meet research objectives. The questionnaire consisted of three parts: Part one was prepared to gather general information about the respondents' demographic aspects (characteristics), part two consisted of multiple choice questions related to the study variables and the third part, on the other hand, consisted of questions about major factors related to advertising and can influence consumers brand preferences.

The items of the questionnaire were adopted from different sources of the extant literature. The items for the independent variables such as advertising media and sources of advertising were adopted from Gezachew (2012), Adeolu et al. (2005) and Ling et al. (2010). The items for Characteristics of advertising message were adopted from MacKenzie and Lutz (2000); Haghirian and Madlberger (2005); Vivekananthan and Ling et al. (2010). Lastly the items for dependent variable brand preference

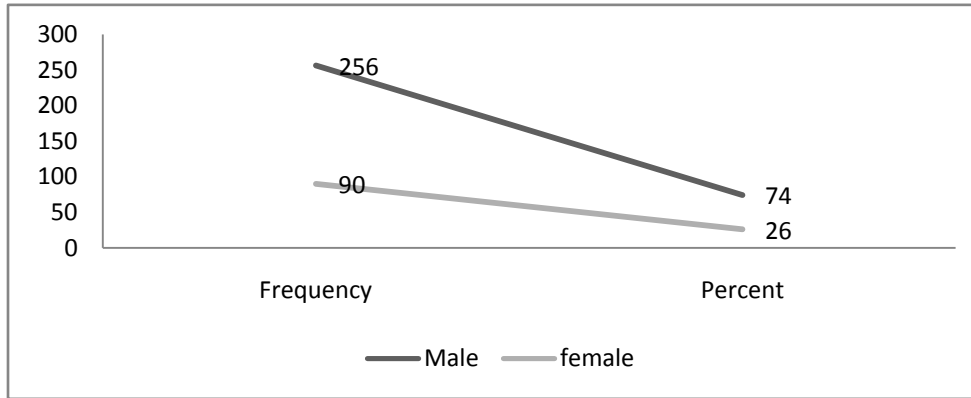
were adopted from Gezachew (2012). More over the researcher added some elements of factors from theoretical literatures. Likert scale format was applied as the scale was suitable for self-administered survey method Hair, Bush and Ortinau (2004). A 5-point Likert scale anchored by "strongly agree" (5) to "strongly disagree" (1) was adopted as the attitude measurement for the independent and dependent variables. Before distributing the questionnaire to the sample respondents, the validity and reliability of it was tested by conducting a pilot survey in order to see the strength of internal consistence. To this effect, Cronbach's Alpha is used to test the internal consistence between the items in the category. Accordingly, the test result of pilot questionnaire was found to be between 0.815 and 0.875 which is greater than 0.70 (See Table 12, Appendix A for Cronbach's Alpha computations). After test is completed, the questionnaire is accepted and distributed to the respondents.

After collecting the required data, proper tools and techniques were used for classification and analysis. The study employed both descriptive and inferential analysis. To this effect, the software called Statistical package for the social science (SPSS) version -20 was used for the processes of analysis. As the study involved more than two independent and dependent variables, ANOVA test is used to prove and disprove the set hypotheses.

**DATA ANALYSIS AND RESULT DISCUSSION**

**DEMOGRAPHIC CHARACTERISTICS:**

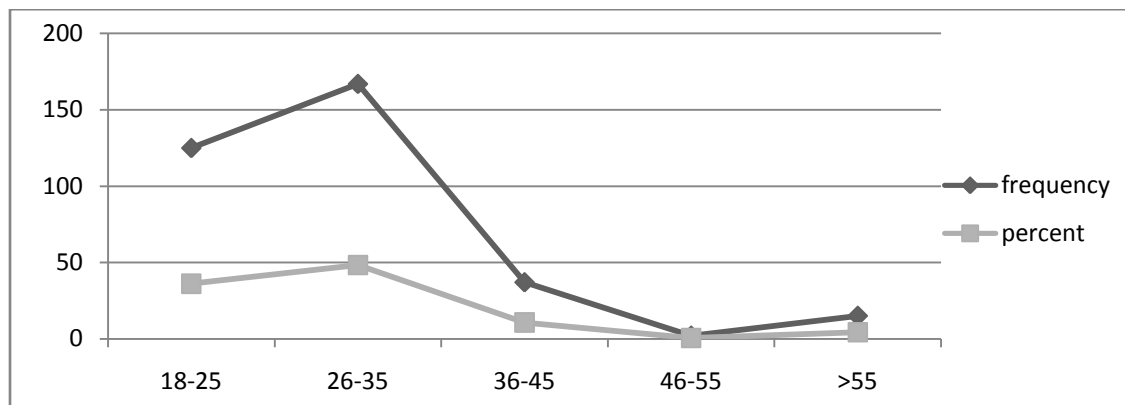
**Figure1: Gender of the respondents**



**Source:** own survey, 2014

According to figure 1 here above, the male respondents constituted 256 (74%) of the total respondents and female respondents represented 90 (26%). This shows that men are more consumers of beer than women. The results obtained through interview from sales personnel and managers also revealed that majority of beer consumers in the study area were males. This implies that gender difference has influence on consumers brand preference on different brands of beer.

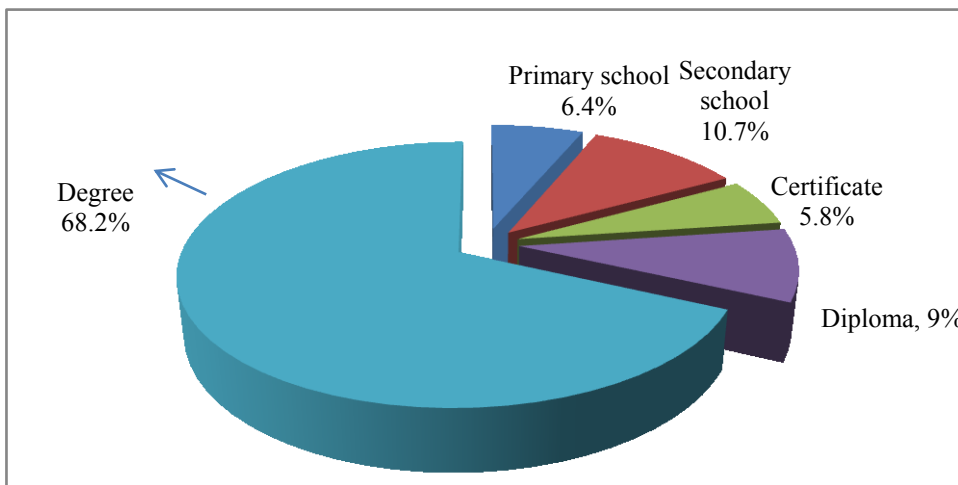
**Figure 2: Age category of respondents**



**Source:** own survey, 2014

Based on figure 2 above, 167(48.3%) of respondents were categorized in the age range of 26-35, 125 (36.1%) of the respondents were in between 18-25, 37(10.7%) of respondents lied in between 36-45 years, 15 (4.3%) of the respondents were above 55, whereas 2(0.6%) of the respondents were in the age range of 46-55 years. This implies that the majority of beer consumers in the study area were in the age range from 18-35 years old accounting for 84.4 percent. In other words, the young adult consumers were found to be frequent users than other age groups.

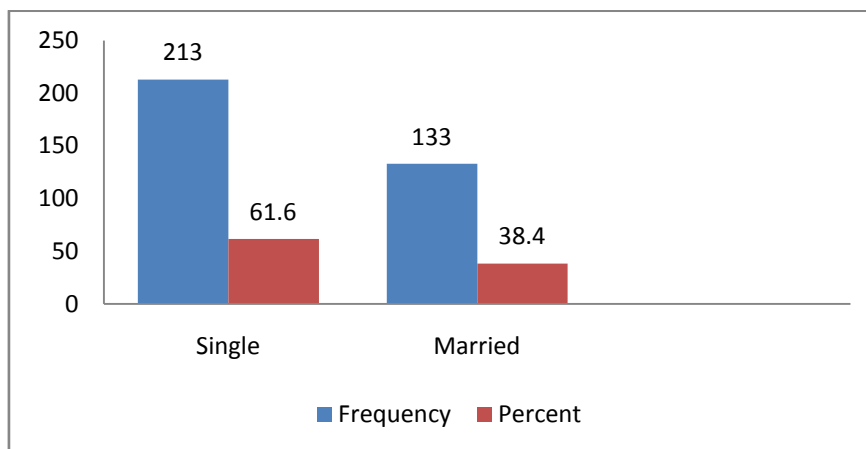
**Figure 3: Educational status of the respondents**



Source: own survey, 2014

Figure 3 shows the educational status of the respondents. Here 236(68.2%) respondents of the total respondents were Degree holders, 37(10.7%) respondents completed secondary school, 31(9%) of the respondents were diploma graduates, 22(6.4%) of the respondents completed primary school, and the remaining 20(5.8%) respondents were certificate holders. As shown in the figure 3, majority of respondents were first degree holders and have access to work and earn money they consume for beer. There were no illiterate respondents in the study area consuming beer when this study was conducted.

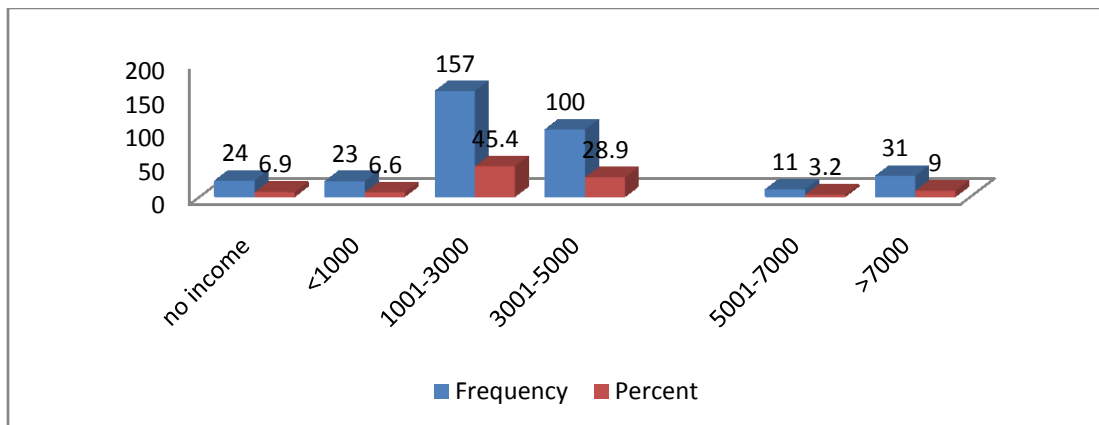
**Figure 4: Marital status of respondents**



Source: own survey, 2014

According to Figure 4, the study revealed that 213(61.6%) of the respondents were unmarried or single and the rest 133(38.4%) of the respondents were married. This implies that the majority of respondents who frequently consume beer were single. As a result, they are not shouldering responsibility of their families and they use their earnings for the consumption of beer.

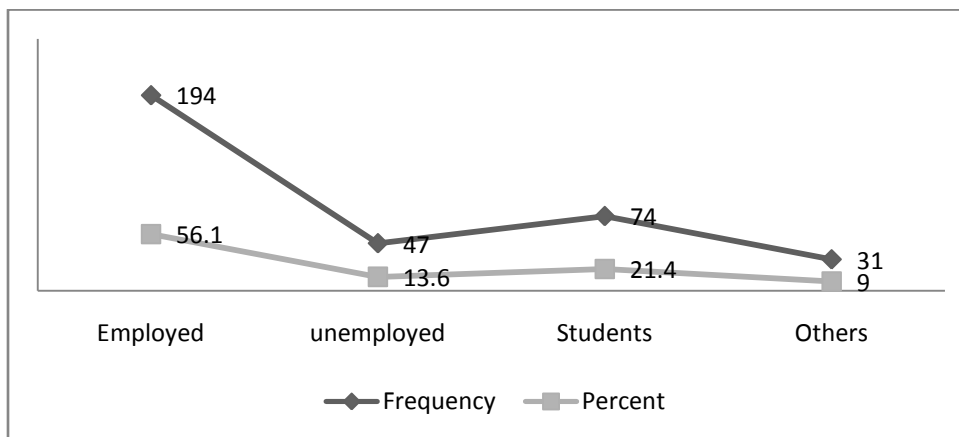
**Figure 5: Monthly incomes of respondents ( in Birr)**



Source: own survey, 2014

According to Table 5, the study revealed that 157(45.4%) of the respondents earn monthly salary between 1001 and 3000 Birr; 100(28.9%) of the respondents earn between 3001 and 5000 Birr; 31 (9%) of the respondents earn monthly income more than 7000 birr; 24(6.9%) of the respondents have no income at all as they are dependent on their parents. The respondents having monthly salary less than 1000 Birr were 23(6.6%) whereas the remaining 11(3.2%)of the respondents earn monthly salary between 5001-7000. As shown in the same figure, the majority of the respondents earn the monthly salary between 1001-5000 birr. This implies that the level of income, in some extent, determines the demand and consumption of beer product. Affluent respondents are consuming beer frequently because of their income. However, the study found that some respondents who do not have any income and dependent on their parents are also addicted to using beer brands.

**Figure 6: Working conditions of respondents**



Source: own survey, 2014

Figure 6 shows the working condition of the respondents involved in the study. The study revealed that 194(56.1%) of the respondents were employed while 47(13.6%) of the respondents were unemployed and 74 (21.4%) were students and the remaining 31(9%) of the respondents were others. Majority of the respondents (56.1%) were employed and are earning income that might be used for consumption of beer. This implies that employed consumers could afford paying more for beer than unemployed ones because the later are dependent on the income of their parents.

**Table 2: The role of advertisement on purchase decision**

	response	Frequency	Percent
<b>Do you rely on advertisement to make purchase decision?</b>	Yes	236	68.2
	No	81	23.4
	Some times	29	8.4
	<b>Total</b>	<b>346</b>	<b>100.0</b>

Source: own survey, 2014

According to Table 2 here above, 236 (68.2 percent) of the respondents replied that advertising has influenced them to make purchase decisions and 81 (23.4 percent) of the respondents replied that they are only sometimes relying on advertising. This implies that most consumers focus on advertising before making purchase decision regarding the purchase of beer brands.

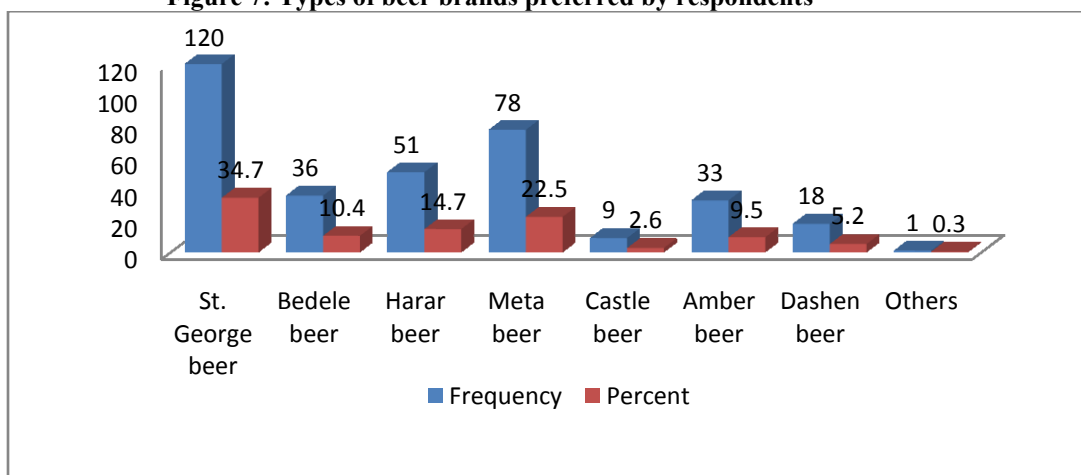
**Table 3: Type of language customers prefer in advertisement**

Question	Responses	Frequency	Percent
<b>Which language do you prefer when you watch an advertising?</b>	International language	54	15.6
	National language	57	16.5
	Mother tang language	165	47.7
	Both national and mother tang	70	20.2
	<b>Total</b>	<b>346</b>	<b>100.0</b>

Source: own survey, 2014

According to table 3, 165(47.7%) of the respondents replied that they preferred mother tang language to other languages and 70(20.2%) of the respondents replied that they would prefer both national and mother tang languages more than other languages. Still 57(16.5%) of the respondents responded that they would prefer official language and the rest 54(15.6) of the respondents replied that they would prefer international language in advertisement. From the above table it can be concluded that mother tang language is the most popular one by consumers when advertisement is placed.

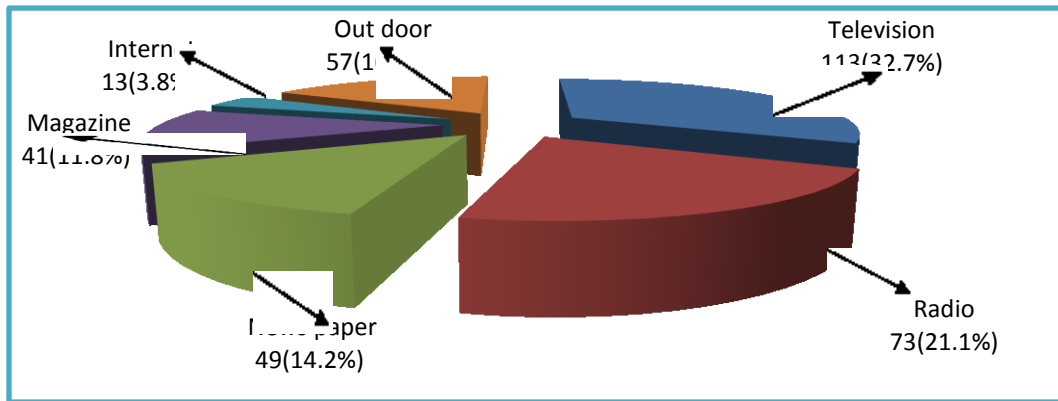
**Figure 7: Types of beer brands preferred by respondents**



Source: own survey, 2014

In figure 7, the study revealed that the most popular beer is St. George beer 120(34.7%) of the total followed by Meta beer 78(22.5%) which is also followed by Harar beer 51(14.7%) respectively. This implies that St. George, Meta, and Harar beer had relatively higher brand equity and market share than others in the market. These companies are found that they are practicing advertising strategy properly in order to increase sales volume and market share by maximizing brand equity.

**Figure 8: Types of media preferred by consumers**



**Source:** own survey, 2014

As it can be seen in figure 8, different advertising media are used as a vehicle to communicate their products to different users. According to figure 8, most of the respondents 113(32.7%) replied that they would prefer television advertising to other kinds of advertising media. They reasoned out that what they hear is supported by pictures when TV advertising is employed.

### Hypothesis testing

**H<sub>01</sub>:** *There is no positive relationship between advertisement (advertising media, source of advertisement, and characteristics of advertising messages) and consumers' brand preference.*

**Table 4: Correlations between independent variables (advertising media, source of advertising, characteristics of advertising messages) and dependent variable (brand preference).**

		Brand preference	Advertising media	Source of advertising	Characteristics of advertising messages
Brand preference	Person correlation	1			
	Sig. (2-tailed)				
Advertising media	N	346			
	Person correlation	.876**	1		
	Sig. (2-tailed)	.000			
Source of advertising	N	346	346		
	Person correlation	.850**	.778**	1	
	Sig. (2-tailed)	.000	.000		
Characteristics	N	346	346	346	



istics of advertising messages	Person correlation	.891**	.810**	.777**	1
	Sig. (2-tailed)	.000	.000	.000	

\*\* Correlation is significant at the 0.01 level (2-tailed).

Source: own survey, 2014

The study revealed that there was positive and strong relationship between brand preference and advertising media, because the value of “r”=0.876 and “p” = 0.000 which means the correlation was significant at 0.05 significant level (2-tailed). The study was supported by the findings of Jain and Sharma (2012). There was also positive and strong relationship between source of advertising and brand preference with “r” value of 0.850 and “p” value of 0.000. Furthermore, there was strong correlation between characteristics of advertising message and brand preference having “r” value 0.891 and “p” value 0.000. Hence it could be concluded that all independent variables were positively and strongly correlated with brand preference (dependent variable). Therefore, the null hypothesis is rejected and alternative hypothesis is accepted.

**H<sub>02</sub>: Components of Advertisement (advertising media, source of advertisement, characteristics of advertising messages) have no positive impact on consumers’ brand preference.**

**Table 5: Result of regression analysis of components of advertisement**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. error	Beta		
(Constant)	-.191	.092	-	-2.075	.039
Advertising media	.361	.037	.330	9.831	.000
Source of ad message	.259	.030	.273	8.715	.000
Characteristics of ad message	.450	.037	.412	12.261	.000

a. dependent Variable: brand preference

Source: own survey, 2014

Table 5 shows the results of multiple regression analysis between independent variables (Advertising media, source of ad messages and characteristics of ad messages) and dependent variable (brand preference). As it can be seen from the same table here above, the study revealed that all independent variables have significant level below 0.05 ( $p < 0.05$ ). Beta values also showed independent variables’ influence on dependent variable. This means independent variable has the strong influence on dependent variable with beta value 0.412. It explains that 41.2% variation in Consumer brand preference is caused due to characteristics of advertising Messages, which is significant at 0.000. Consequently, the study concluded that source of advertising message is positively related to consumers brand preference. Different studies conducted by Gezachew, et.al., (2012) and Ghafoor, et al., (2013) suggested that source of advertising message positively influences consumers brand preference.

Based on the result similarly advertising media and source of ad message have strong influence on brand preference, with beta value 0.330 and 0.273 respectively, which is significant at 0.000. That means, they have impact on consumers brand preferences of beer products. Results of different literatures also suggests that source of ad messages positively influence consumers brand preference (Yang et al., 2007; Bearden, and Michael, 2001). Thus, the finding from the current study is supported by the extant literature. Besides, the result of table 5 revealed that all

variables of advertisement had equal impact or contribution on consumers brand preference. Therefore, the hypothesis is rejected and alternative hypothesis is accepted.

**Equation formulation**

$$y = b_0 + b_1x_1 + b_2x_2 + \dots + b_nx_n + E$$

**Where,** y= Dependent variable       $b_0, b_1, b_2, \dots, b_n$ = coefficients

$x_1, x_2, \dots, x_n$ = Independent Variable      E= error terms

Taking into consideration the results from table 4.6 the regression equation for the Study becomes.

$$y = -0.191 + 0.361x_1 + 0.259x_2 + 0.450x_3$$

**Where,** y= Brand preference       $x_1$ = Advertising media

$x_2$ = Source of advertising       $x_3$ = Characteristics of ad message

As it is shown in the above equation, the degree of influence exerted on customers’ brand preference differs from variable to variable. When advertising media increased by one percent, brand preference would increase by 36.1%, when Source of advertising increased by one percent, brand preference would increase by 25.9%, and when Characteristics of ad message increased by one percent, brand preference would increase by 45.0%. The highest influence 45% on consumers’ brand preference is exerted by characteristics of ad messages, however; each independent variable has positive and significant impact on dependent variable (brand preference) of consumers’.

**H<sub>03</sub>: All advertising media have no positive impact on consumers’ beer brand preference.**

**Table 6: Result of regression analysis for advertising media**

**Coefficients**

Advertising media	Un standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.185	.119	-	1.553	.121
Television	.341	.046	.357	7.332	.000
Radio	.239	.033	.262	7.356	.000
Internet	.008	.026	.010	.298	<b>.766</b>
Newspaper	.061	.023	.080	2.628	.009
Magazines	.117	.028	.136	4.235	.000
Out door	.199	.034	.215	5.867	.000

a. Dependent Variable: brand preference

**Source:** own survey, 2014

Table 6 reveals the result of multiple regression analysis between dependent variable (brand preference) and independent variables (television, radio, internet, magazine, newspaper, and outdoor advertising). As shown in the table, the study revealed that all independent variables such as television, radio, newspaper, magazines, and outdoor advertising media have significant level below 0.05 (p<0.05) except the internet advertising having “p” value 0.766 which is greater than 0.05. That means all advertising media have no equal impact on consumers brand preferences

of beer products since the internet advertising hasn't significant impact on consumers brand preference of beer products. Accordingly, the hypothesis is accepted and it can be concluded that all advertising media have no positive impact on consumers' beer brand preference.

**H<sub>4</sub>: Each source of advertisement has no positive impact on consumers' beer brand preference.**

**Table 7: The result of regression analysis on Source of advertising**

Source of advertisement	Coefficients				t	Sig.
	Un standardized Coefficients		Standardized Coefficients			
	B	Std. Error	Beta			
(Constant)	.842	.112		7.504	.000	
Advertising under taken by trained experts	.198	.032	.243	6.113	.000	
Advertising under taken by celebrities	.488	.032	.566	15.096	.000	
Peer groups and family influence	.140	.025	.182	5.519	.000	

a. Dependent Variable: brand preference

Source: own survey, 2014

Table 7 reveals the result of multiple regression analysis between dependent variable (brand preference) and independent variables (peer, family, experts and celebrities). As shown in the table, the study revealed that all reference groups have significant level below 0.05 ( $p < 0.05$ ) which means all sources of advertisements have significant impact on consumers' brand preferences of beer products. Therefore, the hypothesis was rejected. The research conducted by Yang, et al., (2007; Bearden, and Michael (2001), and Gezachew (2012) corroborated this finding.

**H<sub>05</sub>: Characteristics of advertisement messages have no positive impact on consumers' brand preference.**

**Table 8: Result of Regression analysis on characteristics of advertising message**

Model	Coefficients				t	Sig.
	Un standardized Coefficients		Standardized Coefficients			
	B	Std. Error	Beta			
(Constant)	.056	.113	-	.495	.621	
Using back ground music during advertisement	.106	.024	.127	4.326	.000	
Developing stories and documentaries	.063	.017	.099	3.714	.000	
Advertising with quality of the product	.401	.033	.407	12.055	.000	
Credibility of advertiser & the company	.085	.021	.110	3.998	.000	

Fulfilling both the company and the consumers' interest	.185	.023	.233	7.928	.000
Frequency of advertisement	.089	.022	.125	4.013	.000
Advertising tells me which brands have the features I am looking for (Informative)	.082	.020	.109	4.142	.000

a. Dependent Variable: brand preference

Source: Own survey, 2014.

Table 8 reveals the result of multiple regression analysis between dependent variable (brand preference) and independent variables (messages of advertisement). As shown in the table, the study has shown that all independent variables have significant level below 0.05 ( $p < 0.05$ ). That means, they have impact on consumers brand preferences of beer products. According to the result, all variables of messages of advertisement have equal impact or contribution on consumers brand preference. Therefore, the hypothesis was rejected and alternative hypothesis was accepted. The research conducted by Vivekananthan (2010) supported this finding.

**Ho<sub>6</sub>: Celebrities have no positive impact on consumers' beer brand preference.**

**Table 9: Result of regression analysis on celebrity endorsement**

### Coefficients

Model	Un standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
	(Constant)	1.352	.120		
Advertising under taken by celebrities	.709	.027	.820	26.549	.000

a. Dependent Variable: brand preference

Source: own survey, 2014

Table 9 here above revealed the result of multiple regression analysis between dependent variable (brand preference) and independent variable (celebrities). The table revealed that the advertising undertaken by celebrities has significant level below 0.05 ( $p < 0.05$ ). That means, celebrities have significant impact on consumers brand preferences of beer products. The research conducted by Ling, K.C et al., (2010) supported this finding. Therefore, the hypothesis was rejected.

**Ho<sub>7</sub>: The Income level has no significant impact on brand preference of beer.**

**Table 10: ANOVA of Brand preference of beer by income level**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	17.049	5	3.410	11.439	.000
Within Groups	101.347	340	.298		
Total	118.396	345			

a. Dependent variable, brand preference

Source: Own survey, 2014

Table 10 shows brand preference of beer by income level. The result of the study indicated that there is a difference on brand preference of beer based on income level. F-value is 11.439 which is significant at  $p=0.000$ . Therefore, the hypothesis is rejected and concluded that the income level has a significant impact on brand preferences of beer. The research conducted by Tondon,R., (2007) Supported this finding.

**Ho<sub>8</sub>: The impact of advertising on beer brand preference is similar for all age.**

**Table 11: ANOVA of Brand preference of beer by age**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	13.387	4	3.347	10.868	.000
Within Groups	105.009	341	.308		
Total	118.396	345			

Source: Own survey, 2014

Table 11 shows beer brand preference by age. The F-value is 10.868 which is significant at  $p=0.000$ . Therefore, the hypothesis is accepted and it can be concluded that the impact of advertising on beer brand preferences varies by age. The research conducted by Tondon,R.,(2007) Supported this finding.

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**Table12: Appendix A: Reliability and validity test using Cronbach'e Alpha.**

Items	Descriptions	Number of items	Items description	Cronbach's Alpha
Brand preference	Dependent variable	2	<ul style="list-style-type: none"> <li>❖ Advertisement has an impact on my brand preference of beer product</li> <li>❖ Advertising creates brand awareness &amp; recall leads to choose the brand</li> </ul>	0.815
Advertising media	Independent variables	6	<ul style="list-style-type: none"> <li>❖ TV advertising</li> <li>❖ Radio advertising</li> <li>❖ News paper advertising</li> <li>❖ Magazine advertising</li> <li>❖ Internet advertising</li> <li>❖ Outdoor advertising</li> </ul>	0.875
Source of advertising	Independent variable	3	<ul style="list-style-type: none"> <li>❖ Advertising under taken by trained experts</li> <li>❖ Advertising under taken by celebrities</li> <li>❖ Peer groups and family influence</li> </ul>	0.818
Characteristics of advertising message	Independent variable	7	<ul style="list-style-type: none"> <li>❖ Advertising creates entertaining, (Hedonic).</li> <li>❖ Developing stories and documentaries</li> <li>❖ Advertising with quality of the product</li> <li>❖ Credibility of advertisers and the company (Credibility).</li> <li>❖ Fulfilling both the company and the consumers interest</li> <li>❖ Frequency of advertisement</li> <li>❖ Advertising tells me which brands have the features I am looking for. (Informative).</li> </ul>	0.841