

ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES  
MBA IN GENERAL MANAGEMENT



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Factors Affecting Customer's Intention to Buy the  
Products of Low Voltage Breakers Supplied by  
Electrical Engineering System (EES) PLC

A RESEARCH PAPER SUBMITTED TO St. MARY'S UNIVERSITY  
FOR PARTIAL FULFILMENT OF THE DEGREE OF MASTERS OF GENERAL  
BUSINESS ADMINISTRATION

**Submitted by: SajidaAbdurahman**

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FACTORS AFFECTING THE MARKET SHARE OF  
ELECTRICAL ENGINEERING SYSTEMEES PLC FOR LOW  
VOLTAGE BREAKERS

DONE BY: SAJIDA ABDURAHMAN

FOR PARTIAL FULFILMENT OF THE DEGREE OF MASTERS OF  
GENERAL BUSINESS ADMINISTRATION

ADVISOR: MARU SHETE (PHD &ASSOC. PROFESSOR)

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ADDIS ABABA, ETHIOPIA

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## DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of PhD and Assistant professor Maru Shete. All sources of material used for the thesis have been dulyacknowledged. I further confirm that the thesis has not been submitted either in other higherlearning institution for the purpose of earning any degree.

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Signature

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January, 2018

## **CERTIFICATE**

This is to certify that Sajida Abdurrahman has worked her thesis on the topic 'Factors Affecting the Market Share of Electrical Engineering System EES Plc for Low Voltage Breakers' under my supervision. To my belief, this work undertaken by Sajida Abdurrahman and it is original and qualifies for submission in partial fulfilment of the requirements for the award of Master's Degree in MBA.

Advisor Name \_\_\_\_\_ Signature \_\_\_\_\_

St. Mary's University, Addis Ababa January, 2018

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## **ABSTRACT**

*As construction of buildings and factories is increasing in Ethiopia, the demand of low voltage circuit breakers is booming from time to time. There are different suppliers of low voltage circuit breakers in Ethiopia. ABB, Legrand, CHINT are some of the most known brands of low voltage breakers. Hence there is a fierce competition between the suppliers of breakers; maintaining or increasing market share is a matter of survival for the competitors. In the case of this study Electrical Engineering System plc. (EES plc) is one of the ABB breakers suppliers in Ethiopia. Even though ABB breakers are well known for their reliability and long durability, EES plc is not penetrating the market as it should be. Since the current sales is 3% while the potential market share is 30% of the total circuit breaker market, finding the factors affecting the market share is a matter of surviving in the industry. Before attempting to increase the market share of EES plc, it is essential to figure out the factors by which the demand and intention to purchase could be affected, as purchase intention is used to predict the demand of a product. By assessing variables like perceived product quality and price, location of EES plc, and others, factors affecting the intention to buy ABB breaker supplied by this company were located. To conduct the study quantitative approach and causal research design was chosen. This was done by the help of distributing questionnaires to retailers and end user customers of breaker, as well as interviewing some of the clients. The collected data has been analysed by descriptive statistics of frequency and regression model with the help of SPSS software. The major findings were that perceived product quality, promotion, experience of customer on ABB breaker, location of EES plc, are significantly related to the customer's intention of buying ABB breakers. While perceived price of product is insignificant for influencing the demand of circuit breaker provided by EES plc and intention to buy ABB breaker. As customers seeking original breaker cares for quality not cheap price. These outcomes of the study are significant in enabling the organizations to develop appropriate marketing strategies so as to gain a competitive edge in the market and enlarge the organization's market share and grow the EES plc revenue.*

*Key Words: Intention to buy ABB breaker, Market Share, demand, customer satisfaction, EES plc*

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## **ACRONYMS**

EES: Electrical Engineering System

Plc: Privet limited Company

EEPCO: Ethiopian Electric Power Corporation

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

In the world of marketing and business Market share play a big roll. Many researches has been made to find out the effect of market share on different marketing aspects like profitability, efficiency of a firm, market power and so on. Also studies have been conducted on factors affecting market share on different companies and organization. But the baseline lay on demand and customer purchase intention. If there is no intention to buy or demand for a product it is hard for any company to survive. So any company must the secure the demand of its product by influencing the customers purchase intention with factors affecting it. Before attempting to increase the market share of EES plc, it is essential for the marketer to figure out by which factors that demand and intention to purchase could be affected.

The consumer demand affects an enterprise's marketing decision fundamentally, which is the basic consideration for an enterprise choosing the marketing strategy and tactics (Li Guo, 2011). Demand is the ability for consumers to make purchases of certain products, the willingness of consumers to buy commodities (Mulama, 2011).

A fundamental characteristic of demand is the inverse relationship between price and quantity; that is price increases the quantity demanded decreases and as price decreases the quantity increases. Under normal circumstances, the higher the price charged the lower will be the quantity demanded. Conversely, the lower the price the higher the quantity demanded. This behaviour illustrates the law of demand which states that other things being equal, the higher the price, the lower the quantity demanded and vice versa. Consumer preferences are taste or liking that consumer's show for particular commodities at any one given time (Samuelson and Nordhaus, 2009).

Customers in this era are targeted by mass media and they change the consumers' way of thinking through emotions, needs, wants and demands. Market researchers and organizations spent billions of dollars on consumer research to identify important factors that influence on consumer decisions. The analysis of consumer behaviour is effective in detecting the orientation of consumers' behaviour (Thapa, 2011).

According to VahidrezaMirabi,Hamid Akbariyeh,Hamid Tahmasebifard,(2015) billions of dollars are spent on brand advertising by the companies of home appliances and tile. However, studies show that consumers are only able to differentiate between few brands. The main problem is that brand advertising solely is not a guarantee for brand success. Hence, marketing specialists require a clear strategy which is based on a complete understanding of reasons that encourage consumers to repurchase intention of a brand.

Companies should maintain long-term and profitable relationships with their own customers in order to survive in the competitive environment. When management has a deep and true understanding of the effective factors on the behavioural intentions of customers, the company can strengthen long-term relationships with customers more effectively. Therefore, the first step is to identify the factors affecting on customers purchase intention (Vahidreza et al., 2015).

Purchase intention is one of the main factors that forecast demand. According to Vicki (2012) purchase intentions are used to measure consumer demand for new products using concept and product tests. These studies are typically conducted to assess whether enough consumers will buy a new product to justify its launch, and if so, how to best use the elements of the marketing mix to maximize sales. Marketing managers also use purchase intentions as a leading indicator of future demand for their products, and to assess how their marketing actions will impact those future sales

Purchase intention is a kind of decision-making that studies the reason to buy a particular brand by consumer (Shah, H., Aziz, A., Jaffari, A. R., Waris, S., Ejaz, W., Fatima, M. and Sherazi., 2012). Morinez et al. (2007) define purchase intention as a situation where consumer tends to buy a certain product in certain condition. Purchase intention usually is related to the behaviour, perceptions and attitudes of consumers. Purchase behaviour is a key point for consumers to access and evaluate the specific product (Vahidreza et al., 2015).

Purchase intention may be changed under the influence of price or perceived quality and value. In addition, consumers are affected by internal or external motivations during the buying process (Gogoi, 2013). Researchers have proposed six stages before deciding to buy the product, which are: awareness, knowledge, interest, preference, persuasion and purchase (Kotler& Armstrong, 2010) (KawaL. W., Rahmadiani, S. F. and Kumar, 2013). Customers

always think that purchase with a low cost, simple packaging and little-known product is a high risk since they the quality of these products is not trustable (Gogoi, 2013).

Purchase intentions are frequently measured and used by marketing managers as an input for decisions about new and existing products and services (Vicki, 2012).

Only by providing high-quality products, reasonable prices, and complete services, and satisfying consumers' material and spiritual needs, can an enterprise earn more consumers, increase market shares, and create special core competences and competitive advantages. (Li Guo, 2011).

Market share refers to the percentage of sales a company has in a specific market within a specific time period. Higher market share translates into higher profits. Gaining or building market share is an offensive or attack strategy to improve the company's standing in the market (Sarkissian, 2010). Market share is a measure of the consumers' preference for a product over other similar products. A higher market share usually means greater sales, lesser effort to sell more and a strong barrier to entry for other competitors. A higher market share also means that if the market expands the leader gains more than the others. By the same token, a market leader - as defined by its market share - also has to expand the market, for its own growth (Gupta, 2007).

It is now widely recognized that one of the main determinants of business profitability is market share. Under most circumstances, enterprises that have achieved a high share of the markets are considerably more profitable compared to their rivals that have smaller market share. Also market share is said to be a key indicator of market competitiveness that is, how well a firm is doing against its competitors (Buzzell, 2004).

Also increasing the market share has the benefit of key indicator of market competitiveness (ArmstrongJ. and Green, K., 2007), puts companies at a competitive advantage(Yannopoulos, 2007). Companies with the highest market share in their industries almost invariably have the most skilled and dedicated employees(Slater, 2010).

To achieve all these benefits a company must understand where the demand of its product lay and find the factors that influence the purchase intention of customer to increase the demand of its product.



Different companies use different marketing strategy to increase or maintain their market share in the market. These approaches are mainly executed through differentiating the marketing mix also known as the 4Ps. Baker M.J., and Start, S., (2003) stated that the most widely applied marketing strategy is perhaps McCarthy's "4 Ps". The marketing mix is the set of controllable, tactical marketing tools that a company uses to produce a desired response from its target market. It consists of everything that a company can do to influence demand for its product. It is also a tool to help marketing planning and execution (Kotler, 2005).

This marketing-mix involves four key variables, namely Price, Product, Place and Promotion. "P" as "Price" is generally a fee or a charge that is competitive in the market and enables a full cost recovery. "P" as "Product" refers primarily to quality (contents, brands, and water service lines) and quantity (capacity or storage) of goods and services. "P" as "Place" stands for administrative distribution of goods and services in the market. It includes the organization of service providers (suppliers) and users (clients) into specific physical and social networks for easy supply of goods and services to the market and communication. "P" as "Promotion" is the most important activity of any marketing strategy. It encompasses public relations, promotional activities and advertising or publicity (Philip 2014).

The ability of using the successful marketing strategies in market competition is critical for any company performance (Lages, 2004).

The main purpose of this research is to study the marketing mix influences and other factors on intention to buy of ABB low voltage breaker from EES plc, in Addis Ababa.

Low voltage circuit breaker consists of products which are used for controlling and protecting low voltage devices used at factories, shops, restaurants, and household appliance. These products are automatically operated electrical switches designed to protect an electrical circuit from damage caused by over current or overload or short circuit.

According to the study done by Freedonia (2014: p.4) US demand for circuit breakers is expected to increase 5.5 percent per year to \$5.1 billion in 2017. Demand will be bolstered by on-going efforts to upgrade the US electrical grid and increases in electricity generation levels following declines experienced during the 2007-2012 period. Suppliers will also find significant new sales opportunities in the nonresidential construction segment, as favorable economic conditions spur construction spending. Growing output in the manufacturing sector will also support expanding circuit breaker sales.

For similar reasons like in US the demand for circuit breaker, in Ethiopia, is growing from time to time.

In Ethiopia there are different suppliers of low voltage circuit breaker. ABB, Legrand, Chint are some of known brands of low voltage breakers. There is high competition between the suppliers in the market. So maintaining or increasing market share is a question of survival for the competitors.

Electrical Engineering System plc. (EES) is the local representative of ABB Group. It is one of the low voltage circuit breakers suppliers in Ethiopia. The brand of the circuit breakers is ABB. Even though ABB breakers are well known for their reliability and long life service (durability), EES plc is not penetrating the market as it should be. As the study conducted by EES (2013) shows that the current sales is 3%. While the potential market is 30% of the total circuit breaker market.

## **1.2 Statement of Problem**

Nowadays construction projects are increasing in Ethiopia. Hence, the market of electrical equipments say for example circuit breaker, is growing tremendously. According to the study of EES (2013: p.4) precise statistical data on import and consumption figures are not easy to obtain and are not up to date in most cases. In the absence of such primary statistical figures, several attempts were made within Electrical Engineering System plc, EES, at different times to estimate the total available market volume using an indirect approach and approximate figures based on the annual number of connections made by EEPCO. And such attempt made 3 years back has put the total available market for circuit breaker as ETB 400,000,000.

Nevertheless, not all circuit breaker market is accessible to EES, only 30% of the total market (ETB 120,000,000) is available for EES to compete on. Preliminary assessment of the main reasons indicated that expensiveness of the product supplied by EES, availability of cheap and fake breakers in the market and the engagement of the company in several diversified business activities that gave little attention to the supply of breaker business worth mentioning. In addition, the rural electrification and urban housing development programs of the government are monopolized by few companies. As a result, the current sell of EES is around ETB 3,000,000, which is about 3% of the total value of potentially accessible market.

Even if EES is facing these challenges it has good reputation, ample experience in supplying original and good quality breakers, and if the factors that reduced its market share for low voltage breakers are identified through scientific research, the chance of increasing its market share is very high. But the first step is to determine factors affecting the intention to buy ABB breaker from EES plc through scientific method.

Researchers conducted studies on intention to buy and factors that affect it. For example,

From the research conducted by Vahidreza et al., (2015) on factors affecting on the purchase intention of Bono brand tile customers, the finding was as follows: the variables of product quality, and brand advertising and name had the highest impact on customers' purchase intention, but the two variables of packaging and price didn't have a significant impact on customers' purchase intention.

Asma Saleem, Abdul Ghafar, Muhammad Ibrahim, Muhammad Yousuf and Naveed Ahmed, (2015) have conducted study on product perceived quality and purchase intention with consumer satisfaction. The finding of the study was that customer purchase intention is significantly related with customer satisfaction and perceived product quality. As the gap between perception and expectation is negative, that customer has more expectation than then they actual received. If management wants to enhance customers' satisfaction evaluations, it would be more valuable to influencing customers' perceptions of the product performance.

Md. Didarul (2014) has conducted study on factors that influence the decision when buying second-hand products. The result was price has the most important factor influencing customers when purchasing second-hand products. That product risk is the second most considered factor when buying second-hand products. , most of the customers bought second-hand products that were within the 'personal' products category. Therefore, only 14% of customers considered brand as the third most important factor when buying second-hand products. The importance of location came in as the least important factor considered when purchasing second-hand products. In fact, only 1.8% of respondents thought that location was important to them. However, the majority of the respondents agreed that location was important to them.

Dudu (2014) tried to see the effect of pricing strategies on the purchase of consumer goods. The research intended to answer questions on the extent to which competitor's price affects purchase of products, how customers perceive the value-based pricing concept of firms. He concluded that customers will pay more for a product if they believe it is equal with the value they place on the product which may be as a result of extra benefits derived or enjoyed from consumption of the product. Proper pricing strategies also increase demand. This research recommends that as much as firms should focus on communicating value to customers through prices, firms should also be on the watch for competitor's prices and examine how much it affects purchase of their products.

There is a contextual difference as many researchers tried to find the effect of market mix on growth of demand of different company and the influence on purchase intention. But there isn't enough attention given to sales of breaker in Ethiopia. So the purpose of this study is to fill in this knowledge lacuna by investigating and identifying the factors that affect the purchase intention of ABB breakers that are provided by EES plc.

### **1.3 Research objective**

#### **1.3.1 General objective**

The general objective of this study is to identify the key factors affecting customer's intention to buy the products of low voltage breakers supplied by Electrical Engineering System (EES) plc.

#### **1.3.2 Specific objective**

The study tries to address the following specific research objectives:

- to identify price related factors that affect the demand of EES for its low voltage breakers products;
- to examine factors related to the characteristics of the product supplied by EES that affect the intention to buy low voltage breaker from EES plc;
- to analyse factors related to EES's marketing strategy that affect the purchase intention in the supply of low voltage breakers

## **1.4 Research Hypothesis**

Demand of product of most companies is affected by the mixture of marketing strategies, which are commonly known in the marketing literature by the 4P's (Product, Price, Promotion, and Place). In addition to, the 4ps, other characteristics of the customer are expected to affect intention to buy ABB breaker supplied by the EES. Based on this the following hypotheses are formulated.

H1:- Perceived quality of ABB breaker increases intention to buy ABB breaker thus increase the demand for ABB breaker supplied by of EES plc

H2:-Perceived price of ABB breaker decrease intention to buy ABB breaker thus decrease the demand for ABB breaker supplied by of EES plc

H3:-Promotion tool like personal selling increases the demand on EES plc and intention to buy from it.

H4:-Perceived location of ABB breaker decrease the demand and intention to buy from EES plc

H5:-Education level on breaker will increase the intention to buy ABB breaker from EES plc.

H6:-The customers experience with different brand breaker increase the demand for EES plc supply. Also the ability to distinguish the original ABB breaker from fake one..

H7:-Hiring experienced sales person will increase the demand by increasing the satisfaction of the customer

## **1.5 Scope and Limitation of the Study**

### **1.5.1 Scope of the Study**

While ESS plc supplies different types of products, the research focuses on the study of the demand of low voltage circuit breaker (known by the name of ABB circuit breaker) sales in Addis Ababa market.

### **1.5.2 Limitation of the Study**

The study will only focus on Addis Ababa low voltage circuit breaker market, as the time and resource limitation does not allow extending the research more than this.

## **1.6 Significance of the Study**

The study is significantly important primarily for EES management and marketing team to evaluate their policy, structure, and work and take appropriate measures regarding the factors that affect the intention to buy ABB circuit breaker from EES plc. Dependence on low quality imported breaker harms the economy by draining foreign currency reserve of the country as the service period of other products will be short, which necessitates to import large volumes of the low quality product spending millions of foreign currency reserves.

## **1.7 Organization of the Thesis**

This paper will have four chapters. The first chapter provides background information of the study. Chapter two deals with literature review of previous related studies, which are represented in two forms theoretical and empirical framework. The third chapter discusses the methodology adopted in the study. The fourth chapter will be about result and discussion. And the last chapter draws valid conclusion and recommendation based on the findings.

## **CHAPTER TWO: LITERATURE REVIEW**

The purpose of this chapter is to focus on the review of the literature by other scholars and researchers on purchase intention, demand and market share effect on a firm and factors affecting intention to buy and demand. This chapter is constructed by two main topics, theoretical and empirical findings.

### **2.1 Theoretical Literature**

Profitability is one of the most important meanings of the trade world and is regarded as a yardstick for the efficiency and financial soundness of a company. In order to succeed, companies have to recognize the factors influencing the profitability and rely on these factors in their goal-setting. One of the factors that many companies are always seeking it for profitability is to gain market shares (Mojtaba, 2010).

The most common explanation as to why market share leads to higher profitability are higher economies of scale and experience and market power (Buzzell, 2004). Economies of scale provide larger firms with cost advantages (Sharp et al., 2002). However; most studies indicate that economies of scale dissipate at a small percentage of the market. Demsetz (2006) postulated the efficiency hypothesis as a possible explanation of the market share effect. According to the efficiency hypothesis, market share is the consequence of efficiency rather than its cause. Differences in profitability among firms are due to higher efficiency. Efficient firms obtain large market share and earn high profits induce a causal association between size and profitability. Firms offering products that offer customers greater value enjoy gains in market share. Better managed firms that have a competitive advantage grow faster than rival firms. Firms with superior skill and foresight gain market share through lower prices or through better products. (Sheth et al. 2002) provide evidence that smaller-share competitors are equally or even more profitable than larger rivals.

Market share is the most important single indicator of firm's degree of monopoly power in an ordinal sense. High market shares always provide higher monopoly power, while low shares involve little or none. The importance of market share has been recognised in the classical and neo-classical literature, mainly as a source of profits to the firm (Shepherd, 1990).. This is the reason that almost all of the studies that have been carried out with firm level data associate market share with profit rates (Sharp et al. 2002).

Adesoga (2015: p.23) defined market share as one of the marketing metrics that is constantly talked about in the field of marketing. Market share compares the revenue of the firm with the total revenue of the market in question over a period of time. It is calculated as below:  
Market share (%) =  $\frac{\text{company sales in period (t)}}{\text{total market revenue}} \times 100$ ;

In other words the demand of a product is one of the determinants of a market share of a given product, because if there is no demand there is no sell.

Economics define demand as a schedule indicating, the amount of particular goods and services that consumers are willing and able to buy at each price in a set of possible price during a specified time and period (Mulama, 2015).

Demand is one of the driven forces of business. According to the customers demand investors, marketers and others involved in the process of business make their decision. If the demand of a product is greater than the supply, companies provide more. And if the demand is lower than the supply, and then they intend to stop, reduce the production or shift to other product.

McConnel (2008) gives the four basic laws of supply and demand are as follows; If demand increases and supply remains unchanged, a shortage occurs, leading to a higher equilibrium price; If demand decreases and supply remains unchanged, a surplus occurs, leading to a lower equilibrium price; If demand remains unchanged and supply increases, a surplus occurs, leading to a lower equilibrium price; If demand remains unchanged and supply decreases, a shortage occurs, leading to a higher equilibrium price.

Demand is often depicted graphically as a negatively sloping curve asymptotic to the x axis (which is representative of the quantity of products demanded). It represents the amount of some good that buyers are willing and able to purchase at various prices, assuming all determinants of demand other than the price of the good in question, such as income, tastes and preferences, the price of substitute goods, and the price of complementary goods, remain the same. Following the law of demand, the demand curve is almost always represented as downward-sloping, meaning that as price decreases, consumers will buy more of the good (McConnel, 2008).



The determinants of demand include Income, Tastes and preferences, Prices of related goods and services, Consumers expectations about future prices and incomes and the number of potential consumers among others (Binger, 1998).

If the change in taste is in favour of the commodity then the demand for that commodity other things being equal will increase. Methods like advertising can influence consumer preference (Mulama, 2015). Consumer preferences are taste or liking that consumer's show for particular commodities at any one given time (Samuelson et al. 2009). Demand for a commodity also depends upon the size of the population. When population increases the quantity of the commodity demanded also increases. For example a high demand for commodities may be due to higher birth rates than death rates. This would also mean that demand for certified goods, for children increases conversely a decline in the size of population leads to low demand for goods and services, (Samuelson et al. 2009).

According to Mulama (2015;p.11) derived demand for a product x may be strongly linked to the demand for a related product y giving rise to the idea of a derived demand. For example, the demand for wheat is strongly linked to the demand for baking flour and other related manufactured products, so that when an economy goes into a downturn or recession, so we would expect the demand for wheat to decline likewise.

Purchase intention is one of the main factors that forecasts demand. According to Vicki (2012) purchase intentions are used to measure consumer demand for new products using concept and product tests. These studies are typically conducted to assess whether enough consumers will buy a new product to justify its launch, and if so, how to best use the elements of the marketing mix to maximize sales. Marketing managers also use purchase intentions as a leading indicator of future demand for their products, and to assess how their marketing actions will impact those future sales.

In today's competitive and changing business environment that the power of retailers and the customers' demand level is continuously growing, expanding long-term relationship with customers is vital and necessary for the success and survival of producers. Previous studies have shown that price is an important variable, but other variables such as product and service quality are important in the process of customers' purchase decision (Giovanis et al. 2013)

Purchase intention is a kind of decision-making that studies the reason to buy a particular brand by consumer (Shah et al. 2012). Morinez et al. (2007) define purchase intention as a situation where consumer tends to buy a certain product in certain condition.

The research of consumer decision for any product is important to marketers in forming the properties of their organizations. It is vital for controlling consumption of goods and maintaining market stability. In addition, it is helpful in growing ways for the more efficient utilization of resources in marketing. It also helps in solving marketing management challenges in more effective way. (Mai et al. 2016).

The purchasing process to buy a particular brand or product is affected by various factors such as price of the product, design, packaging, knowledge about product, quality, celebrity endorsement, fashion and sometimes family relation as well (Shafiq et al. 2011) In today's competitive and changing business environment that the power of retailers and the customers' demand level is continuously growing, expanding long-term relationship with customers is vital and necessary for the success and survival of producers. Previous studies have shown that price is an important variable, but other variables such as product and service quality are important in the process of customers' purchase decision (Giovanis et al. 2013)

From the research conducted by Vahidreza (2015) on factors affecting on the purchase intention of Bono brand tile customers, the finding was as follows: the variables of product quality, and brand advertising and name had the highest impact on customers' purchase intention, but the two variables of packaging and price didn't have a significant impact on customers' purchase intention.

Also researchers like Feng et al. (2010) agree that product quality plays an important role in the decision of consumer for buying a product.

Asma et al. (2015) also have the same opinion that product perceived quality directly influences to purchase intention. Customers have some perceptions about the product quality, price and styles before going to purchasing the product. After using of product, purchase intention increases as well as decreases, because it has direct relations which affect each other's. If the quality is high, purchase intention of customer is also high.

When it comes to quality of a product price may not be the first priority. As it is mentioned by Diaz et al. (2011, p: 371) “price is not equally important in all sectors and markets, although it is highly relevant in the retail of frequently purchased products”.

The type of product being marketed and the type of retail store in which selling takes place also influence consumer behaviour. For instance, customers exhibit a greater price sensitivity for grocery products (Degeratu et al. 2000) than they do for higher end electronic products (Singh et al., 2014) and electrical products (Furaiji et al. 2012). Much attention has been devoted to survey evidence showing that a majority of consumers say they would prefer, and would be willing to pay extra for, any products they could identify as being made in ethical ways (Elliott et al. 2003). Taken together the results provide strong evidence that consumers reacted positively to the Fair Trade label by increasing demand for labelled coffees (Jean et al. 2014).

It is usually seen that the increase in price will decrease the demand, but this is not always true. Perrault and McCarthy (2002: p.537) in their 14th edition text explain the pricing of “prestige” goods as follows: Prestige pricing is setting a rather high price to suggest high quality or high status. Some target customers want the best, so they will buy at a high price. But if the price seems cheap, they worry about quality and don't buy.

Additionally there are some other factors (e.g. brand, price, risk and location) that a customer considers while buying a product. Comparatively those consideration factors are also different, based on the product category and customer personality. For example, when customers choose the automobile brand, they consider quality and price as the most important factors (Jean, 2004: p.22). For sensitive electronic products like mobile phones, price and features become important factors for the customer (Sata, 2013: p.103). Even, it is not always easy for the customer to choose a product from a similar product category. For example, a customer needs to buy a laptop. In the market places, there are several options he has to buy the laptop. Therefore, customers possess some factors such as price, brand, price, risk, location and others which make this job easier for the customer when choosing their product.

Market place or location also has high influence on customer's buying behaviour even “the utility from the consumption of good is the same, whether the consumer bought it at retail (Bhatnagar et al. 2000).

Also Customer experience effect on demand. Several authors (see for example Voss 2003, Prahalad et al. 2004; Meyer et al. 2007), have made the point that the customer experience may provide a new means of competition. Providing a good experience is also important because it affects customer satisfaction delivers customer loyalty ( Mascarenhas *et al.* 2006), influences expectations (, Flanagan *et al.* 2005), instils confidence (Flanagan *et al.* 2005).

Robert (2011) had concluded from his study on customer experience that by working at improving the customer experience the organisations believed that not only had the experience improved for the customers but the nature of the job had improved for the employees. Importantly improving the customer experience had broader business and financial implications for the organisations with a range of improvements in costs and efficiency.

Since market share is an indicator of monopoly power is important to investigate the factors that affect it. There is increasing evidence, that product differentiation and economies of scale play an especially predominant role in structural level (Strickland et al. 1976). The ability of using the successful marketing strategies in market competition is critical for a company's performance (Mavrogiannis et al. 2008).

Therefore, marketing specialists require a clear strategy which is based on a complete understanding of reasons that encourage consumers to repurchase intention of a brand. in the crowded market that we witness the activity of several brands, the purchase reduction of these appliances due to conditions such as economic DOWNTURN and the decrease of people purchase power, as well as the efforts of these companies to make their own brands distinctive in the minds of consumers, professional marketers should realize that how change the variables affecting on brand loyalty in order to change to impact on the repurchase intention of brand (Brown et al. 2003).

Therefore, the adoption and success of developed marketing strategies, marketing mix and other marketing programs among consumers strongly depends on the company's ability to correctly understand consumer's needs and expectations as well as to properly detect and identify individual factors and stimuli influencing consumers when purchasing products for the purpose of reaching their satisfaction. Consequently, studying, understanding and knowing consumers and their behaviour should belong to major and most important tasks of marketers (Klaudia, 2015).

The marketing mix is the set of controllable, tactical marketing tools that a company uses to produce a desired response from its target market. It consists of everything that a company can do to influence demand for its product. It is also a tool to help marketing planning and execution (Kotler, 2005).

Marketing strategy is a procedure by which companies react to situations of competitive market and forces of market or react to environment forces and internal forces to enable the firms to achieve its objective in the target market (Lee & Griffith 2004; Slater et al 2010).

Adis (2010: p.17) defined marketing mix as the combination of the elements of marketing and what roles each element plays in promoting products and services and delivering those products and services to the customers. The elements of the marketing mix are also referred to as the 5 P's of marketing. In the beginning For years together marketers accepted the 4 P's of marketing. The experts have added the fifth P recently and that is people. Now, there are five P's of marketing mix. These Ps are called elements of marketing mix.

Firms seek competitive advantage and synergy through a well- integrated program of marketing mix elements (Walker, 2011). Brodrechtova (2008) explained that marketing strategy is a roadmap of how a firm assigns its resource and relates to its environment and achieves a corporate objective in order to generate economic value and keep the firm ahead of its competitors. The marketing strategies have a major impact upon the efficiency and cost structure of an enterprise. In the international marketing research, scholars have applied several dimensions to indicate marketing strategy as export marketing strategy, export strategy or business strategy. However, all of these dimensions based on marketing mix, and some scholars add few variables in order to make it more meaningful (Adis 2010). Slater et al. (2010); Brodrechtova, (2008); Mavrogiannis, et al., (2008); Calantone et al. (2006); Lee et al., (2004); Lages et al. (2004); and Kotler (2003) explained that generally, the concept of marketing strategy extensively embraces marketing mix elements, which consists of product, price, distribution and promotion.

### **2.1.1 Product Marketing Strategy**

Product dimensions are an important part of a marketing mix. Leonidou et al. (2002) have studied about marketing strategy: a meta-analysis concerning previous studies. They synthesized empirical studies about marketing strategy and concluded that product design, brand mix (name, sign, symbol, design), warranty, customer service as pre and after sales services, and product advantages (such as luxury, prestige, and quality) are variable of product marketing strategy. Tantonget al.(2010) found that product design adaptation strategy was related to firm performance positively. Lages (2004) has studied showed that product quality and service quality was the one of the main determinants. Design, brand image, innovation and product differentiation was found as other determinants. This outcome is the same as previous findings obtained by some researchers. Morgan (2004) revealed that product qualities were determinant of a share market. Thirkell et al. (1998) found that quality and service had significant and positive correlate with firm performance. Also Lages (2009) investigated a relationship on capabilities, quality, and innovation via a questionnaire through two types of respondents from the same Portuguese firm. They noted that product quality and product innovation were recognized by academics and managers as top determinants and product innovation and product quality led to firm performance enhancement. Haque (2002) in the study about export performance and marketing opportunities of Malaysian ready-made garment products concluded that diversification of products is very important. Finally, Fizebakhsh (2002) focus on a marketing mix revealed that existence guaranty for product quality, brand popularity, diversification of product, packaging and amount or volume of product production were effective factors that influenced the market share

### **2.1.2 Promotion Marketing Strategy**

Promotion is one of the marketing mix that many researchers assessed its relationship with a market share to find whether sound promotion would increase sales and profit. Promotion marketing strategy is the combination of the different channel that can be used to communicate the promotional message to the consumers. The channels to be used are advertising, public relations and publicity, personal selling, sales' promotion and direct marketing tools that the company uses to persuasively communicate customers' value and build customer relationship (Kotler, 2009).

According to Enikanselu (2008) company that wants more than “walk in” sales must develop an effective program of communication and promotions. Successful promotion is an essential ingredient in marketing strategy. Prospective buyers must learn about both the products'

distinctive wants satisfying characteristics and its availability. Establishing and maintaining communications with target market segment are the main tasks assigned to marketing promotion. Osuagwu (2002) identified the objectives of promotion as information, stimulation of demand, product differentiation, accentuating product value, and maintain stable product sales. The elements of marketing promotions mix are involved in communicating information to customers, clients or potential users about goods or services on offer. Their fundamental aim is to prompt customers, clients or potential users to take positive action by placing orders, making enquiries and purchasing on a continuous basis. The elements in the promotional mix are not mutually exclusive.

According to Adesoga (2015: p:23) firm will require some mixture of two or more of them depending on the type of product or service including its life cycle; the market competitions, the marketing promotions' objectives, among others. The amount of money available and other resources of the firm will also affect an organization's promotional mix. The promotional tools in promotional strategy describe the tools or weapons available to the marketing communicator whose major role is persuasive communication. The two most prevalent promotional elements and the most important in terms of marketing cost and impact are personal selling and advertising. Other elements of promotion are publicity, sales' promotion though of less importance, but in certain situations make significant contributions.

From all dimensions of the marketing mix, the most widely researched was advertising that examined advertising procedure the company can inform, introduce, remind or encourage consumer and, therefore, generated more sale and enhance profit (Leonidou et al. 2002). The firms which have a greater commitment to their target market use higher level of advertising rather than firms who have less commitment that used low level of advertising (Lee et al 2004). Eusebio (2007) investigated management perception and marketing strategy in export performance via comparative analysis in Italian and Spanish textile industry. Questionnaire was used to collect data. The outcome showed that the commercial branch is one important element in promotion strategy. Leonidou (2002) studied about marketing strategy: a meta-analysis concerning previous studies. In the review of the studies, they divided the promotion related variable to advertising, sale promotion, individual selling, trade fairs, individual visit, and promotion adaption. Sales promotion, including coupons, samples, premiums, and other promotional tools is useful in low income economies or market with advertising restrictions and high competition. Personal selling is used in

markets that have restrictions on advertising or the cost of managing a sale force is low. Trade fair improves market share because sale potential of a specific export market to be tested, new firm for distribution or other collaboration in a foreign market to be found, and it can use for market research purpose. Personal visit can increase market share because it enhances an experience about problem or opportunities, personalizes relationship, increases communication, and provides a timely response.

### **2.1.3 Place Marketing Strategy**

It stands for administrative distribution of goods and services in the market. It includes the organisation of service providers (suppliers) and users (clients) into specific physical and social networks for easy supply of goods and services to the market and communication(Philip 2014).

In recent days active and advanced exporters have more control on distribution activities, as well as the time of delivery of the product, and distribution channel (Eusebio et al. 2007). Today, availability and on-time delivery are very important. A firm with better distribution method is more successful. In a competitive environment where similar service providers exist, the place strategy is good for differentiation. Griffith (2004) explained that exporter channel strategy was imagined as the degree to which a firm applied direct channels instead of indirect channels to sell its products. Lages et al. (2004) revealed that distribution network/availability was an important variable in place marketing strategy. This result was previously obtained by Ambler (2000) and Ogunmokun (2004), that distribution channel had a positive effect on market share. Leonidou et al. (2002) have studied about marketing strategy: a meta-analysis with reference to previous studies. Finally, Fizebakhsh (2002) in his study about the impressive factors on a marketing mix, revealed that on-time delivery, sufficient seaport, having safety stock in market, transportation costs in seaport, seaway and road for delivery of product were effective factors for export and import performance.

### **2.1.4 Price Marketing Strategy**

Price management is a critical element in marketing and competitive strategy. It is a key determinant of performance. Price is the measure by which industrial and commercial customers judge the value of an offering, and it strongly impacts brand selection among competing alternatives (Shipley et al., 2001). Apart from world-class product development, pricing is key to success. Pricing is vital in attracting and capturing demand. Pricing is also fundamental in optimizing your product's true worth out there in the real market place



(McMahon et al. 2004). Furthermore, pricing is the only element of the marketing mix that generates revenue for the firm, while it is also the most flexible element of this mix in the sense that pricing decisions can be implemented relatively quickly (e.g. price changes) and be adapted easily to the conditions surrounding a company's internal or external environment (Lewengart et al. 2000).

According to Rosa (2011) the importance of price as a purchase stimulus has a key role in price management since not only does it determine the way prices are perceived and valued, but it also influences consumer purchase decisions ( Vanhuele et al. 2002). Studies have shown price as an important factor in purchase decision, especially for frequently purchased products, affecting choices for store, product and brand (Rondan 2004).

Price plays a big role in comparison between competing brands. So it crucial to chose strategic pricing system. According to Hinterhuber (2008) pricing strategies vary considerably across industries, countries and customers and can be categorized into three groups: cost-based pricing, competition-based pricing, and customer value-based pricing. Choosing a pricing objective and associated strategy is an important function of the business owner and an integral part of the business plan or planning process. It is more than simply calculating the cost of production and adding a mark up (Roth 2007). Other pricing strategies used by competitors also interfere and have an effect on products. Another problem is rooted in consumers not understanding the value-based pricing strategy of the firm and it is a strategy that is adopted by a few firms (Hinterhuber 2008). If a firm thinks it is communicating value via its prices and customers on the other hand do not perceive value as relating to the set prices then the pricing objective of the firm is defeated.

Gourville et al. (2012) stressed that businesses should look beyond the mechanics of just fixing prices they feel is suitable for a product having estimated cost and profit still relevant but no longer sufficient and recognize that harmonization of the way they generate revenue can open up opportunities to create additional value.

In order to determine the price of product or service first pricing objective must be known. According to Weber (2000) a firm ought to decide upon the objectives of pricing before determining the price itself and some of the main objectives are as follows:

### **1) Achieve target return on investment or on net sales**

Kotler (2008) described this as building a price structure designed to provide enough return on capital used for specific products so that the sales revenue will yield a predetermined average return for the entire firm. This objective is usually used by most firms for short run periods (Ezeudu 2005) whereby a percentage mark-up on sales is set. This stated percentage covers anticipated operating cost plus desired profit for the year.

### **2) Stabilize prices**

Another pricing objective could be to stabilize prices. This is mostly found in industries where there is a market leader and prices fluctuate frequently. "Price leadership does not necessarily imply that the objective of stability is reached by having all firms in the industry charge the same price as that set by the leader (Stanton 1981). It only means that some regular relationships exist between the leader's price and those charged by other firms" (Sean 2005).

### **3) Maintain or improve target share of the market**

Increased market share is a result of effective long term pricing strategies. Any firm who has this as a pricing strategy must be ready to operate and plan on the long run. It is quite different from target return which might be deceptive because a firm could be earning but losing market share gradually (Lancaster 2002).

### **4) Meet or prevent competition**

Lancaster (2002) stated that organizations may try to meet up with competition by reducing prices or even prevent it by adopting what is called 'follow the leader' policy (a policy whereby companies price products based on competitor's price).

### **5) Maximize profits**

This pricing objective is used by countless firms. The problem with this goal is that it is often connected in the public mind with profiteering, high price and monopoly although there is nothing wrong with it (Ezeudu 2005). If the profit is high due to short supply in relation to demand new capital will be attracted into the field.

Price is another part of a marketing mix that many researchers assessed in their study as one of the important items in market share increasing. Zou (2003), investigated the effect of marketing capabilities on export performance via the questionnaire answered by Chinese's exporter and concluded that low-cost advantage had positive relation with a share market. Lages et al. (2004) studied based on perception of Portuguese, and British managers describe that price competitiveness is one of the main elements in market share. In the same vein, Lee and Griffith (2004) in their study about the marketing strategy in Korea concluded that adjustment of prices to market situation have positive influence on the market share and adaption of pricing strategy would increase the market share. The pricing method has positive relation with proportion of sales and profit level.

Pricing strategy concentrated to penetrate a market by offering low price to a large number of customers and obtain more market shares. The price adaption that many study evaluated have strong positive correlations with a market share. Ogunmokun et al. (2004) in their research about Australian firms concluded that market skimming pricing strategy was the second major factor in discriminating between high and low export performing companies. Many firms follow the Porter's business strategies in an export market to compare with their rivals but Lee et al. (2004) and Aulakh, (2000) noted that in today's competitive market, focusing only on the decrease of manufacturing costs may not any more can cause the company's success in export- driven economies. Furthermore, Eusebio et al. (2007) emphasized that price is no more a dominant strategy for companies in the market. Pricing method defended as a market based pricing strategy that whereby the company sets export prices with demand of consumer and competitive condition. Leonidas et al. (2002) investigated marketing strategy determinants and categorized price strategy to pricing method, pricing strategy, sales terms, credit policy, and currency strategy and price adaption. Eusebio, et al. (2007) found that confidence in product price had positive effect on firm performance. To ability for computing in market most of firms should change their marketing mix and price strategy (ZarinNegar 2009). Finally, Fizebakhsh (2002) concluded in his study that period of pay, asking for pay cash, discount offering, adapting price with international price and lowering price will affect the performance and market share of enterprise.

Farshid(2012, p. 19)concluded that product strategy, promotion strategy, pricing strategy and place strategy are important elements to increase the market share. Thus, the sub-elements of each of the strategies such as product variety, product quality, after-sale service and product specification (referring to colour or size) which are under product strategy; pricing, period of

payment, offer of discounts, which are under the pricing strategy; attendance in trade fair, practicing direct marketing, hiring experience and educated sale staff, that come under promotion strategy; having safety stock, on-time delivery, and placing of the storeroom in place strategies which are under the place strategy is important sub-elements to be observed in increasing the share market.

Marketing manager should be an expert in deciding marketing mix strategy by 4 P's as marketing mix has a very important role for attaining competitive advantage for the organization. Marketing manager should meet the demand from different markets and also match the competition in the market by delivering satisfaction to the customer. This is only possible by an accurate blend of all the elements 4P's of marketing mix as it helps in achieving organisational goals of profit maximization by high sales volume and attaining higher market share

## **2.2 Empirical Literature**

From the research conducted by Vahidreza (2015) on factors affecting the purchase intention of Bono brand tile customers, the finding was according to the statistical analysis, beta coefficient between two variables (brand name and purchase intention of customers) is 0.138. The significance coefficient between these two variables (2.5888) shows that there is a significant and positive relationship between these two variables. For the case of impact of product quality on the purchase intention of customers, the statistical analysis, beta coefficient between two variables is 0.370. The significance coefficient between these two variables (6.414) shows that there is a significant and positive relationship between these two variables. Also advertising has an impacts on customers' purchase intention. According to the statistical analysis, beta coefficient between two variables is 0.215. The significance coefficient between these two variables (3.514) shows that there is a significant and positive relationship between these two variables.

On the other hand the of beta coefficient between packaging and the purchase intention of customers is 0.037. The significance coefficient between these two variables (6.778) shows that there isn't any significant relationship between these two variables. The same was true for price. The beta coefficient between two variables is 0.099. The significance coefficient between these two variables (1.860 in the range of -1.96 to 1.96) shows that there isn't any significant relationship between these two variables.

The study done on Factors that Influence the decision when buying second-hand products shows that, The largest beta coefficient for price is .266 at the significance level of 0.001 ( $p < .05$ ), meaning that price (independent variable) makes the strongest unique contribution to the purchase intention (dependent variable). Additionally, the second largest beta coefficient for location is .161 at the significance level of 0.037 ( $p < .05$ ), meaning that location (independent variable) makes the second strongest unique contribution to the purchase intention (dependent variable) (Md. Didarul, 2014).

The quality of product affects the intention to buy. Consumers chose plant quality as the most important factor when purchasing plants (47.5% very important, and 45.1% extremely important) and price and plant colour as the second and third most important factors, respectively (Hayk, 2014)

The perceived product quality also affects the customer satisfaction. The correlation analysis shows that there is positive significant relationship between products perceived quality relation with customer satisfaction as the correlation value is 0.570 and also positive significant relationship has been found between customer satisfaction relations with purchase intention as the research result value is 0.663 (Asma, 2015)

The experience of customers has impact on purchase intention. The utility company did have some metrics to substantiate the impact of their customer experience work. In one pilot area customer satisfaction had increased from 85 per cent to 97 per cent and the level of trust (one of the emotions they wanted to improve) had increased from 71 per cent to 81 per cent. They also had a reduction in complaints over the four year period of 25 per cent. They won several national awards not only for their customer service but also for staff satisfaction. The organisation also achieved 100 per cent compliance with legal and regularity standards but this was in part due to successes in the earlier parts of their transformation programme. There was a view that costs had been reduced though no hard evidence was available. However, the company had increased its profitability in non-regulated parts of the business which was believed to be due to the change in attitudes in the organisation (Robert 2011)

The research conducted by Farshid (2012) to study the marketing mix influences on market share of polymer sheets manufactures firms in Iran, is concluded as follows; Product strategies like quality of products, after-sale service and specification of product were confirmed to increase the market share, while the influence of the packaging of product on

increasing the market share was disproved. Also promotion strategies like attendance in trade fair, practicing direct marketing, hiring experience and educated sales staff were corroborated to expand the market share while the advertising in journals and TV channels has no much contribution to increasing it. More over the result showed that on-time delivery, having safety stock, the price of the products and period of payment has great deal impact in promoting the market share.

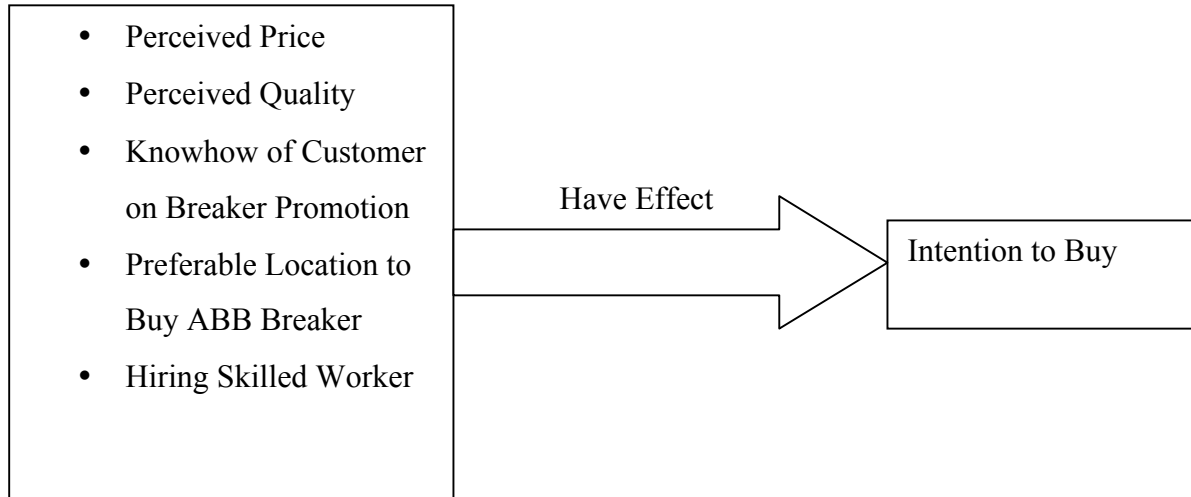
Adesoga (2015) analysed the impact of promotional strategy on market share and profitability on NBC and 7up Bottling Company Plc. The result showed that in NBC, there was a statistically positive significant effect of sales' promotion as a tool of promotional strategy on market share. The variation in market share which accounted for 35.7% was caused by sales' promotion. Advertising as a promotional strategy tool has statistically significant effect on market share. 37.4% variation in market share is explained by advertising. Publicity as a component of promotional strategy has a significant effect on market share, the variation in market share (43.8%) is explained by publicity. Personal selling is not of significant effect on market share. The variation in market share explained by personal selling is at the level of 17%.

In Seven Up Bottling Company Plc, sales' promotion as a tool of promotional strategy has no statistically significant effect on market share. Surprisingly, the variation in market share brought about by sales' promotion is at a level below average (37.7%). Advertising and publicity have significant effects on market share. The p-values for the two elements of promotional strategy are less than 0.05. However, the variation brought about in the market shares are at different levels. Advertising impacted market share by 37.6% while Publicity impacted market share by 46.7%. The personal selling is of no significant effect on market share. The variation brought about in market share by personal selling was 14% which is generally low to the contribution of the other promotional strategy tools discussed.

In this research the impact of the some factors influencing intention to buy ABB breaker supplied by of EES was studied. These factors are perceived product quality, perceived price, promotion, location of EES, experience of the customer with ABB breakers, knowhow on breaker and hiring experienced sales person. The intention of a customer to buy ABB breaker serve as indication or furcating for the demand of the breaker supplied by EES. If there is an intention to buy that good, then the customer will buy that product whenever he needs it. So creating awareness of this product between the customers, plays a big roll on creating

willingness to buy the product. The same is true if the customer perceived that the product has a good quality. Because whenever the customer wants to buy a durable good quality product then the chance of buying this product is high. This hold true for ABB breaker and customers how are troubled by low quality breakers. On the other hand the perceived price of ABB breaker is relatively high(expensive) that some customers don't consider ABB breaker as alternative when purchasing breaker. There are other big companies like electrical world which supply ABB breaker. That is why knowing the location of EES and the convenience of the location have effect on the sales of EES plc. Many customers want cheaper product and ABB products are expensive (comparing to other breakers). Even if this is the case experienced customers with different breakers prefer to buy from EES to get the original ones. The capacity of the customer to identify the original ABB breaker from the fake one and knowing where to find the original breaker, play a big role in enhancing the the intention to buy from EES plc. Also the satisfaction of customers on EES plc will attract more customers to the company, because they will recommend the company to other customers. As a result the market shall increase.

**Figure 2-1 Conceptual Framework**



## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Research Approach**

Original ABB circuit breaker has high demand in Ethiopia. Even though EES plc supplies original ABB circuit breaker, it is not well competent in the market. Its market share is low comparing to other suppliers. The best research approach to answer what are the factors affecting the intention to buy of circuit breaker from EES plc, is quantitative approach. For this study quantitative approach was used.

### **3.2 Research Design**

This research aims to identify why the demand of ABB circuit breaker supplied by EES plc is low. Descriptive research design is used for frequencies, averages and other statistical calculations. Although this type of research is highly accurate, it does not gather the causes behind a situation. So the suitable research design is Causal (explanatory) research design. Causal research is the investigation of cause-and-effect relationships. To determine causality, it is important to observe variation in the variable assumed to cause the change in the dependent variable.

### **3.3 Variables, Data Sources and Data Collection Methods**

In this study questionnaire will be provided for ABB breaker customers. The intention of customer to buy ABB breaker was measured as dependant variable by collecting the independent variables. These independent variables are perceived quality of the product, perceived price of ABB breaker, availability /access of ABB product as perceived by customers to capture location/place, awareness of customers about ABB breaker to capture promotion. The characteristic of the customer that was considered in this research are education level, experience regarding to different brand breakers.

Mainly the instrument that will be used for data collection will be questioner. The questioner was distributed to the retailers and end consumers of breaker users.

### **3.4 Population and Sampling**

The population must include the members that directly related to EES plc. The Retailer of low voltage circuit breaker and end customers has formed the population of the study.



Ishmael (2012) for the case of customers it is hard to determine the population size. So where the population is unknown, the sample size can be derived by computing the minimum sample size required for accuracy in estimating proportions by considering the standard normal deviation set at 95% confidence level (1.96), percentage picking a choice or response (50% = 0.5) and the confidence interval (0.05 = ±5). The formula is:

$$n = \frac{z^2 \cdot p(1-p)}{c^2}$$

z= Standard normal deviation set at 95% confidence level  
p= Percentage picking a choice or response  
c= Confidence interval

=384.16

### 3.5 Data Analysis

There are two methods for exploring the cause and effect relationship between variables: Experimentation and statistical research. For this study regression analysis (statistical research) was used to analyse the quantitative data. The main reasons for choosing this analysis are two things: first it is the study of relationship between variables and secondly it is easy to use and applies to many situations.

## CHAPTER FOUR: RESULTS AND DISCUSSIONS

Based on the formula for unknown population 387 questionnaires were distributed in Addis Ababa for selected electric shops owners and end user customers. From that 350 were filled successfully and returned where as the rest was lost. From these 350 questionnaires I was able to draw my result for this research.

By the help of SPSS software I have analyzed the data that I have collected throughout my research. Both regression and descriptive analysis results will be discussed in this chapter. Which will help in proving and disproving those hypothesises stated in chapter 1.

### 4.1 Descriptive Analysis

**Table 4.1 Descriptive Analysis for dependant and independent variables**

Intention to	Yes	No
<b>buy ABB breaker</b>	234 (66.9%)	116 (33.1%)

Perceived Price	Very Cheap	Cheap	Moderate	Expensive	V. Expensive
	0	15 (4.3%)	102 (29%)	195 (55.7%)	38 (10.9%)

Perceived Product Quality	Very low	Low	Medium	High	Very High
	1 (0.3%)	1 (0.3%)	12 (3.4%)	215 (61.4%)	121 (34.6%)

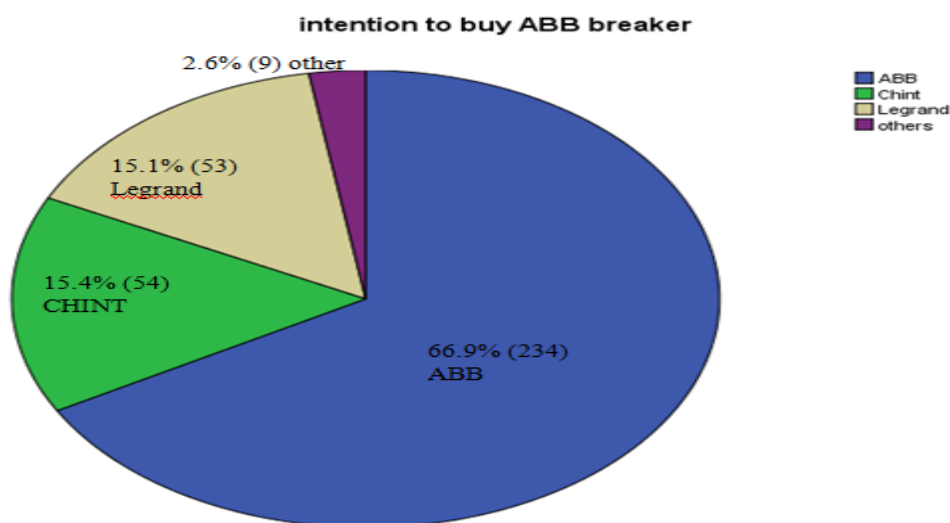
	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
<b>Knowhow of customer on breaker</b>	6 (1.7%)	22 (6.3%)	51 (14.6%)	201 (57.4%)	70 (20%)
<b>Promotion</b>	4 (1.1%)	32 (9.1%)	14 (4%)	184 (52.6%)	116 (33.1%)

	Electric World	EES plc	Merkato	Nearby Store
<b>Preferable location to buy ABB</b>	215 (61.4%)	100 (28.8%)	11 (3.1%)	24 (6.9%)

<b>Hiring skilled worker</b>	Do not provide information	Partially Provide	Provide all information
	88 (25.1%)	113 (32.3%)	149 (42.6%)

As mentioned before ABB breaker is popular and the same result was found from the data analysis. 66.9% (234) of the participants have the intentions to buy ABB original breaker. 30.5% have the intention to buy CHINT (15.4%, 54) and Legrand (15.1%, 53). The rest 2.6% (9) would like to buy other brands.

**Figure 4.0-1 Intention to Buy ABB Breaker**



But as some of them mentioned they want to purchase ABB breaker for personal use or when a customer order ABB breaker. Otherwise they intend to buy CHINT for selling purpose. Also some customers want to buy Legrand because the tendency to find original Legrand is higher than ABB. The main reason for this is fake ABB breakers are more saturated in the market than fake Legrand.

92.6% of participant recommend ABB breaker for other, where as 7.4% of the participants won't recommend ABB breaker. One of the main reasons is as mentioned above (before) fake ABB breakers are more dominant in the market than the original. Even some customers does not recommend ABB breaker for others because they think original breaker does not exist these days.

It is well known that promotion plays a big role in the success of any business. But not all type of promotion has the same impact on particular trade (business). In the case of breaker business 85.7% of the sample customers agreed that promotion has influence on brand preference. The type of promotion highly influencing it is word of mouth (37.1%), Billboard (28.3%), Radio (20%) and newspaper (14.3%) respectively. And when we look in depth, almost half of the participants come to know about ABB breaker was from friends (44.9%). Others from Advertising ( 20 %) and through word of mouth (35.11%). Most of ABB breaker users where influenced to buy these breakers was by word of mouth (50%), rather than shop display and dealer attempt.

The other two points which have been confirmed by this study are: reputation of original ABB breaker in terms of quality, and the primary reason why customers want to buy ABB breaker, which is its good quality. 61.4% and 34.6% of the participant rated the quality of ABB breaker to be high and very high quality respectively. Only 2 people have rated it as low quality. 92.1% of participants assured that the main reason to purchase ABB breaker is for its quality. Since the concept of quality defers from person to person, I have assed their opinion of quality. And 92.6% of them assured that durability is what they meant by quality.

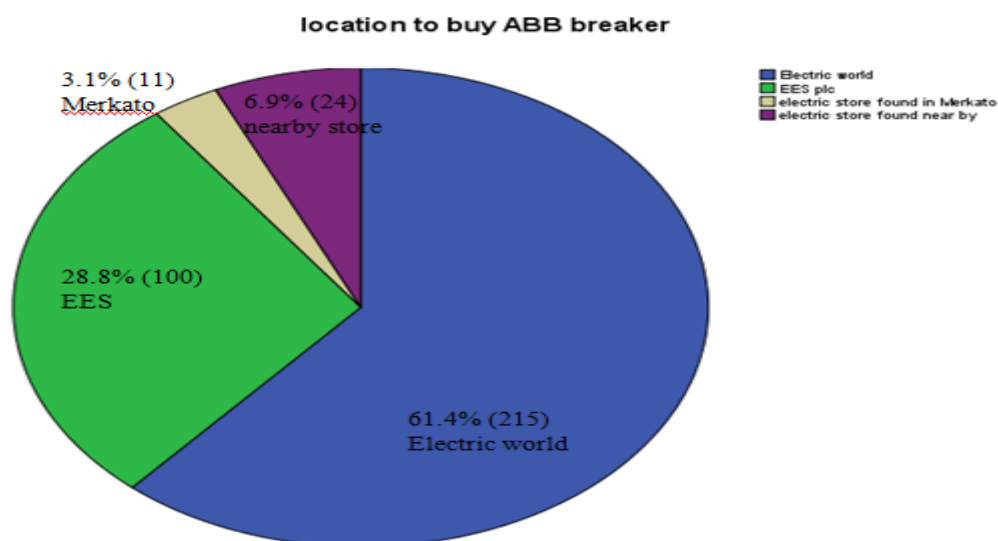
Surprisingly cheap breaker like CHINT is more dominant in the market than ABB breaker, but the expensiveness of ABB breaker, comparing to CHINT, did not hinder the market of ABB as expected. This can be clearly seen from the research that I have conducted. 96.3% of the participant prefers durable breaker with higher price than less durable with lesser price. Even if 4.3% of the participants think ABB breaker is cheap while 66.6% think it is expensive, they are willing to buy it, especially if it is for personal use. As some of the

retailers confessed selling expensive materials are more useful to them, as they can get larger margin of profit than selling cheap products. But this does not mean that price of ABB breaker has no effect on the market share of EES PLC.

77.4% claim that they have enough knowledge about breakers. They recommend ABB or Legrand breakers because they are good quality. 71.7% of them confessed that their knowhow on breaker influences them to purchase ABB breaker. 57 persons chose CHINT. One of the main reasons is CHINT is more cheaper and it has dominated the market. And the marketing strategy of CHINT Company is very strong that the contractors and technicians were persuaded by the company to purchase only CHINT breaker regardless of the quality. That is why some retailers did not choose ABB breaker as their first preference. Still 71.4% of the participants have chosen ABB breaker as their first preference.

Sadly with all these advantages towards ABB breaker only 28.6% or less people from the sample seek EES plc to purchase ABB breaker. Even some of these customers come here when they could not find the variety they want from other stores. One of the main reason, as mentioned by some of the participants, is the location of EES plc is not suitable. Only how knows the company before will seek it. Also their marketing strategy is very weak. There is no promotion that creates awareness in the customers the advantages of buying ABB breaker from EES plc. On the other hand 52.7% of the participants purchase ABB breaker from Electric World. Even Electric world is known as the sole provider of original ABB breaker among many retailers and end users. They confessed that they did not hear about EES plc at all.

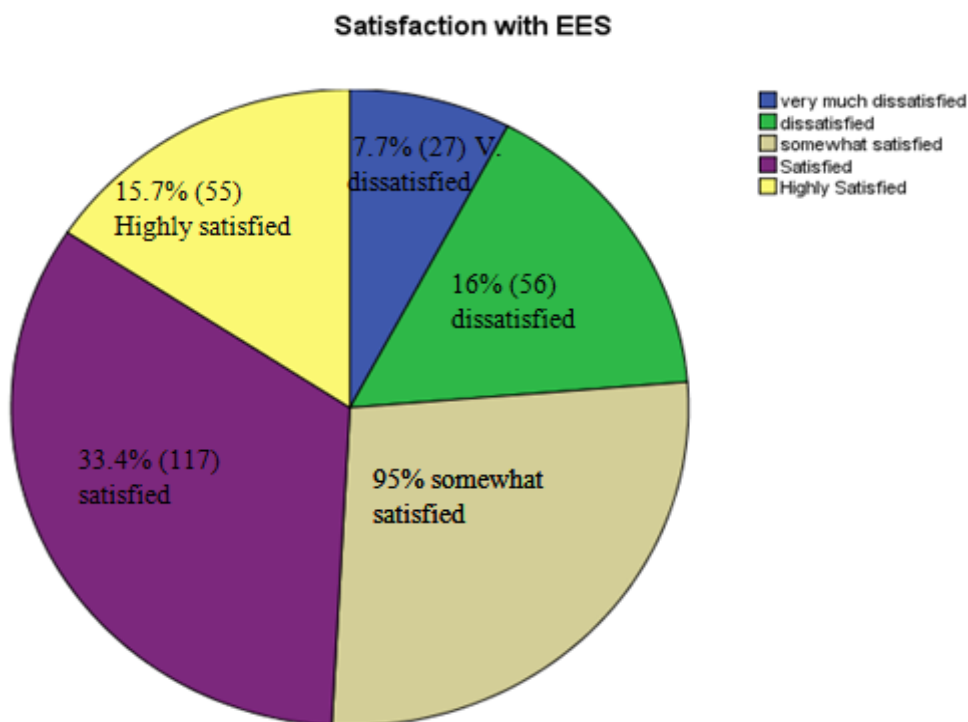
**Figure 4.0-2 Preferred Location to Buy ABB breaker**



The participants who do not have access to EES plc were asked would they buy ABB breakers from EES plc, if loan sale was accessible. The response was positive, 86.6% agreed to buy from the company.

When we come to the relation of EES plc to its customers, 60.5% of them agreed that the company is responsive to their request and 26.3% said somewhat responsive.. 74.8% of them get the necessary information from the salesperson. 79.3% are most likely to purchase again from this company. And 52.6% of them recommend this company for others. only 6.5% of the customers are not satisfied with EES plc. From this it can be seen that the overall satisfaction of the customers is good.

**Figure: 4.0-3 Satisfaction of customers on EES plc.**



From the descriptive analysis we can see that breaker customers have the tendency to capture promotion, which indicate that EES plc should give more attention to promotion. This will help to increase the market share of EES plc. As mentioned above even ABB customers usually seek Electric world to buy ABB because they think that it is the sole importer of original ABB breaker. Since ABB customers seek quality, EES plc should find these customers and persuade them to be its customers.

But the descriptive analysis is not enough evidence to conclude. It does not show which independent variable has a significant variance on dependant variable. So to find the relation of these variable to one another regression model have been used.

## 4. 2. Determinants of customer's intention to buy ABB products

To identify the factors that influence customer's intention to buy ABB products supplied by EES plc, regression analysis was carried out. For the regression analysis intention to buy ABB breaker has been chosen as a dependant variables. Since the dependant variable dichotomous (two input), the type of regression used is binary logistic regression, with independent variable perceived quality and price of the product, experience of the customer with ABB breaker, knowhow on breakers, loan sales provided by EES plc and location of EES plc. The model results found SPSS are discussed respectively as follows:

The performance of the logit regression model, as explained by  $R^2$ , 2L likelihood ratio and chi-square analysis was good. The Omnibus Tests of Model Coefficients is used to check that the new model (with explanatory variables included) is an improvement over the baseline model. It uses chi-square tests to see if there is a significant difference between the Log-likelihoods (specifically the  $-2LLs$ ) of the baseline model and the new model. If the new model has a significantly reduced  $-2LL$  compared to the baseline then it suggests that the new model is explaining more of the variance in the outcome and is an improvement! For this model the chi-square is significant ( $chi-square=64581, df=6, p<.000$ ) so the new model is significantly better.

The *Model Summary* provides the  $-2LL$  and pseudo- $R^2$  values for the full model. The  $-2LL$  value for this model (380.049) is what was compared to the  $-2LL$  for the previous null model in the 'omnibus test of model coefficients' which told us there was a significant decrease in the  $-2LL$ , i.e. that our new model (with explanatory variables) is significantly better fit than the null model. The  $R^2$  values tell us approximately how much variation in the outcome is explained by the model. The Nagelkerke's  $R^2$  suggests that the model explains roughly 23.4% of the variation in the outcome.

From the Classification table the model has correctly classified the outcome for 72.6% of the cases compared to 66.9% in the null model..

However the most important of all output is the *Variables in the Equation* table, because it is at the heart of answering to our questions about the joint association of dependant variable and independent variables. The most important is the odds ration labelled as Exp(B).

**Table 4.2 Estimation results of the binary logit model**

Independent Variables	B	S.E.	Wald	Sig.	Exp(B)
Location of EES plc	0.79	0.29	7.16	0.007	2.19
Experience of customer with ABB breaker	0.28	0.05	25.37	0.000	1.32
Perceived Quality	1.09	0.44	6.08	0.01	2.96
Perceived Price	0.04	0.22	0.03	0.86	1.04
Knowhow on breaker	0.04	0.15	0.06	0.80	1.04
Promotion	0.36	0.13	7.34	0.007	1.44
Constant	-3.286	1.331	6.09	0.014	0.037

The higher the odds ratio (Exp(B)) of independent variable, which is above 1, it is more likely to have intention to buy ABB breaker. On the other hand if the odd ratio is less than the contrary is true. In other words the more the customer has experience with ABB breaker is 1.32 times more likely to have intention to buy ABB breaker than who has less experience. And the probability of experienced customer to have intention to buy ABB breaker is 56%. The study conduct by Asma et al. (2015) shows the same finding that the experience gained after using a product has effect on purchase intention. After using of product, purchase intention increases as well as decreases, because it has direct relations which affect each other's. If the quality is high, purchase intention of customer is also high.

Similar results were obtained For the location of EES the odd ratio is greater than 1 (Exp(B)=2.19 with probability (68.6%), and it has significant variance (p=0.007) on the dependant variable. So adjusting the location of EES to a good location is 2.19 times more likely to increase the intention of customers to buy ABB breaker than the current location. Similar results were obtained from previous studies, that location plays major roll in intention to purchase and demand. As an example the finding of Bhatnagar et al., (2000) is market place or location also has high influence on customer's buying behaviour even “the utility from the consumption of good is the same, whether the consumer bought it at retail.



Another independent variable which has significant variance ( $p=0.01$ ) on the dependant variable is perceived product quality. This variable has 2.96odd ratio and probability of 74.4%, which means customer who perceives that ABB breaker has good quality is 2.96times more likely to have intention to buy ABB breaker than how think ill of ABB breaker's quality. In previous studies, the relationship between these two variables was investigated and indicated a positive impact of product quality on customers' purchase intention (Chi et al., 2008; Jalilvand et al., 2011; Gogoi, 2013; Tariq et al., 2013).

Promotion is the lastindependent variable with significant variance ( $p=0.007$ ), odd ratio 1.44 and probability of 59%. This means that the probability of promotion to affect on breaker customer to have intention to buy ABB breaker is 59%.Theimpact of promotion on the purchase intention of customers was supported too. The results is consistent with the studies of Tang et al. (2007),Lati et al.(2011) andVahidreza(2015).According to Vahidreza(2015) there is a significant and positive relationship between Advertising and customer purchase intention. Advertising helps to form a long term sustainable image of the product. On the other hand, it stimulates sales (Kotler 2010).Since advertising increases sales, it affects the life cycle of the product and its curve. Using advertising and other means to promotion the producers not only increase sales, but also prolong the life cycle of the goods (Svetlana, 2014).

From the above analysis the hypothesis raised are proven or disprove as follows:-

**Table 4.3 Evaluation of hypotheses**

<b>Variable</b>	<b>Expected effect on the dependent variable</b>	<b>Result found from research</b>
Intention to buy ABB breaker		It has impact on increasing the demand of ABB breaker provided by EES plc.
Perceived Product Quality	Perceived quality of ABB breaker increases the market share of EES plc	It is true that perceived quality of ABB breaker has insignificant variance on the intention to buyfrom EES plc
Perceived Price	Perceived price of ABB breaker decrease the market share of EES plc	Yes, the perceived price of ABB breaker has no significant variance on the

<b>Variable</b>	<b>Expected effect on the dependent variable</b>	<b>Result found from research</b>
		dependant value
Promotion	Promotion tool like personal selling increases the market share of EES plc	Promotion has impact on the intention to buy of EES plc
Place	Perceived location of ABB breaker decrease the market share of EES plc	The location of EES plc is not suitable for customer hence it affects both intention to buy from EES and satisfaction of customers..
Knowhow of customer on breaker	Knowhow on breaker will increase the market share of EES plc.	It has no significant value on intention to buy ABB.
Experience of the customer with breakers	The customers who have experience with original ABB breaker for longer period of time will increase the market share of EES plc.	Experienced customers tend to buy ABB breaker as well as they trust EES based on their experience.
Hiring skilled worker	Hiring skilled sales personal will increase the market share by increasing the satisfaction of the customer	Yes hiring skilled salesperson has impact on satisfaction on EES

## **CHAPTER 5: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Summary**

The major finding of this research is:-

- The perceived price of product is insignificant for influencing the demand of circuit breaker provided by EES plc and intention to buy ABB breaker. As customers seeking original breaker care for quality not cheap price.
- The perceived product quality, promotion, experience of customer on ABB breaker, location of EES plc, are significantly related to the customer's intention of buying ABB breakers.
- The location of EES plc is not suitable for the breaker customers.
- Perceived Quality, promotion and location of EES are the major factors that affect the intention to buy the circuit breaker provided by EES plc.
- Many breaker customers think that Electric world is the only sole provider of original ABB breaker.
- EES plc is unknown to many breaker customers
- EES plc neglects promoting itself to new customers.

### **5.2 Conclusion**

EES plc is one of the importers of original ABB breakers in Ethiopia. Even if the company provide a good quality and wanted product to the customers, it is losing the market share to its competitors. Only 3% of the accessible market share of breaker is controlled by this company, which is very few. This research was conducted to find the factors influencing the intention to buy ABB breaker provided by this company.

The perceived product price has no significant variance on intention to buy ABB breaker, which goes against the law of demand, which states the inverse relation between price and demand.

Even if variables like skilled sales personnel, experienced customers on breaker and perceived quality product have a significant effect on the market share, these are not what EES lacks. But variables like location, promotion are the wanted ones.

From this research that location of EES plc, promotion have huge impact on the market share of the company. The location of EES plc is not accessible to the customers, and the marketing strategy is very weak. If EES plc improves on these two aspects, it is possible for the company to see a tremendous change in the market share. The reason why these three variables are important is the reputation of the product provided by the company is excellent. Most of customers seeking for an original ABB breaker go to Electric World rather than EES plc. And the main reason for this is they don't know the existence of this company or the competitors' locations are more suitable.

### **5.3 Recommendation**

- EES plc has many good attributes but one the main defect of this company is it gives less attention to the marketing strategy. EES plc should work harder on improving the 4ps, especially on promotion (personal selling and so on) which is more affordable than other expensive promotion type.
- Also it needs to create awareness among the customer the importance of buying good quality breaker than fake ones. As fake or poor quality breakers tends to explode and cause economical and social crisis, especially for factories and huge buildings.
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## APPENDIX

### Appendix I

Table : EES PLC 2017 low voltage breaker sell list

<b>Month</b>	<b>Amount</b>	<b>Qty</b>
<b>January</b>	31,217.06	188
<b>February</b>	79,508.53	610
<b>March</b>	115,453.58	404
<b>April</b>	54,330.92	176
<b>May</b>	87,177.05	269
<b>June</b>	82,112.80	63
<b>July</b>	34,881.85	26
<b>August</b>	117,093.99	38
<b>September</b>	3,384.14	19
<b>October</b>	571,561.76	51
<b>November</b>	4627.75	8
<b>December</b>	82,151.00	12
<b>Total</b>	<b>1,263,500.43</b>	<b>1864</b>

Source: Finance Department EES PLC

## Appendix II

### Questionnaire for Customers

Variable	
Intention to buy ABB	1. When you want to buy breaker which brand comes to your mind 1.ABB 2.CHINT 3.Legrand 4.others
Perceived Product Quality	2. What is the 1 <sup>st</sup> word comes to your mind when you hear about ABB breaker 1. Quality 2. Brand 3. Cost 4. Nothing 3. What is your main reason to buy ABB breaker 1. Price of the product 2. Quality of the product 3. Variety of the products 4.Availability of the products 4. In your opinion which of the of the following are indicators of quality 1. High price 2. Durability 3. Low price 5. How would you rate the quality of ABB product? 1. Very low quality 2. Low quality 3. Medium quality 4. High quality 5. Very high quality 6. Which of the following do you prefer? 1. Durable and reliable with high price comparing to substitute (competitor) 2. Less durable breaker with lower price comparing to substitute (competitor)
Perceived Price	7. The price of ABB breaker is 1. Very expensive 2. Expensive 3. Moderate 8. How is the price of ABB breaker compared to other substitute breakers? 1. Very high 2. High 3. Same
Promotion	9. There is influence of brand name on purchasing decision 1. Strongly agree 2. Agree 3. Undecided 4. Disagree 5. Strongly disagree 10. Does advertising play any role towards brand preference? 1. Strongly agree 2. Agree 3. Undecided 4. Disagree 5. Strongly disagree 11. If yes which media influenced your brand preference? 1. News paper 2. Radio 3. Billboards 4. Words of mouth  12. How do you know about ABB breaker? 1. Advertising 2. Friends 3. Word of mouth 13. What influenced you to buy ABB brand breaker? 1. Advertising 2. Dealer 3. Word of mouth 4. Shop Display
Place	14. Where is your preferred location to buy breaker considering the variety of breakers p 1. Electric World 2. EES plc 3. Electric stores found in Merkato 4. Electric stores found near by

Variable	
<b>Knowhow of customer on breaker</b>	<p>15. You have enough knowhow (knowledge) on breakers  1. Strongly agree                      2. Agree                      3. Neutral  4. Disagree                              5. Strongly disagree</p> <p>16. Your knowhow on breakers influence you to buy  1. ABB    2.CHINT    3.Legrand    4.others</p> <p>17. ABB breaker is my first preference. Rate your level of (dis)agreement  1. Strongly agree                      2. Agree                      3. Neutral  4. Disagree                              5. Strongly disagree</p> <p>18. Do you think ABB Breaker is leading the market in terms of customers' preference?  1. Yes                                      2. No                                      3. I don't know  If no which one? _____</p>
<b>Experience of the customer with breakers</b>	<p>19. Have you ever used ABB breaker?  1. Yes                                      2. No</p> <p>20. How long have you been using ABB breakers?-----Years</p> <p>21. Will you recommend ABB breaker to others?  1. Yes                                      2. No</p>
<b>Hiring skilled worker</b>	<p>22.Does the salesman provide you the information you need?  1. Yes he provide all the information    2. No s/he doesn't  3. Partially provide</p>



Variable	
<b>Satisfaction on the company</b>	<p>23. If EES provides loan payment for buying ABB breakers that will make you to buy more  1. Strongly agree      2. Agree      3. Undecided  4. Disagree      5. Strongly disagree</p> <p>24. How responsive have the company been to your questions or concerns about the product?  1. Extremely responsive      2. Very responsive      3. Somewhat responsive</p> <p>25. How well the company's products meet your needs?  1. Not at all      2. Extremely well      3. Very well</p> <p>26. How likely are you to purchase any of our products again?  1. Extremely likely      2. Very likely      3. Somewhat likely  4. Not so likely      5. Not at all likely</p> <p>27. What facilities do competitors provide that EES doesn't provide?  _____</p> <p>28. How likely is it that you would recommend this company to a friend or colleague?  1. Highly recommend      2. I will not recommend      3. No idea</p> <p><b>29.</b> Overall, how satisfied or dissatisfied are you with our company?  1. Highly satisfied  2. Satisfied  3. Somewhat satisfied  4. Dissatisfied  5. Very much dissatisfied</p> <p>30. Do you have any other comments, questions, or concerns? _____</p>

**Thank you!**