

The Effect of Sales Promotion on Brand Awareness and Brand Loyalty: Assessment of Walia Beer Brand Management Practices

Fikirte Belachew Tufa*, Mesfin Workineh Melese**

ABSTRACT

Sales promotions have become one of the preferred methods of marketing communication. However, there is a debate on whether sales promotion has a positive effect on brand awareness and brand loyalty. So, the purpose of this study was to examine the effect of sales promotion on brand awareness and brand loyalty; and the relationship between brand awareness and brand loyalty. The research employed explanatory research design to identify any causal links between sales promotion, and brand awareness and brand loyalty. Primary data were collected from a sample of 389 Walia beer consumers using convenient sampling technique; and data were collected using a five-point Likert-type scale, ranging from 'strongly disagree' (1) to 'strongly agree' (5). Data were entered into SPSS 20, and analysis of the measurement and structural models were made using AMOS 20. The findings revealed that sales promotion has a positive and significant effect on brand awareness and brand loyalty; and awareness has a positive effect on brand loyalty. This indicates that beyond its usual immediate impact on sales volume, sales promotion has an effect on branding.

Keywords: Brand Awareness, Brand Loyalty, Sales Promotional Activities

INTRODUCTION

In today's market atmosphere, there are various ways to influence the creation and enhancement of brand equity through marketing programmes and efforts of the organisations (Valette-Florence et al., 2011; Huang & Sarigöllü, 2014). Among the marketing efforts, promotion has a significant effect on brand equity through creating awareness, association, and loyalty (Datta, Ailawadi & van Heerde, 2017). Sales promotion, though commonly associated with short-term sales goals, has an effect on enhancing brand equity; it is recognised as most effective tool by companies (Joseph, Sivakumaran & Mathew, 2020).

Keller (1993) noted that building and properly managing brand equity has become a priority for companies of all sizes, in all types of industries, in all types of markets. The first step in building brand equity is to create brand

awareness (Aaker, 1991). Moreover, brand awareness is linked to the strength of the brand in the minds of consumers which provides firms with a value that can be used in the future to attract and promote products or services (Kim & Kim, 2005).

On the other hand, brand loyalty is different from the other major dimensions of brand equity as it is tied more closely to the user experience. Brand loyalty cannot exist prior to purchase and user experience. In contrast, awareness, association, and perceived quality are characteristics of many brands, which exist prior to purchase (Aaker, 1991). Brand loyalty has been considered the core dimension of brand equity by Aaker (1991) mainly because the value of a brand to an organisation depends on the loyalty of the customers which in turn can generate profit.

Brand awareness affects customers' attitudes towards brand loyalty. Thus, brand awareness is related to brand loyalty in making decisions as it is related to customers'

* Marketing Expert and Instructor, Research and Consultancy Office, Catering and Tourism Training Institute, Ministry of Culture and Tourism, Addis Ababa, Ethiopia. Email: belachew.fikirte@gmail.com

** Assistant Professor of Business Leadership, Department of Marketing Management, College of Business and Economics School of Commerce, Addis Ababa University, Addis Ababa, Ethiopia.
Email: mesfin.workineh@aau.edu.et; mesfin.wmb@gmail.com

thoughts. In addition, the degree of brand loyalty becomes stronger and firmer when customers are more aware of the brand (Keller, 2003). So, it is interesting to look at whether brand awareness positively affects brand loyalty. As a result, this study investigates the effect of sales promotion on brand awareness and brand loyalty dimensions, and also examines the relationship between the two brand equity dimensions, using Walia beer, in Addis Ababa.

A number of studies have been carried out concerning the effect of sales promotion on brand awareness and loyalty in developed nations, like Europe and America. However, few such studies have been conducted in developing countries like Ethiopia; therefore, this study is designed to fill this obvious gap in literature.

The organisation in question, Walia brewery factory, was launched in 2014. Currently, Walia is the main beer brew in Kilinto, and has proved to be very successful since its launch. It complements the established Bedele and Harar breweries which were acquired from the Ethiopian government in 2011 (Arthur, 2016).

OBJECTIVES OF THE STUDY

- To determine the effect of sales promotion on brand awareness.
- To determine the effect of sales promotion on brand loyalty.
- To determine the effect of brand awareness on brand loyalty.

LITERATURE REVIEW

Awareness is a key determinant identified in almost all brand equity models (Aaker, 1991; Kapferer, 1991; Keller 1992; Agarwal & Rao, 1996; Krishnan, 1996 and Na, Marshall & Keller, 1999). Keller (2003, p. 76) defines awareness as “the customers’ ability to recall and recognise the brand as reflected by their ability to identify the brand under different conditions and to link the brand name, logo, symbol, and so forth to certain associations in memory”. Aaker (1996) identifies other higher levels of awareness, besides recognition and recall (Aaker, 1991). He includes top-of-mind, brand dominance, brand knowledge, and brand opinion. Brand knowledge is the full set of brand associations linked to the brand (Keller, 1993).

Keller (2003) expressed that familiarity with a brand plays an important role in the consumers’ purchasing decision and comes with the advantage of learning, attention, and selection. According to Macdonald and Sharp (2000), awareness of a brand is one of the major parts in the well-known techniques in the advertisement influence hierarchy; one significant objective of communicative activities of marketing managers is that they use this concept as an instrument to measure the effectiveness of marketing and advertising activities (Burmam et al., 2009).

The type of sales promotion used may have a different effect on brand knowledge. Chandon and Laurent (1999) and Chandon (2000) stress the need to distinguish between two types: monetary (e.g. free product, coupons), which are related to utilitarian benefits and help consumers increase the acquisition utility of their purchase and enhance the efficiency of their shopping experience; and non-monetary promotions (e.g. contests, sweepstakes, free gifts, loyalty programmes), which are related to hedonic benefits. And they are intrinsically rewarding and related to experiential emotions, pleasure, and self-esteem.

Studies by Chandon (2000) and Montaner (2008) show that high quality brands with high, medium, or low awareness have different results because of the different levels of sales promotion. In addition, Low (2000) shows that consumers prefer monetary promotions like price discount with low brand awareness product, and prefer non-monetary promotions like extra free product with high brand awareness. Chandon (2000) concluded that non-monetary promotions are more effective than monetary promotions at high level of brand equity. This shows that sales promotion tool is likely to depend on the brand used (e.g. whether high or low brand equity). Positive result from a price promotion may perhaps occur if a promotion attracted some new users who repeatedly buy later. However, in researches done by Ehrenberg et al. (1994), Pauwels et al. (2002), and Peckham (1981), the evidence suggests no long-term favourable effects for established brands. This is because price promotions attract mostly existing, albeit infrequent buyers, and the small quantity of attracted new buyers have a low propensity to re-buy (Ehrenberg et al., 1994). Furthermore, other studies also pointed to a negative after-effect of sales promotion. Joseph, Sivakumaran and Mathew (2020) show that sales promotion related to price has more effect.

It is argued that sales promotion can enhance the product's exposure effect. The exposure effect occurs when stimuli are repeatedly presented, and as a result, the product will be increasingly better liked and accepted. Study done by Lidwell (2003) suggests that the exposure effect will be appropriate to stimuli that are perceived as natural or positive. Furthermore, sales promotion can attract the consumer's attention, and the sales promotion can be better memorised.

Brand loyalty can be defined as an extension of the customer's positive attitude towards a particular brand and it makes an obligation for further purchases (van Riel et al., 2005; Morrison & Eastburn, 2006). The effect of loyalty to the brand is more than other variables (Gil et al., 2007). Atilgan et al. (2005) supported this finding and stated that loyalty is the only factor that influences brand equity directly. According to Aaker's model of brand equity, loyalty has been recalled as a financial lever for increasing marketing expenses, and attracting new customers by giving them information, awareness, and reassurance, besides time to answer competitive threats. He also has defined the index of loyalty to the brand in two ways: 1) an amount paid by the customer for a brand compared to other brands with similar advantages and 2) direct measuring of the customer's satisfaction and his intention to purchase more or ordering product or a service (Aaker, 1996).

Alvarez-Alvarez and Vazquez-Casielles's (2005) analysed a series of fundamental variables on the brand choice process: price, reference price, losses and gains, loyalty, and promotions. Special attention was given to the influence sales promotions had on this process. Results suggested that consumers will take into account whether or not a promotion exists, as well as price information, prior to making a purchase decision.

On the other hand, promotion enhancement indicates that promotions reduce subsequent brand loyalty due to the increased sensitivity to marketing mix activities for all brands in the category. In other words, promotion enhancement implies a reduced likelihood of buying previously purchased brands, with a simultaneous increase in the impact of promotional activities for all brands in the category (Bridges, Briesch & Yin, 2006).

Some of the potential negative effects of sales promotions that have been mentioned are an increase in price sensitivity, a decrease in brand loyalty, and brand equity erosion. Hunt and Keaveney (1994) suggested that not all price promotion activities are viewed positively: "price promotion satisfaction or dissatisfaction will become associated with brand image, if the consumer attributes the cause of the satisfaction or dissatisfaction to the brand" (p. 16). Yoo, Donthu and Lee (2000) argued that frequent use of price promotions causes consumers to infer lower product quality. Hence, frequent use of price promotions, such as price deals, is related to low brand equity. The reason for low brand equity is that price promotions lead consumers to think primarily about the deals and not about the utility provided by the brand.

According to Palazon-Vidal and Delgado Ballester (2005), non-monetary promotions, such as premiums, take the focus away from the price. "When promotion experience is linked to enjoyment, kind of feelings, thoughts and benefits, more favourable and positive brand associations are linked to the brand" (Palazon-Vidal & Delgado Ballester, 2005, p. 184). This idea is consistent with Yoo et al.'s (2000) findings about brand associations being positively related to brand loyalty.

This study clarifies the disagreement about the potential impact of sales promotion on brand loyalty and brand awareness in the literature. As such, on brand loyalty, literature done by Papatla and Krishnamurthi's (1996) analysis proposed that promotions could have both a negative and positive dynamic effect. Similarly, DelVecchio's (2006) findings concluded that depending upon characteristics of the sales promotions and the promoted product, promotions could either increase or decrease preference for a brand. If the debate whether sales promotions can positively influence brand loyalty or not is to be moved forward, a better understanding of the impact of monetary and non-monetary promotions on brand loyalty needs to be developed. On the other hand, several studies have shown a negative or neutral impact on brand loyalty (Blattberg & Neslin, 1989; Bridges, Briesch & Yin, 2006). Bridges, Briesch and Yin (2006) argued that promotion enhancement reduces brand loyalty due to the increased sensitivity to marketing mix activities for

all brands in the category; therefore, it implies a reduced likelihood of consumers to buy previously purchased brands on promotions.

Salelaw and Amanpreet's (2016) study indicated that monetary and non-monetary sales promotion have a synergetic effect and sales promotion is the driver/antecedent on the creation of brand equity. Specifically, consumers' perceptions of a beer brand's monetary sales promotion has a positive effect on brand awareness, and consumer's perception of non-monetary sales promotion has a positive effect on the creation of a good brand name (brand awareness) and a negative effect on the formulation of brand perceived quality. In addition, Bahram and Ali (2016) reviewed the effect of monetary and non-monetary promotions on brand awareness, something which was accepted regarding the amount of regression coefficient and significance, and supported by Gil et al. (2007), which reached similar findings.

HYPOTHESES

Based on the above statements, the research tests the following hypotheses.

- H1: Sales promotion has a significant positive effect on brand awareness in Walia beer.
- H2: Sales promotion has a significant positive effect on brand loyalty in Walia beer.
- H3: Brand awareness has a significant positive effect on brand loyalty in Walia beer.

STUDY METHODOLOGY

Description of the Study Area

In cross-sectional field surveys, independent and dependent variables are measured at the same point in time using a single questionnaire (Bhattacharjee, 2012). So, a cross-sectional field survey was conducted to assess the effect of sales promotion on brand awareness and brand loyalty in the city of Addis Ababa, where the Walia brewery factory distributes its beer widely to different hotels, bars, and restaurants that offer beer to its consumers.

Study Participants

The population of the study consists of all men and women in Addis Ababa who consume Walia beer. Thus, the sample frame designed was made from hotels, bars, and restaurants. Cluster sampling, therefore, was used for our large sample surveys. The researchers used ten sub-cities of Addis Ababa as a cluster unit with a heterogeneous population within, but a homogenous population in other sub-cities. Using a simple random sample: Three clusters were selected from the above ten sub-cities, which are Bole, Addis Ketema and Kirkos. Since convenience sampling was employed, the researchers selected beer consumers from different areas of the city with varying backgrounds.

Study Design and Approach

In this study, the available numeric data calls for a quantitative research method. So, regarding this particular research, quantitative research approach was employed. This research employs explanatory research design using cross-sectional survey. Explanatory is sometimes referred to as analytical study. Some of the examples could be case-control study, cohort study (follow-up), and intervention trial (Mohammed, Denu & Ensermu, 2014).

Sampling and Sampling Size Determination

The population size of this research is an unknown population. In such cases, for a population that is large, as per Corbetta (2003), to yield a representative sample for proportions, the formula is:

$$\text{Necessary sample size} = (Z\text{-score})^2 * \text{StdDev} * (1 - \text{StdDev}) / (\text{margin of error})^2$$

Then, by inserting the values of each variable, the sample size is identified.

$$\begin{aligned} & ((1.96)^2 \times .5(.5)) / (.15)^2 \\ & (3.8416 \times .25) / .00225 \end{aligned}$$

9604/00225 = 427; the sample size for this study is 427.

Based on the above related information, the sample size used in this research is appropriate or representative to

make the response large; we change the margin of error to $\pm 15\%$ and modify the sample size from 384 to 427.

Data Collection Procedure

This research used both primary and secondary source of information. In addition, the study used a survey questionnaire to gather data. For this study, a structured questionnaire was used as the data collection method. The structured questionnaire consisted of Likert-type statements.

Data Analysis

All collected data were analysed and summarised in order to achieve the aim or objective of this thesis. Mainly SPSS 20.0 and AMOS 20.0 Graphics (SEM package) were used first to prepare the data for analysis; secondly, to check reliability/validity of measurement and to assess the measurement model; and thirdly, to analyse the structural model. Finally, using SEM the three proposed research hypotheses were tested according to the results from the structure equation model. Findings are described for each hypothesis.

RESULTS

Normality, Reliability, and Validity Tests

Normality Test

A common rule-of-thumb test for normality is to run descriptive statistics to get skewness and kurtosis. Skew should be within the $+2$ to -2 range when the data are normally distributed. Kurtosis also should be within the $+2$ to -2 range when the data are normally distributed (Hair et al., 1998).

Normality analysis for variables was conducted with SPSS 20.0. As a result, all three variables in this study were within $+2$ to -2 range. This means that they are normally distributed.

Table 1: Skewness and Kurtosis

<i>Constructs</i>	<i>Skewness</i>	<i>Kurtosis</i>
Brand awareness	-.61	-.31
Brand loyalty	.37	-.69
Sales promotion	-.13	2

Source: SPSS Data Output.

Reliability

Reliability refers to the internal consistency exhibited by the manifest indicators of each construct in Structural Equation Modelling. Barclay and his colleagues (1994) recommend that a measurement of the internal consistency of the construct Cronbach's alpha was calculated for all factors. Calculating the Cronbach's alpha coefficients helps to know the internal consistency of items; it is done through IBM SPSS version 20. Almost all of the constructs produced a result between 0.74 and 0.90.

Table 2: Cronbach's Alpha of Constructs

<i>Constructs</i>	<i>Number of Items</i>	<i>Cronbach's Alpha</i>
Brand awareness	4	0.81
Brand loyalty	4	0.90
Sales promotion	4	0.74

Source: SPSS Data Output.

Validity Test

Construct validity is used to ensure that the measure actually calculates what it is intended to measure (i.e., the construct), and no other variables. Convergent validity, according to Campbell and Fiske (1995), is when, in the presence of other scale items for other constructs, the scale items in a given construct move in the same direction (for reflective measures), and thus are highly correlated. This differs from reliability in that tests of reliability include only the scale items for a single construct and are not compared to other constructs. The thresholds given by Hair et al. (2010) are as follows: for reliability, composite reliability (CR) > 0.7 ; for convergent validity, CR $>$ AVE

(average variance extracted) and $AVE > 0.5$. As a result, all three variable constructs in this study show a good level of convergent validity and composite reliability.

Table 3: Validity of Construct (CR, AVE)

<i>Constructs</i>	<i>Composite Reliability (CR)</i>	<i>Average Variance Extracted (AVE)</i>
Brand awareness	0.82	0.54
Brand loyalty	0.85	0.60
Sales promotion	0.88	0.66

Source: SPSS Data Output.

Structural Equation Model (SEM)

The study used structure equation modelling (SEM) to validate the measurement model and to analyse the data. It consists of two models: “a measurement model (sometimes known as confirmatory factor analysis)”, which specifies how latent variables or theoretical constructs are measured in terms of observed variables, and “a structure model, which determines the direct and indirect associations among latent variables” (Hughes, Price & Marrs, 1986; Schumaker & Lomaz, 1996; Hair, Anderson, Tatham & Black, 2010). Furthermore, the proposed model analysis in the present study was

conducted using the most widely used estimation method, that is, “Maximum Likelihood Estimation Method” (Anderson & Gerbing, 1988).

Confirmatory Factor Analysis (Measurement Model Testing)

CFA is particularly useful for testing a measurement model as it allows for correlated error of measurement (Hair et al., 1998). AMOS 20.0 maximum likelihood method was used to examine each construct and its standardised loadings.

Bollen (1989) suggested that standard loading and squared multiple correlations between items and constructs should be used for measurement model testing. The analysis result for this study indicated that all items, except awareness 1, were loading highly on their corresponding constructs ($p \geq 0.05$ in all cases), and the t-value of those items were greater than 2.0 (Segars & Grover, 1993). The analysis of the squared multiple correlations demonstrated that most of the items met the recommended criteria of 0.40 (Taylor & Todd, 1995), except one item, which belongs to the awareness construct with low individual standard loading; this was eliminated to improve the loadings of the rest of the items. This means, overall, that the items shared substantial variance with their hypothesised constructs.

Table 4: Selected Fit Measures and Established Criteria

<i>Type</i>	<i>Name of GOF Statistics</i>	<i>Abbrev.</i>	<i>Acceptable Level</i>	<i>Reference</i>
Chi-square	Chi-square (with df, p)	χ^2 (df, p*)	p-value can be less than .05	(Hair et al., 2010, 666; Holmes-Smith 2010, 5, 7)
Absolute fit indices	Normed chi-square	χ^2/df	Value between 1 and 5	(Bagozzi et al., 1991, as cited in Lewis et al., 2005; Hair et al. 2010, 668)
	Root mean-square error of approximation	RMSEA	Values < .08/.10	(Lewis et al. 2005; Hair et al. 2006, 748; Hair et al., 2010, 672)
	Root mean-square residual	RMR	Values < .09	(Hair et al. 2010, 672)
Incremental fit indices	CFI, Tucker Lewis index, Incremental fit index	CFI, TLI, IFI	Values $\geq .92$	(Hair et al. 2010, 672)

The Fit the Measurement Model.

Reported Value of Model Fit for the Measurement Model for Sales Promotion, Brand Awareness, and Brand Loyalty

Incremental fit indices which contain CFI, NFI, TLC, and IFI meet the recommended value which is greater than

0.90. We can see that except for Chi-square, RMSEA, and TLC in awareness and loyalty, all other criteria met the recommended values suggested. However, it was accepted that χ^2 is not an appropriate criterion for a study that has a large sample size (Browne, Cudeck & Marsh, 1994). This study had a large sample size (389 valid respondents). In

addition, AW1 shows a lower than accepted value (that is, below .5), relative to all others. In such circumstances, the literature (Brown, 2006 and Hair, Black & Babin, 2010)

suggested identifying such a variable as confounding, and considered it for removal from the measurement model.

Table 5: Reported Value of Model Fit for the Measurement Model for Sales Promotion, Brand Awareness, and Brand Loyalty

<i>Chi-Square</i>		<i>Absolute Fit Indices</i>		<i>Incremental Fit Indices</i>		<i>Goodness of Fit (GFI)</i>	
X2 (p-value)	4 (***)	RMSEA	.024	CFI	.99	.994	Sales promotion
				NFI	.998		
DF	2	RMR	.01	IFI	.99		
X2/DF	2			TLI	.992		
X2 (p-value)	21 (***)	RMSEA	.10	CFI	.94	.97	Brand awareness
				NFI	.94		
DF	2		.029	IFI	.94		
X2/DF	10	RMR		TLI	.84		
X2 (p-value)	36	RMSEA	.024	CFI	.951	.952	Brand loyalty
				NFI	.948		
DF	2			IFI	.951		
X2/DF	18	RMR	.046	TLI	.852		

Source: SPSS AMOS 20.0 Output.

Table 6: Parameter Estimate for the Measurement Model

<i>Construct</i>	<i>Items</i>	<i>Standard Loadings</i>	<i>Critical Ration</i>	<i>Square Multiple Correlations</i>
Brand Awareness	Awareness 2	0.66		0.44
	Awareness 3	0.90	10.24	0.82
	Awareness 4	0.62	10.60	0.40
Brand Loyalty	Loyalty 1	0.71	-	0.49
	Loyalty 2	0.88	15.05	0.77
	Loyalty 3	0.78	14.01	0.61
	Loyalty 4	0.69	12.50	0.48
Sales Promotion	Sales promotion 1	0.80	-	0.63
	Sales promotion 2	0.90	19.58	0.81
	Sales promotion 3	0.81	17.41	0.65
	Sales promotion 4	0.73	15.39	0.54

Source: SPSS AMOS 20.0 Output.

Structural Model Testing

Once the measurement model had been tested for suitability, the estimation of the structural model followed. A measurement model is used for defining the relationship between observed and unobserved variables, whereas, a structure model is employed to examine the relationship among latent variables in a proposed model (Byrne, 1998).

The structural model of this study included all variables from the measurement model since all of them had significant factor loadings. It specified sales promotion as an exogenous variable, and it was related to the endogenous variables – brand awareness and brand loyalty. The construct and their hypothesised relations were tested simultaneously. The model fit criteria used in testing the measurement model were employed to test the structural model, and the goodness of its statistics indicated that the structural model revealed a satisfactory fit.

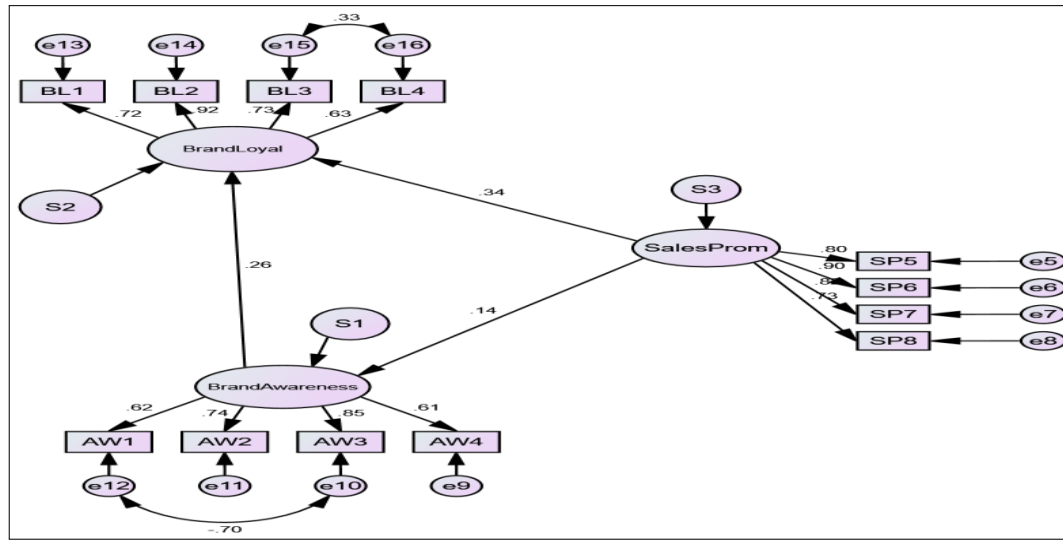


Fig. 1: Proposed Full CFA Measurement Model

Reported Values of Model Fit for the Structural Model

A chi-square(X²) 164 value with a degree of freedom of 49 for the structure model was found in this study. The P value of X² was equal to 0.00, which does not meet the criteria for a fit model (p ≥ 0.05). However, this is expected due to the large sample size. All other fitness indices met the recommended values: chi-square(X²)/DF = 3, NFI = 0.92, TLC = 0.92, CFI = 0.94, RMR = 0.53, and RMSEA = 0.078. Therefore, the structural model of this study showed an accepted model fitness level. The next step was to test the relationship between constructs included in the structural model.

Table 7: Reported Values of Model Fit for the Structural Model

Chi-Square		Absolute Fit Indices		Incremental Fit Indices		Goodness of Fit (GFI)
X ²	164	RMSEA	.078	CFI	.94	
(p-value)				NFI	.92	
DF	49	RMR	.053	IFI	.94	
X ² /DF	3			TLI	.92	

Source: SPSS AMOS 20.0 Output.

RESULT OF HYPOTHESIS AND DISCUSSION

This study examined three latent variables. The three hypotheses of the study were tested by structural equation

model which addresses the relationship between sales promotion and the two brand dimensions, brand awareness and brand loyalty, and the relationship between brand awareness and brand loyalty.

The rule of 1.96 t-values was used as the critical value (at the 0.05 significant levels). According to this cutoff value of the three hypothesis in this study, all three were supported (p < 0.05). The following section interprets the results from the structural equation model and discusses the hypotheses.

Table 8: Relationship between Sales Promotion, and Brand Loyalty and Brand Awareness, and between Brand Awareness and Brand Loyalty

Hypothesis	From	To	Standard Coefficient	Critical Ratio	Results
H1	Sales promotion	Brand awareness	β = .109	CR = 2.51	Accept the alternative hypothesis
H2	Sales promotion	Brand loyalty	β = .303	CR = 5.9	Accept the alternative hypothesis
H3	Brand awareness	Brand loyalty	β = .310	CR = 4.64	Accept the alternative hypothesis

Source: SPSS AMOS 20.0 Output.

H1: Sales promotion has a significant positive effect on brand awareness in Walia beer.

Test of Hypothesis H1

Hypothesis H1 was formulated to determine whether sales promotion has a significant effect on brand awareness in Walia beer. As a result, in testing H1, the standard coefficient estimate of brand awareness (S.C = .109 and C.R = 2.51) were positive. Brand awareness is significant at $p = 0.05$. This finding is consistent with previous studies done by Lidwell (2003). As a result, hypothesis 1 was supported.

H2: Sales promotion has a significant positive effect on brand loyalty in Walia beer.

Test of Hypothesis H2

Hypotheses H2 was formulated to determine whether sales promotion has a significant effect on brand loyalty in Walia beer. However, in this study, in testing H2, the standard coefficient estimate of brand loyalty was S.C = .41 and C.R = 6.89. The significant level is in the unacceptable range, that is, below 0.05. The result also showed that sales promotion was positively related to brand loyalty which is consistent with previous findings (e.g. Palazón-Vidal and Delgado-Ballester, 2005). Hence, the proposed relationships were supported.

H3: Brand awareness has a significant positive effect on brand loyalty.

Test of Hypothesis H3

Hypothesis H3 was formulated to determine whether brand awareness has a significant effect on brand loyalty in Walia beer. However, in this study, in testing H3, the standard coefficient estimate of brand loyalty was S.C = .310 and C.R = 4.64. The significant level is in the unacceptable range, that is, below 0.05. The result also showed that brand awareness was positively related to brand loyalty. This finding is consistent with previous studies done by (Akhawalde et al., 2017). As a result, hypothesis 3 was supported.

DISCUSSION

Sales promotion is widely recognised as a means of generating immediate sales rather than creating lasting

relationships with customers. However, recent studies indicated that sales promotion has an effect beyond enhancing sales volume in the short run. In this study, we also confirmed that sales promotion has a positive significant effect on awareness (S.C = .109 CR = 2.51) and brand loyalty (S.C = .303, CR = 5.9). This is consistent with the view that sales promotion can create sufficient exposure to non-users and infrequent users of a product (Akhawalde et al., 2017). This exposure in turn can create strong brand loyalty. In the brand resonance model of Customer-Based Brand Equity (CBBE), the foundation to create strong and active loyalty relationship with customers is awareness (Keller, 2001; Palazón-Vidal and Delgado-Ballester, 2005; Raut, Brito & Pawar, 2020).

This study further confirmed the influence of brand awareness on brand loyalty. Though awareness is central to creating strong loyalty, practitioners and academia did not recognise the awareness creation role of sales promotion. Mass communication approach in general, and advertising in particular, are widely recognised as a means of creating awareness (Clark, Doraszelski & Draganska, 2009). This study, therefore, sheds light on the positive contribution of sales promotion on brand awareness.

In addition to the benefits gained from sales promotion programmes, consumers gain opportunities to investigate new features and benefits within the product or services being promoted. This situation, on the other hand, encourages repeat purchase and positive consumer engagement, such as disseminating favourable word-of-mouth (Westberg & Pope, 2012). The present study, therefore, encourages future researchers to examine the roles of sales promotion to build strong relationship with customers and gain competitive advantage.

CONCLUSION AND RECOMMENDATIONS

As the analysis on structural model indicates, sales promotion has significantly affected brand awareness and brand loyalty. Brand awareness is the first dimension of brand equity, and in this study, Walia beer sales promotion shows a positive relationship with brand awareness. This shows that Walia beer sales promotion attracts the consumer's attention; Walia beer was retained by consumers' mind. Besides the sales promotion relationship with brand awareness, we also found out

that brand loyalty has a positive relationship with sales promotion. This indicates that sales promotion can create brand switching opportunity and active customer loyalty (Allender & Timothy, 2012). Brand loyalty has been considered the core dimension of brand equity because the value of a brand to an organisation depends on the loyalty of customers which then can generate a profit. So, in creating brand loyalty, we can say that Walia beer sales promotion is on a good path.

Based on the findings and the conclusion, the following recommendations were forwarded.

- Walia brand management should concentrate their efforts primarily on brand awareness and brand loyalty which if increased, will contribute positively to Walia beer as is seen in the study. They have several important strategic benefits to the firms such as gaining high market share and new customers, supporting brand extension, reducing marketing costs, and strengthening the competitive threats.
- Walia beer could do better to change the role of sales promotion by reducing marketing costs (hanging on to loyal customers is cheaper than charming potential new customers), trade leverage (loyal customers represent a stable source of revenue for the distributive trade), attracting new customers (current customers can help boost name awareness and hence bring in new customers), and taking the time to respond to competitive threats (loyal customers that are not quick to switch brands give a company more time to respond to competitive threats). Thus, these steps will help improve Walia's existing and new customers' attitude towards sales promotion, and finally contribute in creating strong brand loyalty.

Managerial Implication

The findings of this study have important implications. First, brand awareness and brand loyalty are significant consumer-based equity dimensions. In this study, we have confirmed that sales promotion has a positive contribution in creating awareness and loyalty. Hence, managers should design sales promotion programmes to strengthen awareness and brand loyalty beyond considering it as a means of generating immediate sales. Second, similar to the argument of the Customer-Based Brand Equity (CBBE)

model, the study confirmed the positive contribution of awareness to brand loyalty. Hence, managers should consider sales promotion as a means of providing rich customer experience and exposure in addition to the traditional mass communication approaches. Third, brand managers should exercise care in creating and strengthening the link between sales promotion and brand equity through integrating sales promotion techniques with the effort of building a strong brand. In other words, they should apply sales promotion such as extra products, premiums (t-shirts, caps, key holders, calendars, agendas, and so on), and different contest prizes, towards creating a strong brand through active consumer engagement and exposure.

LIMITATIONS OF THE STUDY

Although it is believed that this study will make several significant and important contributions, its limitations should be noted. Due to the problem statement, the thesis worked with only brand awareness and brand loyalty as a consumer-based brand equity, and therefore, only focusses on consumer-oriented sales promotion. The study only focusses on sales promotion; hence, other promotional activities, like event sponsorship, public relations and publicity, and word of mouth, which may have a greater contribution, have not been considered. The questionnaires prepared are targeted only at consumers, which in the future can incorporate the organisation. The sample size could also be expanded to some other parts of the country.

Areas for Future Research

- This study only focusses on sales promotion, hence other promotional activities, like event sponsorship, public relations and publicity, and word of mouth, which may have a greater contribution, have not been considered.
- This study used only one specific market, the beer market, to examine the theory; therefore, future research has to make efforts to test the hypothesis using different and many product categories, which represent a variety of markets.
- Given that Ethiopia is a country of many nation and nationalities with their own respective cultures, at-

titudes, and behaviour, the study focusses only on the biggest and the capital city of Ethiopia, Addis Ababa. This might not be enough to provide an in-depth treatment of the research findings. Further studies may need to be conducted by incorporating different samples from the regional states.

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