



**ST. MARY'S UNIVERSITY COLLEGE**  
**SCHOOL OF GRADUATE STUDIES**

**FACTORS AFFECTING CUSTOMERS PERCEPTION TOWARDS COCA  
COLA PRODUCTS: IN THE CASE OF EAST AFRICAN BOTTLING S.C.**

**BY**  
**BETELEHEM ASRAT**

**JUNE, 2019**

**ADDIS ABABA, ETHIOPIA**

**FACTORS AFFECTING CUSTOMERS PERCEPTION TOWARDS COCA  
COLA PRODUCTS: IN THE CASE OF EAST AFRICAN BOTTLING S.C**

**BY**

**BETELEHEM ASRAT**

**ADVISOR: GETIE ANDUALEM (PhD)**

**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY COLLEGE, SCHOOL OF  
GRADUATE STUDIES IN PARTIAL FULFILMENT OF THE REQUIREMENTS  
FOR THE DEGREE OF MASTERS OF BUSINESS ADMINISTRATION.**

**JUNE, 2019**

**ADDISABABA, ETHIOPIA**

**ST. MARY'S UNIVERSITY COLLEGE**  
**SCHOOL OF GRADUATE STUDIES**  
**FACULTY OF BUSINESS**

**FACTORS AFFECTING CUSTOMERS PERCEPTION TOWARDS  
COCA COLA PRODUCTS: IN THE CASE OF EAST AFRICAN  
BOTTLING S.C**

**BY**  
**BETELEHEM ASRAT**

**APPROVED BY BOARD OF EXAMINERS**

---

**Dean, Graduate Studies**

---

**Signature**

---

**Advisor**

---

**Signature**

---

**External Examiner**

---

**Signature**

---

**Internal Examiner**

---

**Signature**

## DECLARATION

I, undersigned, declare that this thesis is my original work, prepared under the guidance of **Getie Andualem** (PhD). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

**Betelehem Asrat**

---

**Name**

---

**Signature**

**St. Mary University College, Addis Ababa**

**May, 2019**

## **ENDORSEMENT**

This thesis has been submitted to St. Mary's University College, School of Graduate Studies for examination with my approval as a university advisor.

**Getie Andualem (PhD)**

---

**Advisor**

---

**Signature**

**St. Mary University College, Addis Ababa**

**May, 2019**

## TABLE OF CONTENTS

<b>Contents</b>	<b>Pages</b>
Declaration .....	I
Endorsement .....	III
Table Of Contents .....	III
Acknowledgement .....	III
List of Abbreviations .....	IV
List of Table .....	V
List of Figure .....	VI
<i>Abstract</i> .....	VII
<b>CHAPTER ONE: INTRODUCTION</b> .....	1
1.1. Background to the Study .....	1
1.2. Statement of the Problem .....	3
1.3. Research Questions .....	5
1.4. Objectives of the Study .....	5
1.4.1. General Objectives .....	5
1.4.2. Specific Objectives .....	5
1.5. Significance of the Study .....	5
1.6. Scope of the Study .....	6
1.7. Limitation of the Study .....	7
1.8. Organization of the Study .....	7
<b>CHAPTER TWO: REVIEW OF RELATED LITERATURE</b> .....	8
2.1. Theoretical literature .....	8
2.1.1. The Marketing Concept .....	8
2.1.2. Meaning of Perception .....	9
2.1.3. Learning .....	10
2.1.4. Beliefs and Attitudes .....	10
2.1.5. Consumer Preferences .....	11
2.2. Empirical Literature .....	14
2.3. Conceptual Framework .....	21

<b>CHAPTER THREE: METHODOLOGY OF THE STUDY .....</b>	<b>22</b>
3.1. Description of the Study Area .....	22
3.2. Research Design .....	23
3.3. Research Approach .....	23
3.4. Data Type and Source. ....	24
3.5. Method of Data Collection .....	24
3.6. Sample Size and Sampling Procedure.....	24
3.6.1. Population of the Study.....	24
3.6.2. Sample Size.....	25
3.6.3. Sampling Techniques.....	25
3.7. Method of Data Analysis.....	25
3.7.1. Descriptive Analysis. ....	26
3.7.2. Inferential Analysis.....	26
3.8. Validity and Reliability Test .....	27
3.8.1. Test of Validity .....	27
3.9. Variables Explained.....	28
3.10. Ethical Considerations.....	28
<b>CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND INTERPRETATION ...</b>	<b>29</b>
4.1. Introduction .....	29
4.2. Description of Demographic Characteristics of Respondents (Employees) .....	30
4.3. Consumers’ perception of Coca Cola Co. soft drinks products. ....	32
4.3.1. Analysis of respondents Patter, preference and frequency of soft drink usage .....	32
4.3.2. Consumer perception of Coca Cola soft drinks products. ....	34
4.4. Inferential Analysis. ....	38
4.4.1. Econometric Results of the six soft drink attributes and Customer perception .....	42
4.5. Consumers’ overall satisfaction on various aspects of Coca Cola soft drinks .....	45
<b>CHAPTER FIVE: SUMMARY OF MAJOR FINDING, CONCLUSION ND</b>	
<b>RECOMMENDATION .....</b>	<b>50</b>
5.1. Summary of Finding.....	50
5.2. Conclusion.....	52
5.3. Recommendation.....	53
REFERENCE.....	54
APPENDIX.....	57

## **ACKNOWLEDGEMENT**

First of all I would like to thank God the almighty for making my studies and my academic years at St. Mary University possible. Several people provided support to me during the years of my study at the University and it is hard to mention them all at least I may forget some. Therefore, I would like to deliver a general thank to all for the support. However, the following people deserve a special mention.

My sincere thanks should go to my advisor **Getie Andualem (PhD)** for his determined efforts and constructive comments during the preparation of this research. Without his support, advices, knowledge, and patience, this research would have never been possible.

My sincere gratitude also goes to my family, who supported me morally in the entire process. Finally yet importantly, I would like to acknowledge the support EABSC provided and all the sample participants of this study.



## **LIST OF ABBREVIATIONS**

**EABSC:** East Africa Bottling Share Company

**OLS:** Ordinary Least Square

**SPSS:** Statistical Package for the Social Science

**VIF:** Variance Inflation Factor

## **LIST OF TABLE**

Table 2. 1: Summary of Empirical Literature.....	17
Table 4. 1: Demographic Characteristics of Respondents.....	30
Table 4. 3: Patter, preference and frequency of soft drink usage.....	32
Table 4. 4: Customers' perception of coca cola products.....	34
Table 4. 5: Customers' perception of coca cola products.....	35
Table 4. 6: Customers' perception of coca cola products.....	36
Table 4. 7: Descriptive Statistics of Normality.....	39
Table 4. 8: Independent of Residuals.....	40
Table 4.9: Multicollinearity Test.....	41
Table 4.10: Econometric results of customers' perception determinant factors.....	43
Table 4. 11: Result from Multiple Linier Regression of the perception determinants.....	43
Table 4. 12: Overall customers' perception with the soft drinks of EABSC.....	46

## **LIST OF FIGURE**

Figure 2. 1. Factors influencing consumer behavior (Kotler et al. 2005).....	12
Figure 2. 2: Conceptual Framework of the Study.....	21
Figure 4. 1: Income Level of respondents. ....	31
Figure 4. 3: Scatter Plot .....	39
Figure 4. 4: Satisfaction level on Advertisement.....	47
Figure 4. 5: Satisfaction level on taste and flavour of soft drinks .....	48
Figure 4. 6: Satisfaction level on Healthiness of soft drinks .....	49

## **ABSTRACT**

*The general objective of the study is to analyze customers' perception towards the products of east African bottling company in Addis Ababa city. The study uses both descriptive and explanatory research design. To accomplish the predetermined objectives, a sample of 384 respondents from Addis Ababa city was selected using convenience sampling technique. In order to collect the necessary data, structured questionnaire was designed and distributed by taking the most important customers perception measurement dimensions that are identified by several researchers from literature. The data from the questionnaires was analyzed through descriptive and inferential statistical techniques. For the descriptive statistics frequency and percentage were used. As the inferential statistics correlation analysis and regression analysis were conducted using SPSS statistical software program. Finally, based on the finding of the study it is concluded that, customers who are users of one of the carbonated soft drinks which are Coca Cola products like the products offered by EABSC better than the available substitutes offered by other competitors. Customers were also found to perceive the drinks of the company as best in quenching their thirst. The identified explanatory variables are found to influence customers' perception towards Coca Cola products by 79.9%. Finally, All the identified dimensions are found to influence customers' perception toward to the products of EABSC, from all the factors, price is the most influential one followed by healthiness of the soft drinks and potential of the soft drink in removing tardiness. Advertisement and brand image are the fourth and fifth factors in influencing the dependent variable which is customers' perception. Accordingly it is recommended that, since all the identified variables are found to significantly influence how customers' perceive the drinks of EABSC, the company is recommended to generally consider all the dimensions so that it can attract new customers and retain the existing ones.*

**Key words-** *Customers perception, East African Bottling products, Regression, Inferential Statistics.*

# CHAPTER ONE

## INTRODUCTION

### 1.1. Background to the Study

Perception is the process by which people select, organize and interpret information to form a meaningful picture of the world (Kotler, 1999). Perception depends not only on physical stimuli, but also on the stimuli's relation to the surrounding field and on conditions within the individual. Individuals can have different perceptions of the same object (Kotler, 2002).

According to Hafeez (2014), perception is a process through which any consumer tries to manipulate the brand information in order to get awareness about the brand which can lead to transformation of brand into brand loyalty.

Armstrong and Kotler (2005), defined perception as, the individual selection, organization and interpretation of the information which flows through people's senses, and consequently a meaningful picture of the world is formed.

Consumer's perception is something which consumer's perceive about a brand in their mind and it has a significant impact on a brand. Perception of consumer does not necessarily have very much impact on the actual performance of the product; whereas it is based on the current reputation of brand and product image with respect to the knowledge of the consumers (Hafeez, 2014). As a result in deciding which products and services to buy, consumers rely on their perception of relative value (Kotler, 2002).

During the process of perception the stages of Brand Selection, Brand Information, Image formulation, Relating / bonding with Brand and brand loyalty cause revival to brand loyalty and awareness which makes the actual purchase happen (Hafeez, 2014).

Soft drinks are non-alcoholic drinks that contain water, sweetener, and a flavour and give consumers a sense of satisfaction and relaxation (Attila and Cakir, 2011). In Australia, soft drinks are defined as carbonated beverages (Moretto et al., 2014), and they are one product type within a broader category of sugar-sweetened beverages (Hu, 2013).

The concept of consumer perception/attitude is one of the most important concepts in the study of consumer behavior. Many firms are spending millions of dollars researching consumer's attitude toward their products and brands. The term measuring consumer's attitude is used to identify what types of feelings the consumers show on specific branded products (Muzakkeerul and Alam, 2009).

Our perception for a product or service is learned predisposition to behave in a consistently favourable or unfavourable way with respect to a given object. Perceptions are not overt behaviour, rather covert or unobservable internal reactions (Mia, 1999). Consumers learn these attitudes over time by being exposed to the object directly or through receiving information about the object. Favourable attitude can be the cause of favourable buying decisions. It is related to the intention of buying a product. This study is conducted to find out the perception of consumers towards Coca Cola products in Addis Ababa and to see how these are influenced by the total attributes of the product.

The present severe competition in the soft drink industry in Ethiopia is mainly between two giant products Coca Cola and Pepsi Cola. One of the major determinants in winning this completion is gauged to on how customers' view the soft drinks in light of certain major factors. By identifying and working on improving these factors can potentially help Coca Cola win the completion and grab highest market share. The researcher being one staff member of the Coca Cola Company has motivated her to undertake this study so that an insight can be forwarded to the management and concerned body of the company to ensure long lasting profitability and reputation.

## **1.2.Statement of the Problem**

In the past few decades there has been increased interest in the marketing and study of food and beverages worldwide, and this increased interest can be attributed to two major factors: innovation in product development and marketing strategy and increased concern for health and the healthiness of food. According to the dietary guidelines of the USA, the intake of products high in added sugar such as soft drinks is a concern (United States Departments of Agriculture and Health and Human Services, 2002). Sugar-sweetened beverages such as soft drinks are considered unhealthy food products that are energy rich and nutrient poor (Pettigrew et al., 2015). Soft drinks are among the large group of unhealthy food products that are energy dense and nutrient poor (Kant, 2000).

Wanjek (2015) reported that, sugar-based drinks are causing 184,000 deaths worldwide per year and although its consumption in Ethiopia is comparatively lower, they still can cause health problems (Karnik, 2015).

Humans unlike machines can have the ability to perceive. It is a feeling which is based on the conclusion formed with the given information around and the mindset of the consumer which is responsible of processing the information (Hafeez, 2014). Perception gives humans the might to make important decisions or can reflect their important decisions. It all leads to the most important decision of purchasing. Purchasing means investing into the brand, for making it a greater brand. As a result the overall perception consumers' accumulate through time over the products quality, price, and health issues have a direct impact on their choice of product and their decision to make the purchase.

Total sales turnover of a given companies product/brand depends on the consumer purchase decision. If the consumers perceive positive about the brand, it means he carries more loyalty and will remain potential customer, until he keeps on getting the right value for his money.

Islam Nazrul et. al, (2009) in their study explained the six important factors which are important for carbonated soft drinks consumers. The factors are color and price, brand image and refreshment, removing tiredness, advertisement, flavor and taste, and Health. Understanding this

variable help companies involved in the soft drink industry to better understand and satisfy their customers which helps the companies to win the market and build their competitive edge.

The purchase decision of a consumer is different as it is lead by buying power, which can help the soft drinks companies and marketing planners for capturing the market share. Consequently, given the fact that there is limited empirical research of soft drinks and attitudes of consumers towards different brands of soft drinks in our country, this study is developed and empirically tests its relevant components from the perspectives of Bangladeshi consumers (Meher, 2017).

For local businesses understand consumer behavior and target groups' needs on the domestic market is a bit difficult to accomplish but the difficulty is not only for local companies rather for multi-national companies, this is an even greater struggle. Despite the fact that most of the world's consumers have certain things in common, their values and perception, as well as behavior often differ. As a result, it is vital that international marketers understand these differences and adapt their marketing strategies accordingly. Failure to do so could result in disaster for a company's international products and marketing programs. More specifically, the degree to which international advertisement should be adjusted in accordance to distinctive consumer characteristics in different countries is of great concern for many companies (Armstrong et al. 2005).

**Research Gap** After review of literature, it was found that research studies related to customer perception toward Coca- Cola have not been give due attention by researchers especially from Ethiopian perspective. Since customers' perception can be shaped based on the culture, economic condition and background of the customers in which they originate and grow, a study should be undertaken to identify and customize factors specifically in Ethiopian context. In addition since culture, background and other external factors are dynamic in nature with a frequent changing tendency, continuous study should be undertaken to tailor the factors influencing customers' perception with the present environment. As a result understanding the customers' perception and attitude about the different aspect of the product offered in the market is necessary to adjust the overall marketing effort towards satisfying the ultimate customers.



### **1.3. Research Questions**

In order to assess the perception of customers towards Coca Cola Products, the researcher has developed the following questions to be answered.

1. How do consumers' perceive Coca Cola soft drinks products?
2. What are the influencing attribute/s of Coca Cola soft drinks that affect customers' perception towards the products?
3. How do consumers' perceive Coca Cola soft drinks in light of the various soft drink dimensions?

### **1.4. Objectives of the Study**

#### **1.4.1. General Objectives**

The general objective of the study is to analyze customers' perception towards the products of Coca Cola Company in Addis Ababa city.

#### **1.4.2. Specific Objectives**

The specific objectives of the study are:

- ❖ To examine the consumer perception of Coca Cola Co. Soft Drink products.
- ❖ To identify the influencing attributes of Coca Cola soft drinks that affect customers' perception towards the products.
- ❖ To measure Coca Cola Soft drinks consumers' perception concerning various dimensions of soft drinks.

### **1.5. Significance of the Study**

For every business especially profit oriented businesses, consumers are believed to be backbone of their business. Any company possess its market share based on how consumers perceive the brand. For consumer, perception of the brand enables them to rank that brand, as good, bad or ordinary. Thus, the study of the consumer's perception about the products of a company has become a significant topic as it helps Coca Cola how its customers think of its many soft drinks.

It will also help customers of the company because the finding of this study will enable Coca Cola know how customers perceive their product which gives the company a chance to consider

its operation and better satisfy the customer group. Finally the finding is believed to fill the existing knowledge gap by undertaking a study on such area which is rarely considered in the case area. As a result other interested researchers can use it for future reference while undertaking a study in similar area.

### **1.6.Scope of the Study**

The study was bounded geographically, theoretically and methodologically. Geographically, even though the products of Coca Cola products are widely consumed in many other consumer markets in Ethiopia, the study was bounded by targeting consumers of the product only in Addis Ababa city. Theoretically, even though the area of marketing is broad in its scope the study has only focused on customers perception towards Coca Cola companies soft drinks. Finally the study is designed to be delimited methodologically; the research design were descriptive and explanatory and has used both primary and secondary data types to be collected from different sources.

### **1.7.Limitation of the Study**

The research was conducted specifically on Coca Cola customers' found in Addis Ababa city; due to time and resource constraints it doesn't consider all customers located in different corners of the country as a result the study was not able to make a generalization that can be applicable for other city customers outside of Addis.

The other limitation is the researcher's lack of well-round experience in undertaking a research work before.

### **1.8.Organization of the Study**

This research has been organized into five chapters: The first chapter presents the introduction, background of the study, statement of the problem, research questions, objective of the study, significance of the study, scope and limitation of the study.

The second chapter deals with the review of related literature, and conceptual framework that underlies on this study. Third chapter presents research methodologies, which include: research design, research sample, sampling procedure, data collection technique and data analysis technique. Chapter four incorporates the findings, analysis and discussion of the finding. Finally, chapter five deals with summary of findings, conclusion and recommendation.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE.**

#### **2.1. Theoretical literature**

The aim of marketing is to meet and satisfy target customers needs and wants. The field of consumer behavior studies how individuals and organizations select buy, use, and dispose of goods, services, ideas or experiences to satisfy their needs and desires. Understanding consumer behavior and knowing consumers are never simple. Customers may say one thing but do another. They may not be in touch with their deeper motivations. They may respond to influences that change their mind at the last minute. Small companies and huge corporations stand to profit from understanding how and why their customers buy (Kotler, 2002).

##### **2.1.1. The Marketing Concept**

The marketing concept, based on central tenets crystallized in the mid-1950s, challenges the three business orientations we just discussed. The marketing concept holds that the key to achieving organizational goals consists of the company being more effective than its competitors in creating, delivering, and communicating customer value to its chosen target markets.

Theodore Levitt of Harvard drew a perceptive contrast between the selling and marketing concepts: “Selling focuses on the needs of the seller; marketing on the needs of the buyer. Selling is preoccupied with the seller’s need to convert his product into cash; marketing with the idea of satisfying the needs of the customer by means of the product and the whole cluster of things associated with creating, delivering and finally consuming it.” (Kotler, et al, 1999).

The marketing concept rests on four pillars: *target market*, *customer needs*, *integrated marketing*, and *profitability*. The selling concept takes an inside-out perspective. It starts with the factory, focuses on existing products, and calls for heavy selling and promoting to produce profitable sales. The marketing concept takes an outside-in perspective. It starts with a well-defined market, focuses on customer needs, coordinates activities that affect customers, and produces profits by satisfying customers (Armstrong, 2005).

## **Target Market**

Companies do best when they choose their target market(s) carefully and prepare tailored marketing programs. For example, when cosmetics giant Estee Lauder recognized the increased buying power of minority groups, its Prescriptive subsidiary launched an “All Skins” line offering 115 foundation shades for different skin tones. Prescriptive credits All Skins for a 45 percent sales increase since this product line was launched.

## **Customer Needs**

A company can carefully define its target market yet fail to correctly understand the customers’ needs. Clearly, understanding customer needs and wants is not always simple. Some customers have needs of which they are not fully conscious; some cannot articulate these needs or use words that require some interpretation. We can distinguish among five types of needs: (1) stated needs, (2) real needs, (3) unstated needs, (4) delight needs, and (5) secret needs.

### **2.1.2. Meaning of Perception**

**Perception** is the process by which an individual selects, organizes, and interprets information inputs to create a meaningful picture of the world.<sup>19</sup> Perception depends not only on physical stimuli, but also on the stimuli’s relation to the surrounding field and on conditions within the individual.

The key word is *individual*. Individuals can have different perceptions of the same object because of three perceptual processes: selective attention, selective distortion, and selective retention.

- ❖ *Selective attention*. People are exposed to many daily stimuli such as ads; most of these stimuli are screened out—a process called *selective attention*. The end result is that marketers have to work hard to attract consumers’ attention. Through research, marketers have learned that people are more likely to notice stimuli that relate to a current need, which is why car shoppers notice car ads but not appliance ads.

Furthermore, people are more likely to notice stimuli that they anticipate—such as foods being promoted on a food Web site. And people are more likely to notice stimuli whose deviations are large in relation to the normal size of the stimuli, such as a banner ad offering \$100 (not just \$5) off a product’s list price.

- ❖ *Selective distortion.* Even noticed stimuli do not always come across the way that marketers intend. *Selective distortion* is the tendency to twist information into How and Why Consumers Buy personal meanings and interpret information in a way that fits our preconceptions. Unfortunately, marketers can do little about selective distortion.
- ❖ *Selective retention.* People forget much that they learn but tend to retain information that supports their attitudes and beliefs. Because of *selective retention*, we are likely to remember good points mentioned about a product we like and forget good points mentioned about competing products. Selective retention explains why marketers' drama and repetition in messages to target audiences (Kotler, 2002).

### 2.1.3. Learning

**Learning** involves changes in an individual's behavior that arise from experience. Most human behavior is learned. Theorists believe that learning is produced through the interplay of drives, stimuli, cues, responses, and reinforcement. A *drive* is a strong internal stimulus that impels action. *Cues* are minor stimuli that determine when, where, and how a person responds.

Suppose you buy an IBM computer. If your experience is rewarding, your response to computers and IBM will be positively reinforced. Later, when you want to buy a printer, you may assume that because IBM makes good computers, it also makes good printers. You have now *generalized* your response to similar stimuli. A countertendency to generalization is *discrimination*, in which the person learns to recognize differences in sets of similar stimuli and adjust responses accordingly. Applying learning theory, marketers can build up demand for a product by associating it with strong drives, using motivating cues, and providing positive reinforcement.

### 2.1.4. Beliefs and Attitudes

Through doing and learning, people acquire beliefs and attitudes that, in turn, influence buying behavior. A **belief** is a descriptive thought that a person holds about something. Beliefs may be based on knowledge, opinion, or faith, and they may or may not carry an emotional charge. Of course, manufacturers are very interested in the beliefs that people have about their products and services. These beliefs make up product and brand images, and people act on their images. If

some beliefs are wrong and inhibit purchase, the manufacturer will want to launch a campaign to correct these beliefs.

Particularly important to global marketers is the fact that buyers often hold distinct beliefs about brands or products based on their country of origin.

Attitudes are just as important as beliefs for influencing buying behavior. An **attitude** is a person's enduring favorable or unfavorable evaluations, emotional feelings, and action tendencies toward some object or idea. People have attitudes toward almost everything: religion, politics, clothes, music, and food. Attitudes put them into a frame of mind of liking or disliking an object, moving toward or away from it.

Attitudes lead people to behave in a fairly consistent way toward similar objects. Because attitudes economize on energy and thought, they are very difficult to change; to change a single attitude may require major adjustments in other attitudes.

#### **2.1.5. Consumer Preferences**

The consumer market amounts to a total of 6.3 billion people, and thus there is great demand for an enormous variety of goods and services, especially as consumers differ from one another in that of age, gender, income, education level, and tastes. Moreover, the relationships between different consumers, as well as their contact with other elements of the world surroundings, affect their choice of products, services, and companies (Kotler 1995).

The reason why consumers buy what they do is often deeply rooted in their minds, consequently consumers do not truly know what affects their purchases as “ninety-five percent of the thought, emotion, and learning [that drive our purchases] occur in the unconscious mind- that is without our awareness” (Armstrong et al. 2005).

Consumers' purchase process is affected by a number of different factors, some of which marketers cannot control, such as cultural, social, personal, and psychological factors. However, these factors must be taken into consideration in order to reach target consumers effectively (see figure 2.1) (Kotler *et al.* 1995).



Figure 2. 1. **Factors influencing consumer behavior (Kotler et al. 2005)**

### ***A. Cultural factors***

Culture is “*the set of basic values, perceptions, wants and behaviors learned by a member of society from family and other important institutions*” (Ibid), and is the primary reason behind a person’s wants and behavior. Although different societal groups have their own culture that affects consumers’ buying behavior, the extent to which it influences the behavior might vary from country to country. Each cultural group can be divided into groups consisting of people with common life experiences and situations, also known as subcultures (Kotler *et al.* 2005), such as nationality, racial groups, religion, and geographical areas. The third cultural factor is social class, which is constituted upon among other variables: occupation, income, education, and wealth (Blackwell *et al.* 2001).

### ***Social factors***

The second classification of factors affecting consumer behavior is social grouping, which is composed of small groups, social roles and status, and family that affect all individuals to some extent. Some of these groups have a direct influence on a person, i.e. membership groups, groups that a person can belong to (Kotler *et al.* 2005), and reference groups which “*serve as direct (face-to-face) or indirect points of comparison or reference in forming a person’s attitudes or beliefs*” (Armstrong *et al.* 2005). However, some people are affected by groups in which they do not belong to; these reference groups include aspirational groups, groups that a person desires to belong to and a fan’s admiration for an idol, etc. (Armstrong *et al.* 2005).

Finally, a wife, husband or a child have strong influences on a consumer and thus the family is the most vital consumer buying organization in society (Kotler *et al.* 2005).



### ***B. Personal factors***

Consumers' personal characteristics, like for instance age and life-cycle stage, occupation, economic situation, lifestyle, as well as personality and self-concept influence consumers' buying behavior. Moreover, depending on a person's occupation and financial situation, as well as the stage in life a person is in, his/her demands for products shift. A person's lifestyle forms his/her world and the way he/she decides to act, thus a person's activities, interests, and opinions constitute their lifestyle, as well as affecting the choice of products (Armstrong *et al.* 2005). Moreover, all people are individual; hence have a unique personality of different characteristics, which is often portrayed with traits, such as self-confidence, dominance, sociability, autonomy, defensiveness, adaptability, and aggressiveness (Blackwell *et al.* 2001).

### ***C. Psychological factors***

Four objects constitute this group of factors, namely motivation, perception, learning, and beliefs & attitudes. When a person is motivated, he/she acts accordingly and the actions taken are affected by the person's perception of the situation. Perception is the individual selection, organization and interpretation of the information which flows through people's senses, and consequently a meaningful picture of the world is formed. When people experience new things, changes take place in their behavior, i.e. they learn new things when they take action. As a result, beliefs and attitudes are acquired and hence affect the buying behavior (Armstrong *et al.* 2005).

## **2.2. Empirical Literature**

A study on Attitude towards soft drinks and its consumption pattern: a study of Gen Y consumers of India by Niraj and Subhajyoti (2018), with the purpose of examining the consumption patterns and attitudes towards soft drinks among Indian youth was made. A questionnaire was used to investigate consumption patterns, attitudes, and socio-demographic profiles of college-attending respondents between the ages of 18 and 30. Cluster analysis and factor analysis were undertaken to obtain a better understanding of the attitudes among young consumers towards soft drinks. A logistic regression model was used as a predictor to distinguish between frequent and non-frequent soft drink consumers. The findings shows, Indian youths preferred diet drinks and fruit juices more than regular soft drinks. Easy availability of soft drinks at the locations closure to consumers was a critical factor in determining consumers' purchase and consumption level. Attitude towards the utility and nutritional dimensions of soft drinks had a positive and significant influence on the frequency of consumption.

A Study on the Consumer Perception towards Soft Drinks by Dr. Manvinder Tandon (2017) was undertaken with the aim of finding the factors influencing the purchase of soft drinks and the consumer perception towards soft drinks. In this the primary data was collected through a structured questionnaire from 150 respondents of DAV University, Jalandhar. The important factors which influence the purchase of soft drinks are Price and availability of the Soft drinks, Brand name, Brand value and, Packaging. Through this study, it was found out that consumer keep all these factors in mind while purchasing the soft drinks and the companies should also focus on the factors like packaging, availability and price of the soft drinks in order to gain competitive advantage and profit for the firm.

Reddy Venkateswara et al (2015) in this study tried to find out the leading player in the soft drinks market and concluded that the Coca-Cola Brand is a leading player in the market. Because of the quality, price and brand value of Coca Cola products, it has become the symbol of quality and brand image all over the world.

Raffia nashath (2015) in his study explored certain demographical factors that affect the overall preference of the consumer towards soft drinks. Also he found out that the factors such as Brand, Taste, Aesthetics, Variety, Availability, Discount & Offers, Brand Ambassador, Advertisement,

Eco-Friendliness and Ingredients has a significant impact on the overall preference of the consumer towards soft drinks.

Kaur Simranjeet et al (2013) in his study developed a better understanding of consumption pattern of soft drinks and fruit juices of consumers at Indore city. Results from descriptive statistics for the survey indicated that 42% of their respondents prefer Soft Drinks and 58% of the respondents prefer fruit juices.

Kirwa Jairo (2013) in his study stated that soft drinks are still popular beverage in the youth market in both Kenya and India. However, it is evident from the study that the consumption of soft drinks in India is reducing with health concern as the main cause for the same. Parents are very crucial in introducing their children to various soft drinks brands and subsequently shaping their loyalty in Kenyan Market.

Islam Nazrul et al (2009) in this study explained the six important factors which are important for carbonated soft drinks in Bangladeshi consumers. The factors are color and price, brand image and refreshment, removing tiredness and digestive, advertisement, flavor and taste. The most important factor of the soft drinks selecting by young users is color and price. According to the study, highest importance is given to this factor factors followed by brand image and refreshment, removing tiredness and digestive, advertisement, flavor and taste.

Arunagiri, (1990) in his research work, "A study on consumer attitude towards advertisement in Chidamparam town with reference to selected cosmetic product", revealed that advertisement undoubtedly influenced the consumer behavior and created a preference for the advertised brand. Besides consumer awareness depended price, brand quality and durability. So the producers should bear all these points in his mind while producing and marketing various cosmetic goods.

Shanmugasundaram and Reginald James (1990)<sup>14</sup> - have made a study, entitled "Demographic and psychological factors that influence the pattern and selection in soft drink and tetra pack drinks in Vellore town" A sample of 250 consumer was selected for this study. The study revealed that Gold Spot was the most favored soft drink and the company's reputation did not act as a strong reason for choosury (or) purchasing a soft drink. Television was found to be the most effective medium that influenced the consumers in the purchase of soft drinks. The study further

showed that the Tetra pack soft drinks were found to be more popular than the bottled ones, due to their convenience in usage.

Dhuna (1984) in his article “An Analysis of Consumer Behavior - A Case Study of Soft Drinks” done in Rohtak during 1983-84 aimed at determining the prevalent attitudes of consumers towards soft drinks. Taking a sample of 150 consumer, he showed how factors like age, profession, sex and income affect attitudes in the purchase of the products his findings were as follows: Campa Cola a pure soft drinks product, was found to be highly popular among the consumers. The second position was held by Thumps up, the third by Limca and the fourth by gold spot. Regarding the consumption pattern of consumers, it was found that 54 percent of the respondents were in the habit of taking soft drinks in summer only. Taste and the respondents interest in the product’s advertisements, were found to play the most important role in the purchase - decision. It was also found that about 70 percent of the respondents changed their brand quite often.

**Table 2. 1:** Summary of Empirical Literature.

No	Title	Author	Year	Finding
1	Attitude towards soft drinks and its consumption pattern: a study of Gen Y consumers of India	Niraj and Subhajyoti	2018	<ul style="list-style-type: none"> <li>• Indian youths preferred diet drinks and fruit juices more than regular soft drinks.</li> <li>• Easy availability of soft drinks at the locations close to consumers was a critical factor in determining consumers' purchase and consumption level.</li> <li>• Attitude towards the utility and nutritional dimensions of soft drinks had a positive and significant influence on the frequency of consumption</li> </ul>
2	Consumer Perception towards Soft Drinks	Dr. Manvinder Tandon	2017	<ul style="list-style-type: none"> <li>• Consumer keep all these factors in mind while purchasing the soft drinks</li> <li>• Companies should also focus on the</li> </ul>

				factors like packaging, availability and price of the soft drinks in order to gain competitive advantage and profit for the firm.
3	Consumer Buying Behavior towards Soft Drinks in Chittoor District in Andhra Pradesh	Reddy Venkateswara D.Yuvaraju and Durga rao	2015	<ul style="list-style-type: none"> <li>• Coca-Cola Brand is a leading player in the market.</li> <li>• Because of the quality, price and brand value of Coca Cola products, it has become the symbol of quality and brand image all over the world</li> </ul>
4	Factors that affect the overall preference of the consumer towards soft drinks	Raffia nashath	2015	<ul style="list-style-type: none"> <li>• Factors such as Brand, Taste, Aesthetics, Variety, Availability, Discount &amp; Offers, Brand Ambassador, Advertisement, Eco-Friendliness and Ingredients has a significant impact on the overall preference of the consumer towards soft drinks</li> </ul>
5	Consumption Pattern of Soft Drinks and Fruit Juices: A Comparative Study	Kaur Simranjeet Sandhar Dheeraj Nim Shikha Agrawal	2013	<ul style="list-style-type: none"> <li>• 42% of their respondents prefer Soft Drinks and 58% of the respondents prefer fruit juices</li> </ul>
6	Brand loyalty in global soft drink consumer markets of Kenya and India. Comparative study	Kirwa Jairo	2013	<ul style="list-style-type: none"> <li>• Consumption of soft drinks in India is reducing with health concern as the main cause for the same.</li> <li>• Parents are very crucial in</li> </ul>

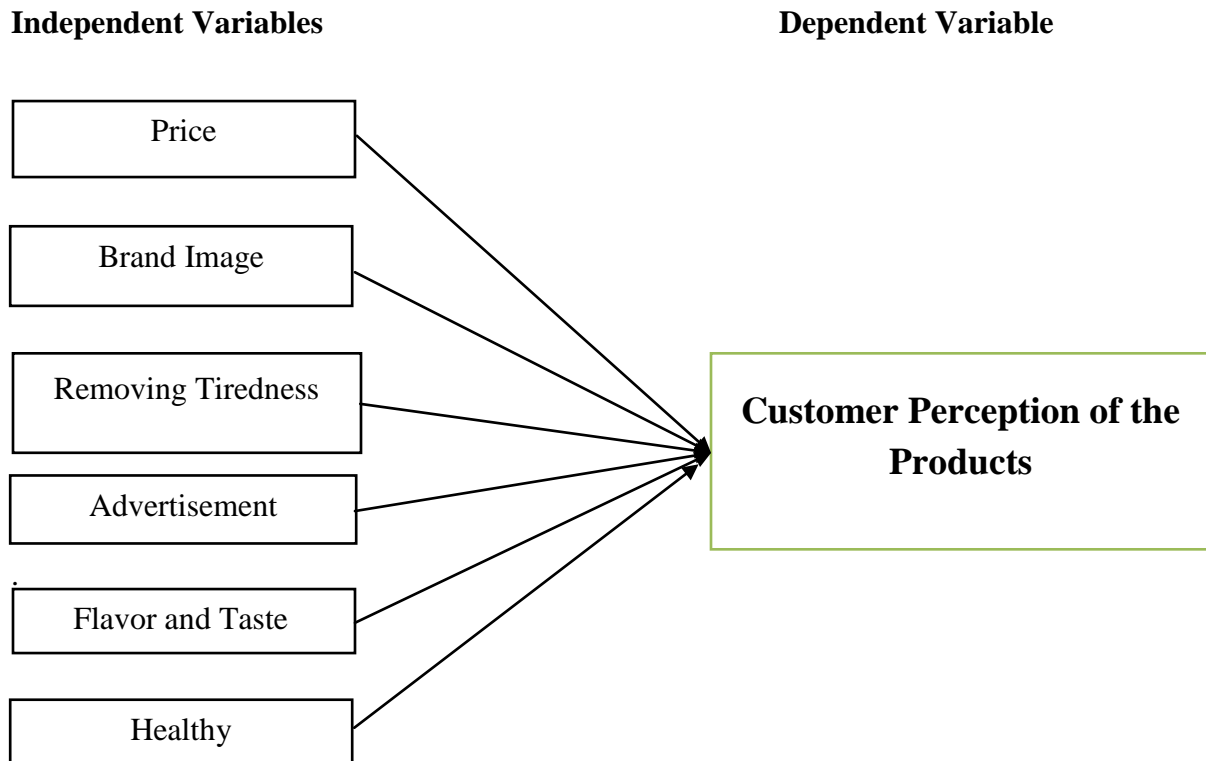
				introducing their children to various soft drinks brands and subsequently shaping their loyalty in Kenyan Market
7	A Multivariate Analysis Of The Selection factors Of Carbonated Soft Drinks In Bangladesh	Islam Nazrul Wahidul Habib	2009	<ul style="list-style-type: none"> <li>• Color and price, brand image and refreshment, removing tiredness, advertisement, flavor and taste, and Health are important for carbonated soft drinks consumers.</li> <li>• The most important factor of the soft drinks selecting by young users is color and price</li> </ul>
	A study on consumer attitude towards advertisement in Chidamparam town with reference to selected cosmetic product	Arunagiri,	1990	<ul style="list-style-type: none"> <li>• Advertisement undoubtedly influenced the consumer behavior and crated a preference for the advertised brand</li> </ul>
	Demographic and psychological factors that influence the pattern and selection in soft drink and tetra pack drinks in Vellore town	Shanmugasundaram and Reginalel James	1990	<ul style="list-style-type: none"> <li>• Television was found to be the most effective medium that influenced the consumers in the purchase of soft drinks</li> <li>• Tetra pack soft drinks were found to be more popular than the bottled ones, due to their convenience in</li> </ul>

				usage
	An Analysis of Consumer Behavior - A Case Study of Soft Drinks	Dhuna	1984	<ul style="list-style-type: none"> <li>• Regarding the consumption pattern of consumers, it was found that 54 percent of the respondents were in the habit of taking soft drinks in summer only.</li> <li>• Taste and the respondents interest in the product's advertisements, were found to play the most important role in the purchase – decision</li> </ul>



### 2.3. Conceptual Framework

Based on the above theoretical and empirical literatures the researcher has developed the following conceptual framework. As stated above, the six factors used for this study are found to highly influence customers' perception towards their soft drink choice. These factors are price set for the drinks, brand image, ability to remove tiredness, advertisement used to communicate with customers, flavor and taste of the soft drinks and how healthy they are to consume. Even though there are many factors that can potentially influence customers' perception the researcher as used this six attributes considering the external environment in which the study was undertaken. The dependent variable for this study was customers' perception on the soft drinks of EABSC. As a result the main focus and scope or boundary of this study or the conceptual relationship between the independent variables (the six attributes) and the dependent variable is portrayed diagrammatically as shown below



**Figure 2. 2:** Conceptual Framework of the Study

**Source:** Islam Nazrul et al (2009). Modified by the Researcher.

## **CHAPTER THREE**

### **METHODOLOGY OF THE STUDY**

#### **3.1. Description of the Study Area**

Coca-Cola was first bottled in Ethiopia's capital Addis Ababa in 1959 by the Ethiopian Bottling Share Company, which later opened a second branch in Dire Dawa in 1965. The two plants were nationalized in 1975 and ran as public companies until 1996 when they were bought by Ethiopian entrepreneurs. Just prior to this, in 1995, Coca-Cola Sabco bought shares in the business and, in 1999, signed a joint venture agreement with the plants. With its leadership working hand in hand, the business has seen significant growth over the years. Processes and functions have been improved, resulting in considerable sales increases. In 2001, Coca-Cola Sabco increased its shares to 61% and the company changed its name to the East African Bottling Share Company (EABSC).

In 2002, it celebrated the US\$6,4-million upgrade project of its Addis Ababa plant. In 2003 saw the inauguration of the brand new 'Philipp H Gutsche Training Centre' at the Addis Ababa plant.

In 2004, for the first time in its history, the EABSC registered a volume score of 'Ten Million Plus'. In 2013 it inaugurated a new PET line and a massive expansion to its Dire Dawa Branch at a total cost of \$70 million dollar. In 2013 it launched Route to Market Project. In 2013 it has received 30ha of land from the Bahir Dar city administration to build its third Coca-Cola factory. Currently Ethiopians enjoy a range of beverages from EABSC, including those from the Fanta group, Coca-Cola, Sprite, Schweppes, Coke Light and Dasani Bottled Water.

**Figure 3. 1:** Google Map of Addis Ababa City



### **3.2. Research Design**

According to McDaniel and Gates (1999), a research design is a plan for a study that provides specification of procedures to be followed by the researcher in order to achieve the research objective, as well as, to test the hypotheses. Similarly, many researchers call it a blueprint for a research to be followed in order to successfully implement the research

This research has used descriptive and explanatory research design. Descriptive research attempts to describe systematically a situation, problem, phenomenon, service or programme, or provides information about an issue and explanatory research attempts to clarify why and how there is a relationship between two or more aspects of a situation or phenomenon. As it focuses on attempting to examine customers' perception and attributes affecting customers' perception towards the products.

### **3.3. Research Approach**

The approach of the study is quantitative in its nature, which enables to analyze the data quantitatively which was collected from the customers of east African bottles products using questionnaire.

### **3.4. Data Type and Source.**

The study has used both primary and secondary data collection method to reach into the targeted objective of the study. The primary data were collected from customers of Coca Cola products and secondary data were collected from different sources such as company report, journals, books and other documented materials.

### **3.5. Method of Data Collection.**

From the primary and secondary sources used for the study, the primary data were gathered through questionnaire as they guarantee confidentiality; respondents reply without any hesitance and with honesty as it allows anonymity, which is not the case of interview. The study depends on primary data, which were collected through survey method by using a questionnaire developed from different literatures. The first section of the questionnaire inquired about the general information about the respondents. The rest of the sections dealt with questions to examine customers' perception towards the products of East African Bottling.

The data collection method were self-administered questionnaire filled by the customers of the products. The questionnaire contained different question items and the degree of the customers agreement to the statements was measured using five point Likert Scale method labelled as strongly disagree, disagree, neutral, agree and strongly agree, which is adopted from Nogath Morgan (2014).

Customer satisfaction on soft drinks was measured with separate questions with a response of very dissatisfied, dissatisfied, neither satisfied nor dissatisfied, satisfied and very satisfied. The Likert scale method is selected to make the questionnaire convenient to the respondents and maximize the response rate.

### **3.6. Sample Size and Sampling Procedure.**

#### **3.6.1. Population of the Study**

The target population for this study were customers' of all soft drinks provided by east African bottling company found in Addis Ababa city. The variety of the products is six and the number of customers in the study area are unknown.

### 3.6.2. Sample Size.

Since the population size is infinite or unknown. The total sample size is determined by using the following sample size determination for unknown population (Kothari 2004).

$$n = \frac{(Z)^2 \times P(1-p)}{d^2}$$

**Where:**

n= Sample size

(Z)<sup>2</sup>= Z-score at 95% confidence interval =1.96

P= Proportion of success = 0.5

d= Margin of error=0.05(5%)

Therefore the value of *n* was calculated as follows;

$$n = \frac{(1.96)^2 \times 0.5 (1-0.5)}{(0.05)^2}$$
$$n = \underline{384.16} \approx \underline{384}$$

### 3.6.3. Sampling Techniques

The target population for this study were individuals who purchase and consume the variety of soft drink products produced by East African Bottling S.C. It is difficult to exactly know their numbers in the study area. As a result the population is considered as unknown population

Since it is difficult to collect data from all customers, considering the resource and time it takes to collect information, survey study were conducted by selecting a representative sample size.

Given that it is difficult to establish sampling frame for the customers, the sample respondents were selected using convenience sampling technique by selecting customers found using the drinks at the time of data collection

### 3.7. Method of Data Analysis.

The results of the survey were presented in descriptive and inferential forms. Statistical Package for Social Science (SPSS) software were employed to analyze and present the data through the statistical tools used for this study, namely descriptive analysis, correlation and multiple regression analysis.

### 3.7.1. Descriptive Analysis.

The descriptive statistical results were presented by tables, frequency distributions and percentages.

### 3.7.2. Inferential Analysis.

The study has used the regression coefficients to test the magnitude of the relationship between dependent and independent variables. The study has also used Pearson correlation coefficient to test the proposition that, the major factors which are important for carbonated soft drinks consumers has a significant relationship with creating good perception towards the product which leads to customer satisfaction.

Ordinary least squares regression model was used to indicate the major factors that influence customers' perception towards the products. Ordinary least squares regression model (OLS) is a generalized linear modelling technique that may be used to model a single response variable which has been recorded on at least an interval scale. OLS models the relationship between a dependent variable and a collection of independent variables. The technique may be applied to single or multiple explanatory variables and also categorical explanatory variables that have been appropriately coded.

Before estimating any model, it is a must to check the validity of the model properly. To this respect necessary assumption tests were made.

In regression model the relationship between the dependent variable and the independent variables is expressed as a linear combination of the independent variables plus an error term.

The multiple linear regression model is specified as:

$$CP = \beta_0 + \beta_1P + \beta_2BI + \beta_3RT + \beta_4ADV + \beta_5FT + \beta_6HE + \epsilon$$

Where: CP= Customer Perception for the soft drinks

$\beta_0$  is regression constant,

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$  are coefficient,

- ❖ P= Price
- ❖ BI = Brand Image
- ❖ RT= Removing Tiredness
- ❖ ADV= Advertisement
- ❖ FT= Flavor and Taste
- ❖ HE= Healthy

Where the  $\beta$ s are regression coefficients of independent variables, P, BI, RT, ADV, FT, and HE are column vectors for the independent variables in this case; Color and Price; Brand Image and Refreshment; Removing Tiredness and Digestive; Advertisement; Flavor and Taste; and Healthy, and  $\epsilon$  is a vector of errors of prediction. The errors are assumed to be normally distributed with an expected value of zero and a common variance.

### **3.8. Validity and Reliability Test**

#### **3.8.1. Test of Validity**

Before conducting the study the validity of the questionnaire was tested to know whether or not the questionnaire measures what it claims to measure. The content validity was estimated by reviewing the test items with my main advisors, and was also asked to indicate whether or not he agree that each item is appropriately matched to the content area indicated. Items that he identify as being inadequately used to conduct the study, or flawed in any other way, were revised.

#### **3.8.2. Test of Reliability**

Before turning to the analysis, the reliability of questionnaire for answering the research question was also tested to see whether the questions chosen are consistent with one another. The reliability was checked by conducting a pilot study. From the total sample size, 10% of the total sample (38) questionnaires were distributed to the users of the identified soft drinks. The reliabilities of the variables (data) were checked against the Nunnally's recommended standards (Cronbach's  $\alpha \geq 0.70$ ) mainly to ensure that they are reliable indicators of the constructs (Nunnally's, 1967). As table 4.2 shows, the Cronbach's alpha calculated for the six factors affecting soft drink customers' perception and customers' satisfaction was, 0.825 for price, 0.756 for brand image, 0.824 for removing tiredness, 0.837 for advertisement, 0.720 for flavor and taste, 0.701 for healthiness and 0.768 for customers' satisfaction. The average Cronbach's alpha value of all 6 categories used to assess factors influencing customers' perception towards coca cola products and the items developed to measure the level of customers' satisfaction is found to be 0.776. This result confirms that the items identified in each category are cohesive enough to adequately represent a single concept.

**Table 3. 1:** Reliability Test

No	Perception Dimensions	Number of items	Cronbach alpha value
1	Price	4	0.825
2	Brand Image	4	0.756
3	Removing Tiredness	3	0.824
4	Advertisement	3	0.837
5	Flavour and Taste	5	0.720
6	Healthiness	4	0.701
7	Customers' Satisfaction	6	0.768
	<b>Average Cronbach's Alpha Value</b>	<b>29</b>	<b>0.776</b>

**Source:** Sample Survey, 2019

### **3.9. Variables Explained**

The study has incorporated dependent and independent variables.

**Independent variable:** six independent variables are identified (Price; Brand Image; Removing Tiredness; Advertisement; Flavor and Taste; and Healthy). They were measured using standard likert scale questions that can help measure each dimension systematically.

**Dependent variable:** The dependent variable is customer perception and it was measured using questions developed to be answered by respondents.

### **3.10. Ethical Considerations**

While conducting the study, ethical issues were primarily considered. Before conducting the data collection all the necessary information about the study was provided to the sample respondents, i.e. who is conducting the study, for what purpose, and the like, this has helped them to decide whether or not to participate in this study. They were also notified that their participation in the study is voluntary, that they have the freedom to withdraw from the study at any time without any unfavourable consequences, and they are not harmed as a result of their participation or non-participation in the project. They were also aware that anonymity and confidentiality of their response are guaranteed.



## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

#### **4.1.Introduction**

This chapter deals with presentation and analysis of the data which have been obtained by questionnaire. It analyzes the demographic characteristics, consumer perception on Coca Cola Co. soft drinks products, identify the influence of Price, Brand Image, Removing Tiredness, Advertisement, Flavor and Taste and Healthiness towards customers' perception on its products and finally measure the level of satisfaction of consumers concerning various aspects of Coca Cola soft drinks.

It contains five sections. The first section describes the data. The second section deals with demographic characteristics of sample respondents. The third section examines the consumer perception on Coca Cola Co. soft drinks products. The fourth section deals with the identification of influencing attributes of Coca Cola soft drinks that affect customers' perception towards the products. Finally, the last section measures the level of satisfaction of consumers concerning various aspects of Coca Cola soft drinks.

As it was already mentioned in the research methodology part, questionnaire is used as primary data collection method. The data was collected from customers of the Coca Cola products from March– April, 2019. To make data collection easy and manageable the questionnaires were also translated in to Amharic language.

Out of 384 questionnaires and 10% (38 questionnaires) contingency distributed to the respondents (customers), the researcher was able to collect the 384 sample size required for the study to be representative. With the demand of increasing the representativeness of the sample for the total population, the uncollected and incomplete questionnaires were replaced from the questionnaires distributed as a contingency.

#### 4.2. Description of Demographic Characteristics of Respondents (Employees)

The first part of the questionnaire solicited the respondents about their general demographic data. Accordingly the response of the respondents is discussed in the table and paragraph below.

**Table 4. 1:** Demographic Characteristics of Respondents

Variables		Freq	%	Cumulative %
Sex	Male	205	53.4	53.4
	Female	179	46.6	100
	<b>Total</b>	<b>384</b>	<b>100</b>	
Age	18-30	242	63.0	63.0
	31-40	89	23.2	86.2
	41-60	42	10.9	97.1
	Above 60	11	2.9	100
	<b>Total</b>	<b>384</b>	<b>100</b>	
Level of Education	Below Diploma	146	38.0	38.0
	Diploma or TVET	68	17.8	55.8
	First Degree	144	37.5	88.1
	2 <sup>nd</sup> Degree or above	26	6.8	100
	<b>Total</b>	<b>384</b>	<b>100</b>	

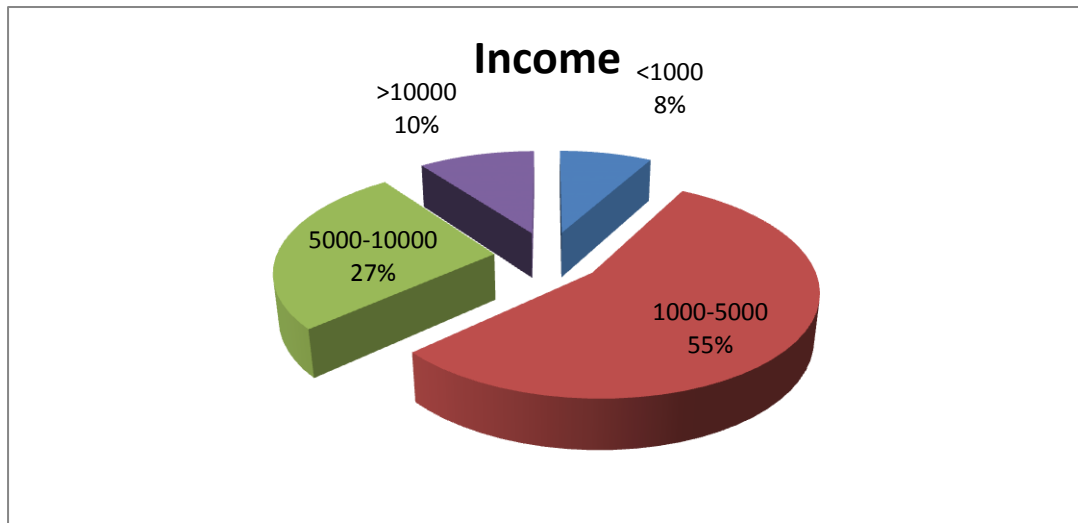
**Source:** Sample Survey, 2019

From the collected and analyzed data using questionnaire from customers of Coca Cola products, 205 (53.4%) of the respondents are males and 179 (46.6%) of them are females. From this data, it can easily be observed that the proportion of male and female customers is close to one another with a slight domination of male respondents.

Regarding the second item of demographic characteristics of sample respondents which is the age of the respondents, out of the total 384 respondents 242 (63%) of them are between the age of 18-30, 89 (23.2%) of them are between 30-40 years, 42 (10.9%) of the respondents lies between the age of 41-60, and the remaining 11 (2.9%) of the respondents are aged above 60.

From this result the researcher can cascade the conclusion that most of the respondents selected are aged 18-30. This implies most of the respondents selected as customers of coca cola products are mature enough to know and understand the concept of perception and its importance in making purchase decision. To this end, individuals aged above 18 are better at understanding problems and giving rational response for solving problems in hand.

As far as their educational status is concerned, 146 (38.0%) of the respondents are below diploma on their level of education, 68 (17.8%) are diploma holders, 144 (37.5%) of them are first degree holders, whereas the remaining 26 (6.8%) of the respondents have a MBA (MSC) and above. It is definite that the educational status of a given individual has a great deal to do with understanding and commenting regarding a given issue. From the finding, 62.1% of the respondents are Diploma and above in their level of education. This shows that the respondents are capable to understand and forward their written feedback for the questions provided.



**Source:** Sample Survey, 2019

**Figure 4. 1:** Income Level of respondents.

The above pie chart deals with the level of income of the sample respondents, the chart shows that majority of the respondents (55%) fall in the income range of between 1,000-5,000 birr/month. It is followed by an income group of 5,000-10,000 which is 27%. The remaining 10% and 8% of the respondents get an income of more than 10,000 and less than 1,000 birr per month. From the result it is clear than majority of the respondents fall between lower and moderate income groups.

Regarding the descriptive interpretations for variables or dimensions used on the survey; 5 = Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree and 1 = Strongly disagree, were used to measure their response. The mean level of agreement between the group is categorized on the scale; SA = Strongly Agree (4.51 or greater); A = Agree (3.51 – 4.50); N = Neutral (2.51 – 3.50); D = Disagree (1.51 – 2.50); and, SD = Strongly Disagree (1.49 or less). And, to make the result more comfortable for analysis three bases scale is used, **Agree** (3.51 and above), **Neutral** (2.51 to 3.50), and **Disagree** (less than 2.50) (Dane B., 2007).

### 4.3. Consumers' perception of Coca Cola Co. soft drinks products.

This section of the analysis deals with the analysis of the data collected from the sample respondents regarding the consumers' perception towards coca cola soft drinks.

#### 4.3.1. Analysis of respondents Patter, preference and frequency of soft drink usage

**Table 4. 2:** Patter, preference and frequency of soft drink usage

S/N	Items	Alternatives	Frequency	Percentage (%)
1	<b>Do you like soft drinks?</b>	Yes	327	85.16
		No	57	14.84
2	<b>Frequency of consumption.</b>	Daily	119	30.98
		2 to 4 days	176	45.83
		More than 4 times	51	13.28
		Once a week	6	1.56
		Very rare	32	8.34
3	<b>Occasions to consume soft drink.</b>	Feeling thirsty	127	33.07
		Without any reason	149	38.80
		Parties or celebrations	77	20.05
		Others,	31	8.07
4	<b>Which soft drink do you like more?</b>	Coca cola	104	27.08
		Pepsi	47	12.24
		Miranda	88	22.92
		Fanta	27	7.03
		Sprite	94	24.48
		7up	16	4.17
		Other	8	2.08
5	<b>Do you drink the same soft drink every time?</b>	Yes	277	72.14
		No	107	27.86

Source: Sample Survey, 2019

The table above shows finding collected from sample respondents regarding pattern, preference and frequency of soft drink usage. It incorporates five items pertaining to the above mentioned issues.

The first item deals with the assessment of customers' response if they like soft drinks in general. From the survey, it was found that amongst the total 384 respondents' majority 327 of them like soft drinks and the remaining 57 of the people do not like soft drinks. From the analyzed data it is clear that soft drinks are preferred by majority of the people.

The second item in Table 4.3 shows how frequently respondents consume soft drinks. As shown in the above table, out of the total participants of the survey majority 176 of them use soft drinks 2 to 4 times a week, followed by customers with a frequency of usage of daily 119. The remaining 32 and 6 of the respondents consume soft drinks very rarely and once a week respectively.

Regarding customers' preference of soft drink among the available soft drinks in the market produced by the two highly competitive companies Coca Cola and Pepsi, the finding of the survey shows that most customers prefer Coca Cola and Sprite with a percentage of 104 and 94 respectively. 88 of the respondents prefer Miranda as a soft drink choice. Pepsi Cola is preferred by 47 of the participants of the survey. The remaining 27, 16 and 8 of the respondents show their preference towards Fanta, 7up and other soft drinks (Melkam Moringa and red bull) respectively. From the finding it is clear that more than the lion's share of the customers 225 (58.59%) are in favour of Coca Cola products.

The last item in this section focuses on the usage of similar soft drink every time. With the finding reveals that majority of the respondents 277 use the soft drink they are in favor of every time they consume soft drinks. The remaining 107 of the total respondents preferred variety in their choice of soft drink which means, they wanted to taste different drinks with different flavors. As a result it can be concluded that most customers in the soft drink industry around the study area are more loyal to their preferred soft drink brand.

#### 4.3.2. Consumer perception of Coca Cola soft drinks products.

This section is aimed to examine sample respondents perception towards coca cola products. Perception is a process through which any consumer tries to manipulate the brand information in order to get awareness about the brand which can lead to transformation of brand into brand loyalty. As a result it is a very determinant factor because consumers highly rely on their perception of the products relative value in deciding which products and services to buy.

**Table 4. 3: Customers’ perception of coca cola products**

s/n	Question	Alternatives	Frequency	Percentage
1	Coca Cola Soft drinks are mainly aimed for children.	Agree	41	10.7
		Neutral	97	25.3
		Disagree	246	64.0
		<b>Total</b>	<b>384</b>	<b>100</b>
2	I believe coca cola is preferred with food or snack.	Agree	<b>214</b>	<b>55.7</b>
		Neutral	<b>78</b>	<b>20.3</b>
		Disagree	<b>92</b>	<b>24.0</b>
		<b>Total</b>	<b>384</b>	<b>100</b>
3	I enjoy Coca Cola products more than other soft drinks.	Agree	<b>197</b>	<b>51.3</b>
		Neutral	<b>117</b>	<b>30.5</b>
		Disagree	<b>70</b>	<b>18.2</b>
		<b>Total</b>	<b>384</b>	<b>100</b>
4	I believe that consuming them help to relieve my thirst.	Agree	<b>203</b>	<b>52.9</b>
		Neutral	<b>75</b>	<b>19.5</b>
		Disagree	<b>106</b>	<b>27.6</b>
		<b>Total</b>	<b>384</b>	<b>100</b>

**Source:** Sample Survey, 2019

The first item which aims if customers’ perceive coca cola products as being only for children, the finding shows that 246 of them perceive it as a drink which can also be consumed by others not considered as child. But still 41 of the respondents agree that it is for kids. This shows the sweetness of the drinks didn’t alter others from using it.

Concerning to their preference of coca cola products along with food or snack, majority of them (214) prefer to used the soft drinks of EABSC while taking their meal. 78 and 92 of the respondents are neutral and disagree with the idea of taking coke with food. This shows most respondents perceive the soft drinks complementary to eating food.

Regarding their perception of the coca cola drinks than other substitute soft drinks, the result shows they prefer coca cola than other available soft drinks in the market. A significant number

of respondents are indifferent if it is coke products or other soft drinks. 70 shows their preference to other alternative soft drinks available. As a result lion's share of the respondents show they are in favor of coca cola products than substitutes.

The finding also shows majority of respondents (203) perceive coca cola products best in quenching their thirst when they take it while they are thirsty. This implies they perceive the drinks of EABSC as preferable to satisfy once thirst.

**Table 4. 4: Customers' perception of coca cola products**

s/n	Question	Alternatives	Frequency	Percentage
1	I believe the flavor (variety) offered by the company is enough.	Agree	86	22.4
		Neutral	124	32.3
		Disagree	174	45.3
		<b>Total</b>	<b>384</b>	<b>100</b>
2	This product meets my needs.	Agree	<b>134</b>	<b>34.9</b>
		Neutral	<b>142</b>	<b>37.0</b>
		Disagree	<b>108</b>	<b>28.1</b>
		<b>Total</b>	<b>384</b>	<b>100</b>
3	The brand Coca Cola brand has a greater value.	Agree	<b>138</b>	<b>36.0</b>
		Neutral	<b>189</b>	<b>49.2</b>
		Disagree	<b>57</b>	<b>14.8</b>
		<b>Total</b>	<b>384</b>	<b>100</b>
4	The brand attracts me to purchase.	Agree	<b>124</b>	<b>32.3</b>
		Neutral	<b>191</b>	<b>49.7</b>
		Disagree	<b>69</b>	<b>18.0</b>
		<b>Total</b>	<b>384</b>	<b>100</b>

**Source:** Sample Survey, 2019

With regard to their perception towards the flavour of the drinks offered by the company, majority of the respondents perceive the variety of the drinks is not sufficient. Whereas 86 of them perceive the flavour variety is enough. The remaining 124 are indifferent. As a result the overall perception of respondents inclines towards the insufficiency of the variety in the drink line of the company.

Regarding on how they perceive the drinks in meeting customers' need, majority of them are neutral about it, followed by 134 agreeing on meeting their need. The remaining 108 don't believe it meets their needs.

In most developed countries, the perception customers give on the brand of a product has a significant influence on their choice. The finding of the study which aims to assess how customers perceive the brand “coca cola” shows majority of the participants (189) were found to be neutral which implies they don’t give much emphasis on the value of the brand when selecting soft drinks. but still 138 of the respondents perceive the soft drinks as having a great value.

As a result 191 are not attracted or distracted by the accompanied brand the soft drink may possess. Whereas 124 are attracted to purchase coca cola products due to the fame the brand possesses. The remaining 69 are not totally attracted by the brand when purchasing the soft drinks of EABSC.

**Table 4. 5: Customers’ perception of coca cola products**

s/n	Question	Alternatives	Frequency	Percentage
1	The price is fare and affordable.	Agree	253	65.9
		Neutral	85	22.1
		Disagree	46	12.0
		<b>Total</b>	<b>384</b>	<b>100</b>
2	Coca Cola is easy to find whenever you want to buy.	Agree	<b>296</b>	<b>77.1</b>
		Neutral	<b>59</b>	<b>15.4</b>
		Disagree	<b>29</b>	<b>7.5</b>
		<b>Total</b>	<b>384</b>	<b>100</b>
3	Quantity of sugar is high in soft drinks.	Agree	<b>218</b>	<b>56.8</b>
		Neutral	<b>88</b>	<b>22.9</b>
		Disagree	<b>78</b>	<b>20.3</b>
		<b>Total</b>	<b>384</b>	<b>100</b>
4	I perceive Coca Cola Soft drinks are bad for health	Agree	<b>114</b>	<b>29.7</b>
		Neutral	<b>173</b>	<b>45.1</b>
		Disagree	<b>97</b>	<b>25.2</b>
		<b>Total</b>	<b>384</b>	<b>100</b>

**Source:** Sample Survey, 2019

Price set for a product should be reasonable with the value and satisfaction received out of it. Accordingly when examining how sample customers’ perceive the price of the coca cola products, it was found out that majority (253) of the respondents believe the price of the soft drinks are reasonable when compared with the satisfaction it provides and compared with other substitute soft drinks. 85 and 46 are found to be neutral and dissatisfied with the drinks price.



Regarding the drinks easy accessibility, 296 perceive the different drinks of coca cola as being easily being found. Whereas the remaining 59 and 29 replied as neutral and disagree regarding its accessibility.

Most carbonated drinks including coca cola's use sugar as a major sweetener. As a result this study tries to examine how customers perceive the amount of sugar in the drinks. The finding reveals that 218 of them perceive the drinks as containing high quantity of sugar. The remaining 88 and 78 are neutral and disagree respectively pertaining the quantity of sugar in the drinks.

The last item assesses how customers perceive the coca cola products with regard to health issues. The result obtained shows majority of the respondents (173) are unaware of the issue. 114 of them perceive as being unhealthy when frequently consumed. The remaining 97 perceive as being healthy drink. This shows most used don't have know how if coca cola products are good or bad for health

#### **4.4. Inferential Analysis.**

Since the general objective of this research was to analyze customers' perception towards the products of Coca Cola Company in Addis Ababa city, it is very important to evaluate the degree of the products attribute to influence customers' preference of the soft drinks. In order to do so, this study has identified and adopted 6 soft drink attributes that can influence customers preference considered as predictive variables which are Price, Brand Image, Removing Tiredness, Advertisement, Flavor and Taste and Healthiness.

#### **Result of the Regression Analysis**

According to Andy Field (2006), multiple linear regression is used to estimate the effect of more than one independent variables over dependent variable. Multiple linear regression is also used to compare which independent variable has more effect on the dependent variable than other independent variables. In order to undertake valid multiple linear regression, there are certain important assumptions that needs to be fulfilled. These assumptions are; normality of the distribution, linearity, independent of residuals and Multicollinearity.

For the study undertaken these assumptions were tested before proceeding to the regression model. The results of the test are discussed and presented in the form of table and figures in the following paragraphs.

#### **Assumptions**

This section test and evaluate the four assumptions necessary in undertaking multiple linear regression model as an analytical tool

#### ***Assumption One: Normality***

Multiple regressions require that the independent variables in the analysis be normally distributed. One way to check normality is skewness and kurtosis test. Hence the skewness and kurtosis statistics for all variables should be within the acceptable range (-1 to +1).

**Table 4. 6: Descriptive Statistics of Normality**

		Price	Brand Image	Removing Tiredness	Advertisement	Flavor and Taste	Healthiness
N	Valid	384	384	384	384	384	384
	Missing	0	0	0	0	0	0
Skewness		-.413	.399	-.282	-.066	.845	.346
Std. Error of Skewness		.188	.188	.183	.183	.183	.163
Kurtosis		.203	-.166	-.098	.132	-.376	.630
Std. Error of Kurtosis		.359	.359	.350	.350	.350	.324

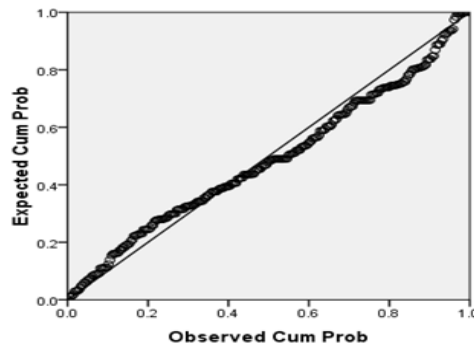
**Source:** Sample Survey, 2019

The above table displays the normality of the variables using Skewness and Kurtosis. A given data of variables in order to be considered as normally distributed, the values of the Skewness and Kurtosis should be within the range -1 and +1. Hence, as it can be seen in the table above, all the variables fall within this range therefore, the variables have fulfilled the assumption of normality.

**Assumption Two: Linearity**

Multiple regressions assume a linear relationship between the independent and dependent variables. The points should be symmetrically distributed around a diagonal line, with a roughly constant variance. Hence using visual inspection of the scatter plot, it can be suggested about the linearity.

**Dependent variable: Customer perception**



**Figure 4. 2: Scatter Plot**

Based on Figure 4.2 it is possible to suggest whether linearity assumption is fulfilled or not. A visual inspection suggests that the relationship of the dependent variable with each of the independent variables is linear. Hence, the variables met the linearity assumption.

***Assumption Three: Independent of Residuals***

The Durbin-Watson statistic is used to test for independent of residuals. The value of the Durbin-Watson statistic ranges from 0 to 4. As a general rule, the residuals are independent (not correlated) if the Durbin-Watson statistic is approximately 2, and an acceptable range is from 1.50 to 2.50.

**Table 4. 7: Independent of Residuals**

<b>Multiple R</b>	=0.894	<b>Durbin-Watson</b>	=1.821
<b>Adjusted R<sup>2</sup></b>	=0.799	<b>Tolerance</b>	>0.2
<b>F-statistic</b>	=19.162	<b>VIF</b>	<10
<b>N</b>	=384		

**Source:** Sample Survey, 2019

- a. **Dependent variable:** Customers’ Satisfaction
- b. Significance at 5% significance level

The above table displays the independent of residuals assumption. Durbin-Watson statistics is 1.821, close to 2 and it is within the acceptable range. Hence, the researcher assumed independence of residuals assumption is satisfied.

***Assumption Four: Multicollinearity***

Multicollinearity is a statistical phenomenon in which two or more independent variables in a multiple regression model are highly correlated. In order to detect the existence of multicollinearity one can compute tolerance values and Variance Inflation Factor (VIF) for each independent variable. Multicollinearity exists when Tolerance is below 0.10; and the average variance inflation factor (VIF) is greater than 2.5. Therefore the researcher has used this technique to test this assumption.

**Table 4.8: Multicollinearity Test**

<b>Variables</b>	<b>Collinearity Statistics</b>	
	<b>Tolerance Should be &gt;.1</b>	<b>VIF Should be &lt; 2.5</b>
<b>Price</b>	0.442	1.814
<b>Brand Image</b>	0.587	1.759
<b>Removing Tiredness</b>	0.611	1.589
<b>Advertisement</b>	0.581	0.754
<b>Flavor and Taste</b>	0.708	1.428
<b>Healthiness</b>	0.787	1.271
<b>Average</b>	0.592	1.545

**Source:** Sample Survey, 2019

As it can be seen in the above table 4.9, the tolerance level of the independent variables is above 0.1 and below 1. The VIF value is below 2.5. From this finding it is clear that Multicollinearity does not exist which means Multicollinearity is not a threat for this data set.

#### **4.4.1. Econometric Results of the six soft drink attributes and Customer perception**

This part discusses the effect or influence of the identified attributes of soft drinks towards customers' perception of the product.

Primarily the relationship among the six independent variables and the one dependent variable was tested using Mark Pearson's Correlation Matrix. According to the matrix (Refer Appendix) all variables were found to be fairly correlated. The highest correlation with customers perception (Dependent Variable) is found to be with price of the product with a correlation coefficient of 0.713 which can be considered as strong as it is above 0.7. The second highest relationship is found to be between health and customers' perception with a score of 0.689, followed by removing tiredness and customers' perception with a value of 0.613 which can be considered as moderate relationship, since it is between 0.7-0.5. The remaining variables which are flavor and taste and advertisement are related with customers' perception with a coefficient of 0.511 and 0.500 respectively. The weakest relationship is found to be with brand image with a score of below 0.5 which is 0.313.

#### **Determinant factors of customers' perception towards Coca Cola products.**

The multiple linear regression analysis was used to examine the magnitude of influence the identified several explanatory variables has on customers' perception. The outcome of the analysis is described in table 4.10. The dependent variable in the analysis is customers' perception.

**Table 4.9:** Econometric results of customers' perception determinant factors.

Model	R	R <sup>2</sup>	Adjusted Square	R	Std. Error of the Estimate	Durbin-Watson
1	.894 <sup>a</sup>	.799	.797		.300	1.821

**Source:** Sample Survey, 2019

The R<sup>2</sup> value of 0.799 shows that about 79.9% of the variation in customers' perception of the soft drink is explained (influenced) by the identified six explanatory variables.

**Table 4. 10:** Result from Multiple Linier Regression of the perception determinants

Variables		Un-standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.157	.067		1.227	.001
	Price	.30	.051	.27	5.437	.004
	Brand Image	.12	.030	.13	3.423	.000
	Removing Tiredness	.22	.035	.21	5.268	.000
	Advertisement	.13	.032	.13	2.685	.000
	Flavor and Taste	.19	.031	.18	5.027	.001
	Healthiness	.27	.045	.25	3.241	.001

**Source:** Sample Survey, 2019

- a. **Dependent variable:** EABSC's Soft drinks Customers' Perception
- b. Significance at 5% significance level commitment

The model developed using the multiple regression output is summarized as follow;

$$CP = 0.157 + 0.30(P) + 0.27(HE) + 0.22(RT) + 0.19(FT) + 0.13(ADV) + 0.12(BI)$$

**Where:**

- ❖ CP= Customers Perception
- ❖ P= Price
- ❖ BI = Brand Image
- ❖ RT= Removing Tiredness
- ❖ ADV= Advertisement
- ❖ FT= Flavor and Taste
- ❖ HE= Healthy

From the above Regression results table, the Beta under Un-standardized Coefficients shows, from the total explanatory variables identified, price possesses the highest effect on customers' perception with a beta value of 0.30 which is greater than the other independent variables. The finding is found to be consistent with a Study on the Consumer Perception towards Soft Drinks by Dr. Manvinder Tandon (2017) who identified the major factors influencing the purchase of soft drinks and the consumer perception towards soft drinks are Price and availability of the Soft drinks, Brand name, Brand value and, Packaging.

The concern given by the company in relation health issues, accounts for 0.27 times increase in the consumers perception towards the soft drink they consume assuming other variables keep constant. The finding is found to be in line with Kirwa Jairo (2013), his study stated that soft drinks are still popular beverage in the youth market in both Kenya and India. However, it is evident from the study that the consumption of soft drinks in India is reducing with health concern.

The potential of the soft drink in removing tiredness is also found to be important factor in creating good perception of the soft drink. The variable is statistically significant at 5% level and positively related with associated beta value of 0.22, revealing the strength of the beverage in refreshing and removing tiredness on the customer has direct relationship with how the customers perceive the drink. It was supported by Islam Nazrul et al (2009) in the study explained the six important factors which are important for carbonated soft drinks in Bangladeshi consumers. The factors are removing tiredness and digestive, brand image and refreshment.

In addition, flavour and taste of the soft drink has also a significant positive relationship with customers' perception with a significance level of less than 5% with a beta score of 0.19. It was consistent with the finding of Dhuna (1984) in his article "An Analysis of Consumer Behavior - A Case Study of Soft Drinks" done in Rohtak aimed at determining the prevalent attitudes of consumers towards soft drinks concluded that Taste and the respondents interest in the product's advertisements, were found to play the most important role in the purchase - decision.

The other explanatory variables which are advertisement and brand image are statistically significant with positive relationship on creating perception on the soft drink they use with a beta value of 0.13 and 0.12 respectively. Which is found to be supported by A Study on the



Consumer Perception towards Soft Drinks by Dr. Manvinder Tandon (2017) undertaken with the aim of finding the factors influencing the purchase of soft drinks and the consumer perception towards soft drinks which conclude that, The important factors which influence the purchase of soft drinks are Price and availability of the Soft drinks, Brand name, Brand value and, Packaging.

Hence from the above econometrics analysis it was found out that all the variables (factors that influence soft drinks perception) identified in this study are found to be significantly significant to affect or influence customers' perception towards coca cola products.

Generally, from the above econometrics analysis it was found out that even though all the variables (factors) identified in this study are found to be statistically significant to affect or influence perception, the amount of effect varies from one another. Price is found to highly affect customers perception, which magnifies customers are highly price sensitive when it comes to soft drinks.

Due to the emphasis given by different entities with regard to the health issue associated with the consumption of soft drinks, the finding shows customers' have begun to consider health issues concerning soft drink usage, which ranks health issues as the second influencing factor on perception of the soft drinks.

#### **4.5. Consumers' overall satisfaction on various aspects of Coca Cola soft drinks.**

The overall customers' satisfaction towards East African bottling S.C. is summarized in the lower section. In order to do so, sample respondents were requested to show their level of satisfaction regarding the six questions developed to examine the overall satisfaction on the six factors influencing customers' attitude towards the products using a 5 point likert scale question. Their response is summarized using mean and standard deviation and presented as follow.

**Table 4. 11: Overall customers’ perception with the soft drinks of EABSC**

s/n	Question	Alternatives	Frequency	Percentage
1	I perceive the price of the soft drinks as reasonable when compared to the satisfaction I get and competitors’ price.	Strongly Agree	97	25.3
		Agree	151	39.3
		Neutral	86	22.4
		Disagree	35	9.1
		Strongly Disagree	15	3.9
		<b>Total</b>	<b>384</b>	<b>100</b>
2	I feel proud on the product when using because it is well admired brand.	Strongly Agree	<b>69</b>	<b>18.0</b>
		Agree	<b>99</b>	<b>28.8</b>
		Neutral	<b>193</b>	<b>50.3</b>
		Disagree	<b>23</b>	<b>6.0</b>
		Strongly Disagree	-	<b>0</b>
		<b>Total</b>	<b>384</b>	<b>100</b>
3	I perceive the drinks as effective in removing tardiness and refreshing when using it.	Strongly Agree	<b>94</b>	<b>24.5</b>
		Agree	<b>118</b>	<b>30.7</b>
		Neutral	<b>41</b>	<b>10.7</b>
		Disagree	<b>88</b>	<b>22.9</b>
		Strongly Disagree	<b>43</b>	<b>11.2</b>
		<b>Total</b>	<b>384</b>	<b>100</b>

**Source:** Sample Survey, 2019

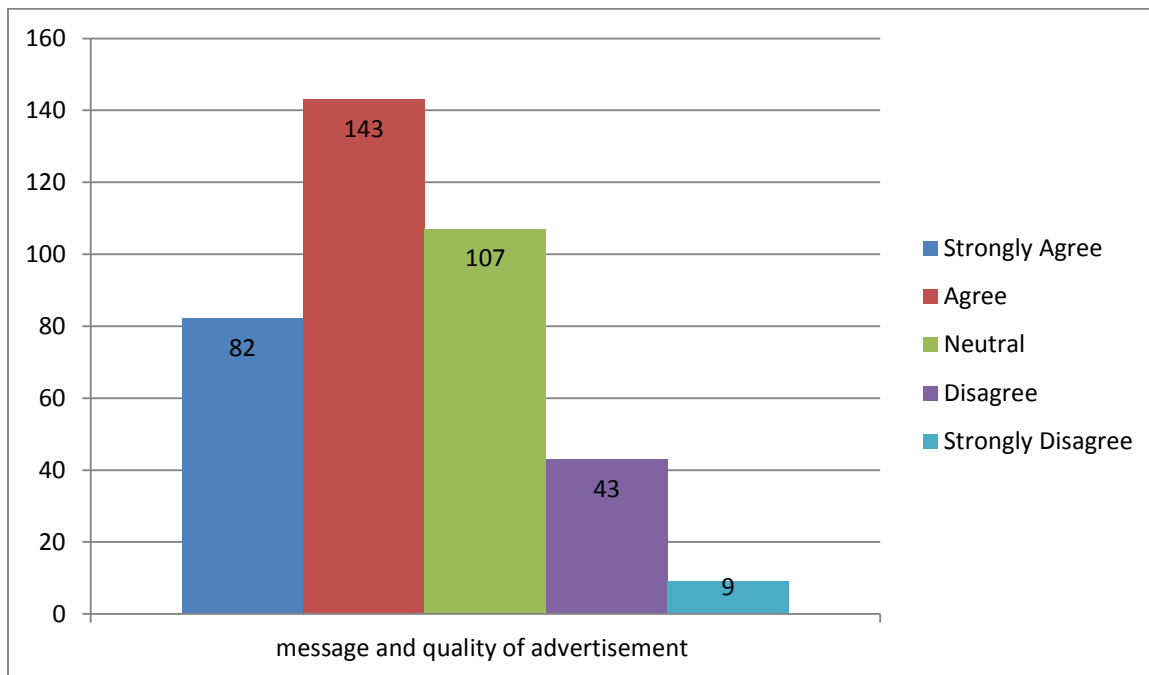
The result in the above table shows how customers’ perceive the coca cola products in light of the six factors identified in previous sections.

The first item under this section measures their perception on the price set for the products when compared with that of competitors, the finding reveals that majority of (64.6%) the sample customers’ strongly agree regarding the reasonableness of price of the products. 22.9% are neutral (nether satisfied nor dissatisfied) on the price. Whereas the remaining 13% are dissatisfied and strongly dissatisfied. This finding show that the company’s price set for the soft drinks are perceived as affordable considering the economic stand of its customers, which leads towards the creation of satisfaction by users.

The second item under this section deals with customers’ perception on the brand of the coca cola soft drink. The name “Coca Cola” is international brand globally. The finding is found to be a bit different with the global fame the brand possesses. The result shows that the lion’s share (50.3%) of the respondents are neutral with the pride it can be gained by consuming the soft drinks. Whereas, 46.8% of them agree and strongly agree on the feeling of pride when using coca cola products exclusively. The remaining 6% are disagree with the brand coca cola. The

finding shows, customers of coca cola in Addis Ababa are less concerned when it comes to brand of soft drinks when selecting soft beverages.

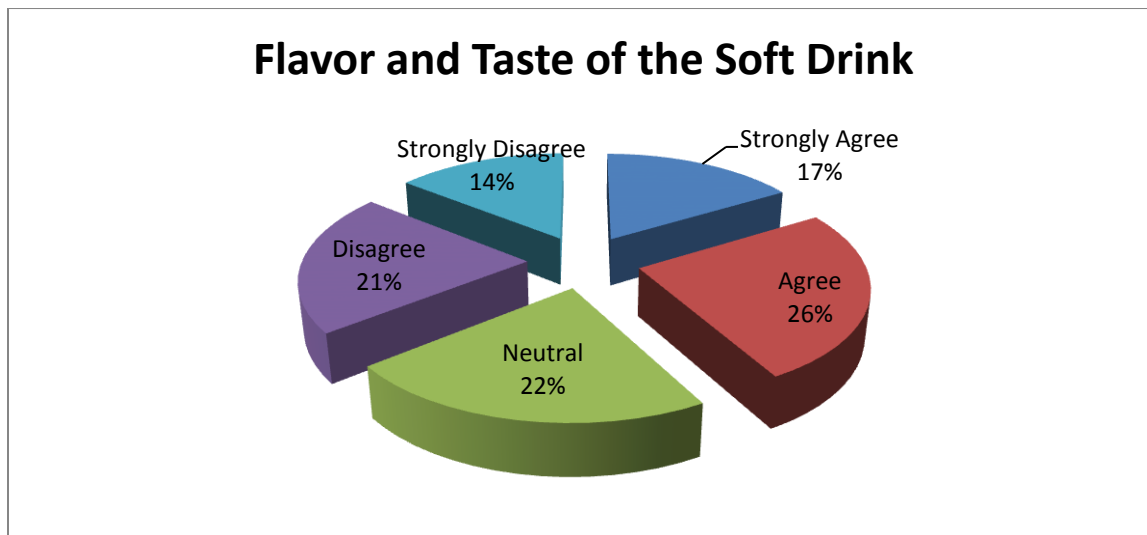
The third item summarizes customers' response regarding how they perceive the effectiveness of coca cola in removing tardiness and refreshing users. As it is known coca cola is one of the known drinks in removing tardiness due to the incorporation of caffeine in its ingredients. The finding shows that 55.2 % of the respondents perceive positively on how effective it is on removing depressed feeling when using the soft drinks of EABSC. But still 34.1% of them are not disagree on the effectiveness of the soft drinks offered by the company to overcome tardiness and low feeling. The remaining 10.7% are neither agree nor disagree on the removing of tardiness and refreshment the soft drinks provide. From this it can be seen that, even though majority of the respondents perceive the soft drinks capable to refresh oneself when using it, but still a significant amount of respondents are still not satisfied with its degree of refreshment one can generate from using the drinks.



Source: Sample Survey, 2019

Figure 4. 3: Perception of Respondents on Advertisement

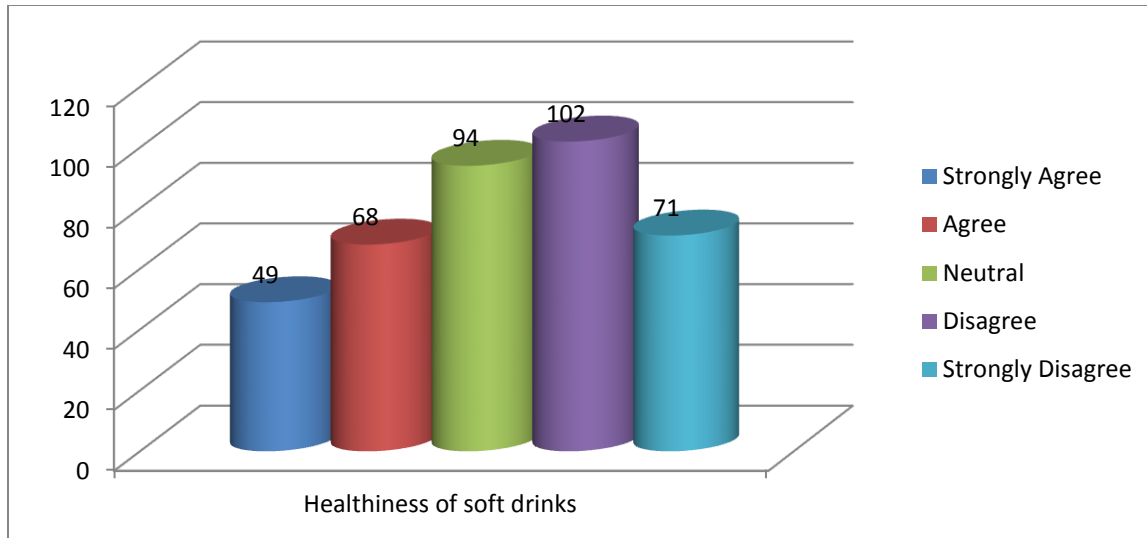
As shown in the above figure majority of the respondents perceive the quality and message forwarded from the advertisement of the soft drinks made by the company as informative. Whereas, 27.9% of them are neutral pertaining the quality of information generated from the advertisement made by the company. A small number of respondents 43 (11.2%) and 9 (2.3%) of the respondents disagree and strongly disagree on the advertisement used to promote the products of the company. from this analysis it is clear that the advertisements used by EABSC to promote its soft drinks has gained acceptance by majority of the participants.



**Source:** Sample Survey, 2019

**Figure 4. 4: Level of Perception on taste and flavour of soft drinks**

Pertaining the perception of respondents on the taste and flavor of soft drinks offered by EABSC, the response is relatively closely distributed. 41.9 % perceive positively, where as 35.7% are show their disagreement. The remaining 24.5% are neutral with regard to the taste and flavor of the soft drinks. From this finding it can be seen that, a significant number of respondents are not happy (perceive negatively) concerning the taste and flavor of the drinks, as a result the company need to consider on adding new flavored soft drinks in its already existing soft drink product line and make an improvement on the taste of the already existing soft drinks so that to create ultimate satisfaction towards all customers and users of the soft beverages.



**Source:** Sample Survey, 2019

**Figure 4. 5: Level of Perception on Healthiness of soft drinks**

Recently different studies have begun to show the negative effect associated with consuming soft drinks with high sugar content. The last item focus on the customers’ perception level pertaining the health issues of consuming carbonated drinks. The data collected from a sample of 384 sample respondents show that, 45.1% of the respondents have doubt regarding healthiness of the company’s soft drinks. Whereas 30.4% are confident on the fact that the soft drinks bring no health issues. The remaining 24.5% are unaware of the problem that can be gained as a result of consuming the soft drinks of the company. As a result, the finding reveals that, since majority of the sample respondents show their worry, it is clear that consumers have begun to show concern on adverse health problems that can come due to using (consuming) carbonated drinks with high sugar content like coca cola’s.

To summarize the finding, from the identified six factors to measure the overall respondents’ perception, it is found that majority of them perceive the price of the soft drinks as reasonable, their effectiveness on removing tardiness and refreshing, and the quality and message provided through advertisement. But concerning the healthiness of the soft drinks of EABSC most of them showed their disbelief. With regard the remaining two factors which are level of perception on the brand of the drinks and taste and flavor of the beverages most of the respondents are found to be neutral.

## **CHAPTER FIVE**

### **SUMMARY OF MAJOR FINDING, CONCLUSION ND RECOMMENDATION**

#### **5.1. Summary of Finding**

The study was undertaken on the identification of factors influencing customers' perception in the case of EABSC by selecting a sample of 384 customers of the different soft drinks produced by the company. As a result the following major findings were obtained

- ❖ Majority of the sample respondents like soft drinks.
- ❖ Majority of them uses soft drinks 2 to 4 times a week, followed by customers with a frequency of usage of daily.
- ❖ Most customers prefer Coca Cola and Sprite as soft drinks
- ❖ Majority of the respondents use the soft drink they are in favor of every time they consume soft drinks.
- ❖ The finding shows that majority of the respondents perceive Coca Cola products as a drink which can also be consumed by others not considered as child.
- ❖ Majority of the participants prefer to use the soft drinks of EABSC while taking their meal.
- ❖ Regarding customers' perception of the coca cola drinks than other substitute soft drinks A significant number of respondents are indifferent if it is Coke products or other soft drinks.
- ❖ Majority of respondents perceive Coca Cola products best in quenching their thirst when they take it while they are thirsty.
- ❖ Majority of the respondents perceive the variety of the drinks is not sufficient.
- ❖ Majority of the participants don't give much emphasis on the value of the brand when selecting soft drinks.
- ❖ Majority are not attracted or distracted by the accompanied brand the soft drink may possess.
- ❖ Majority of the respondents believe the price of the soft drinks are reasonable when compared with the satisfaction it provides.

- ❖ Majority of the respondents are unaware whether the drinks are healthy or unhealthy when frequently consume.
- ❖ The collected data satisfies all the necessary assumptions required to use multiple regression.
- ❖ The  $R^2$  value of 0.799 shows that about 79.9% of the variation in customers' perception of the soft drink is explained (influenced) by the identified six explanatory variables
- ❖ Price poses the highest effect on customers' perception with a beta value of 0.30 which is greater than the other independent variables.
- ❖ Healthiness of the soft drinks poses the second rank in affecting customers' perception with a beta score of 0.27.
- ❖ The potential of the soft drink in removing tardiness is also found to be important factor in creating good perception of the soft drink with a beta value of 0.22.
- ❖ Flavor and taste is also found to potentially affect perception of customers' toward Coca Cola products with a value of 0.19.
- ❖ The other explanatory variable which is advertisement is also to significantly affect perception with an effect of 0.13.
- ❖ The last determinant Brand image is found to be statistically significant with positive effect on creating perception on the soft drink they use with a beta value of 0.12.
- ❖ The finding reveals that majority of the sample customers' perceive the price of the products as reasonable.
- ❖ The result shows that the lion's share of the respondents are neutral with the pride it can be gained by consuming the soft drinks.
- ❖ The finding shows that majority of the participants perceive the drinks as effective it is on removing depressed feeling when using the soft drinks of EABSC.
- ❖ Majority of the respondents agree pertaining the quality and message forwarded from the advertisement of the soft drinks made by the company.
- ❖ Majority of them show their agreement, regarding perception of respondents on the taste and flavour of soft drinks offered by EABSC.
- ❖ Finally, majority of the sampled respondents have doubt regarding healthiness of the company's soft drinks.

## 5.2. Conclusion

Perception is a process through which any consumer tries to manipulate the brand information in order to get awareness about the brand which can lead to transformation of brand into brand loyalty. Consumer's perception is something which consumer's perceive about a brand in their mind and it has a significant impact on a brand. The concept of consumer perception/attitude is one of the most important concepts in the study of consumer behaviour. Many firms are spending millions of dollars researching consumer's attitude toward their products and brands.

Customers who are users of one of the carbonated soft drinks which is Coca Cola products like the products offered by EABSC better than the available substitutes offered by other competitors. With high preference to Coca Cola and Sprite among the available six varieties available. Even though customers know the drinks are more of sweet in taste with high sager content, they don't regard it as drink only to be used by child. Regarding the availability of variety, customers are less satisfied with the existing limited alternative variety available in the market. During their selection of drink most customers don't value the popularity of the brand most of the times.

The price set for the different size to the drinks, customers believe it is reasonable with the level of satisfaction generated out of it and when compared to other competitors' substitute drinks price. Pertaining the easy availability of the drinks, it's found that the company is doing great job in making the product to be easily found and purchased. The health related issue associated with the high level of sugar used in the manufacturing process of the drinks, most customers are unaware of regarding the potential health related problem the drinks may cause. This signifies the limited information provided in the package of the drinks manufactured.

Finally, the econometric result also shows, the identified explanatory variables are found to influence customers' perception towards Coca Cola products by 79.9%. The remaining 20.1 are influencing factors not included in the study. As a result the factors used in the study can be considered as major factors as they explain most of the variation.

All factors are found to be statistically significant on affecting how customers perceive the drinks. From all the factors, price is the most influential one followed by potential of the soft drink in removing tardiness. Advertisement and brand image are the third and forth factors in influencing the dependent variable.



### **5.3. Recommendation**

Based on the foregoing concluding remarks, the following suggestions have been forwarded, so that it would understand the different variables that can influence customers' perception towards the products of EABSC.

EABSC is recommended to consider the introduction of new carbonated drinks variety, because presently the customers are limited to small number of variety to choose up on. In order to increase the market share the company possess it is advised to be distinct of other competitors and one way to be distinctive is to introduce new alternative varieties.

Even though the present customers' are satisfied with the price of the soft drinks offered by EABSC, they are highly price sensitive, as a result the company is recommended to critically examine the situation before considering any price increments in the near future. This is because price is the major determinant for customers' perception of the drinks

Companies are considered responsible for any health problem that accompany as a result of using their products. One way to minimize the degree of responsibility is by specifying any negative health related problem that could follow by using it. Therefore EABSC is recommended to put all health related problems in their packaging that can be acquired by using high sugar content drinks. One good example can be companies in tobacco industry, by notifying the negative consequence of smoking their can divert the blame from them.

Since all the identified variables are found to significantly influence how customers' perceive the drinks of EABSC, the company is recommended to generally consider all the dimensions so that it can attract new customers and retain the existing ones.

Finally, even though the identified variables are found to significantly explain the dependent variable (customers perception) by 79.9%, still there are unexplained variables accounting of 20.1%, therefore other interested researchers are recommended to undertake an in-depth study so that a complete understanding can be established.

## REFERENCE

- Abarajithan J.W. (2011) The Study of Customer Switching Behaviour toward Carbonated Soft Drink Market *social science network*: Page No. 284 - 290, ISSN 1800 – 4539
- Andy, F. (2005) *Discovering statistics using SPSS*, 2<sup>nd</sup> edition, London: Saga Publications.
- Armstrong, G. & Kotler, P. 2005. *Marketing: An Introduction*. New Jersey: Pearson Education, Inc.
- Arunagiri, V., “A Study on Consumer Attitude towards Advertisement in Chidamparam Town with special reference to selected Cosmetic Product, M.Phil., Dissertation, Annamalai University, Annamalai Nagar, November 1990.
- Attila, S. and Cakir, B. (2011), “Energy-drink consumption in college students and associated factors”, *Nutrition*, Vol. 27 No. 3, pp. 316-322.
- Blackwell, R., Miniard, P. and Engel, J. 2001. *Consumer Behavior*. Ohio: South-Western.
- Churchill, G. A., & Iacobucci, D. (2005). *Marketing Research: Methodological Foundations*, 9<sup>th</sup> ed., Mason, Ohio: Thomson South-Western.
- Dr. Manvinder Tandon (2017). The Consumer Perception Towards Soft Drinks. *International Journal Of Business Management And Scientific Research*, Vol : 26, , pp. 265-292.
- H. Muzakkeerul and Alam (2009), “Measuring Consumers” Attitudes for Bottled Mineral Water in Bangladesh: An Empirical Study on Mum, FRESH, and SPA”, *Journal of Business and Technology (Dhaka)*, Vol.iv, Issue-i, (January-June), pp. 130-143.
- Hafeez Ur Rehman (2014). Consumer perception with respect to Brand Awareness and Brand Loyalty; Case study of Coke & Pepsi Thesis, Virtual University of Pakistan.
- Hu, F.B. (2013), “Resolved: there is sufficient scientific evidence that decreasing sugar-sweetened beverage consumption will reduce the prevalence of obesity and obesity-related diseases”, *Obesity Reviews*, Vol. 14 No. 8, pp. 606-619.
- Islam Nazrul Wahidul Habib (2009) A Multivariate Analysis Of The Selection factors Of Carbonated Soft Drinks In Bangladesh. *Proceedings of the IAMB 2009 Conference*.
- Kant, A.K. (2000), “Consumption of energy dense, nutrient-poor foods by adult Americans, nutritional and health implications: the third national health and nutrition examination survey, 1988 -994”, *The American Journal of Clinical Nutrition*, Vol. 72 No. 4, pp. 929-936.
- Karnik, M. (2015), “Despite health concerns, Indians are in no mood to give up their Cokes and Pepsis”, *Quartz India*, Online portal, available at: <https://qz.com/954543/17-million->

people-have-noreason-to-join-the-internet-because-its-dominated-by-english/ (accessed 31 March 2017).

- Kaur Simranjeet Sandhar Dheeraj Nim Shikha Agrawal (2013). Consumption Pattern of Soft Drinks and Fruit Juices: A Comparative Study. *Journal of applied management*. ISSN 2321 – 2535
- Kirwa Jairo Mise (2013) brand loyalty in global soft drink consumer markets of Kenya and India. Comparative study: *International Journal of Management Sciences and Business Research*: Vol. 2, Issue 3. (ISSN: 2226-8235)
- Kothari, C.R. (2004) *Research Methodology*, 2<sup>nd</sup> edition, New Delhi: New Age International Publisher.
- Kotler, P.; Wong, V.; Saunders, J. & Armstrong, G. 2005. *Principles of Marketing*. Harlow: Pearson Education Limited
- McDaniel C. and Roger Gates, (2006), *Marketing Research Essentials*, 5th Edition, New Jersey: John Wiley and Sons publication
- Mia Md. Abdul Hunnan (1999), “Measurement of Brand Attitudes of Brand Loyal of Detergent Powder and their Advertising Implication”. *Dhaka University Journal of Business Studies*, Vol.20, No.2, pp. 265-292.
- Moretto, N., Kendall, E., Whitty, J., Byrnes, J., Hills, A.P., Gordon, L., Turkstra, E., Scuffham, P. and Comans, T. (2014), “Yes, the government should tax soft drinks, findings from a citizens’ jury in Australia”, *International Journal of Environmental Research and Public Health*, Vol. 11 No. 3, pp. 2456-2471.
- Mukesh Dhunna, “An Analysis of Consumer Behaviour: A Case study of Soft Drinks”, *Indian Journal of Marketing*, Vol.XIV, 1984, pp.26-28.
- Murugesan, P., “A Study on Consumer Behavior towards Soft Drinks in Madurai City”, M.Phil., Dissertation, Department of Commerce, S.N.College, Affiliated to Madurai Kamaraj University, Madurai, 1990-91.
- Niraj Kumar (2018). Attitude towards soft drinks and its consumption pattern: a study of Gen Y consumers of India. *British Food Journal*  
<https://www.researchgate.net/publication/322213215>
- Nogath Morgan (2014) *The Impact of Service Quality on Customer Satisfaction in Banking Industry: A Case Study of CRDB Bank in Njombe and Iringa Regions*.
- Palani Kumar, “Consumer Preference for Soft Drinks in Urban Area of Coimbatore”, 1990.\

- Philip Kotler (2002). *Marketing Management Millennium Edition*, 10<sup>th</sup> Edition, New Jersey: Prentice-Hall, Inc.
- Philip Kotler, Gary Armstrong, John Saunders and Veronica Wong (1999). *Principles of Marketing*, New Jersey: Prentice Hall Inc.
- Reddy Venkateswara D.Yuvaraju Durga rao (2015) Consumer Buying Behaviour towards Soft Drinks in Chittoor District in Andhra Pradesh. *Journal of business management and economics*: ISSN 2347-5471
- Shanmugasundaram and Regionalel James, “Demographic and psychological factors that influence the pattern and selection in soft drinks and tetra pack drinks in Vellore Town”, *Indian Journal of Marketing*, 1990.
- United States Departments of Agriculture and Health and Human Services (2002), *Nutrition and Your Health: Dietary Guidelines for Americans*, 5th ed., U.S. Department of Health and Human Services (HHS) and the U.S. Department of Agriculture (USDA), Washington DC.
- Wanjek, C. (2015), “Sugary drinks kill 184,000 people every year”, *Live Science*, 29 June, available at: [www.livescience.com/51385-sugary-drinks-global-deaths.html](http://www.livescience.com/51385-sugary-drinks-global-deaths.html) (accessed 15 February 2016).

## **APPENDIX**

**St. Mary University  
Marketing Department  
Postgraduate program**

**Dear respondents!!!**

The purpose of this questionnaire is to collect data on **Factors Affecting Customers Perception towards Coca Cola Products: In the Case of East African Bottling S.C.** The study is only for academic purpose and cannot affect you in any case. Therefore, your genuine, honest and timely response is vital for accomplishment of this study on time.

Besides this, the outcomes of this research will help the efforts made by the responsible stakeholders to understand and consider the different factors that can affect customers' perception towards Coca Cola products in EABSC. Thus, by understanding the importance of this research work, you are kindly requested to fill this questionnaire honestly.

Thank you in advance for your cooperation!

N.B:

1. This questionnaire is to be filled by consumers of Coca Cola Products in Addis Ababa city.
2. You are not required to write your name.
3. You are kindly asked to read carefully and respond to each question in the questionnaire.
4. Please put a “√” mark in the box of your choice.

**Section I: General Information**

**1. Gender**

a. male

b. female

**2. Age**

a. 18-30

c. 41-60

b. 31-40

d. Above 60

**3. Educational background**

a. **Below Diploma**

b. Diploma or TVET

c. First Degree

d. 2<sup>nd</sup> Degree or Above

**4. Level of income**

a. Below 1,000

c. 5,000-10,000

b. 1,000-5,000

d. Above 10,000

**Section II: Consumer Perception of Coca Cola Soft Drinks Products**

**1. Do you like soft drinks?**

- a. Yes
- b. No

**2. Frequency of consumption of soft drink in a week?**

- a. Daily
- b. 2 to 4 times
- c. More than 4 times
- d. Once a week
- e. Very rare

**3. On what occasions do you often consume the soft drink?**

- a. Feeling thirsty
- b. Without any reason
- c. Parties or celebrations
- d. Others, please specify

**4. Which soft drink do you like more?**

- a. Coca Cola
- b. Pepsi
- c. Miranda
- d. Fanta
- e. Sprite
- f. 7up
- g. Other \_\_\_\_\_

**5. Do you drink the same soft drink every time?**

- a. Yes
- b. No

**Please show your agreement regarding the following questions**

How is the consumer perception of Coca Cola soft drinks products

<b>Likert Scale</b>						
<b>S/N</b>	<b>Question items.</b>	<b>SDA</b>	<b>DA</b>	<b>N</b>	<b>A</b>	<b>SA</b>
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>1</b>	Coca Cola Soft drinks are mainly aimed at children.					
<b>2</b>	I perceive Coca Cola Soft drinks are bad for health					
<b>3</b>	I believe the flavor (variety) offered by the company is enough					
<b>4</b>	The brand Coca Cola brand has a greater value.					
<b>5</b>	I believe coca cola is preferred with food or snack					
<b>6</b>	I believe that consuming them help to relieve my thirst.					
<b>7</b>	The price is fare and affordable					
<b>8</b>	Coca Cola is easy to find whenever you want to buy					
<b>9</b>	I enjoy Coca Cola products more than other soft drinks.					
<b>10</b>	The brand attracts me to purchase.					
<b>11</b>	This product meet my needs					
<b>12</b>	If I received information contrary to my preferred brand I would still keep my preferred brand.					
<b>13</b>	Quantity of sugar is high in soft drinks					



**Section III: Influencing attribute/s of Coca Cola soft drinks that affect customers' perception**

Constructs	Question items	Likert Scale				
		SDA	DA	N	A	SA
		1	2	3	4	5
Price (4 items)	I am satisfied with the price of Coca Cola when compared other substitutes					
	I am satisfied with the price of Coca Cola when compared with the quality of the product					
	I am satisfied with the price of Coca Cola when compared to the volume of the bottle.					
	I will continue purchasing the product in spite of price rise					
Brand Image (4 items)	Am aware of the brand Coca Cola					
	I prefer Coca Cola because it has well known brand					
	I am loyal to the brand of Coca Cola					
	I only buy branded products					
Removing Tiredness (3 items)	I prefer coca cola than other energy drinks					
	I prefer to drink coca cola products whenever I am tired					
	It really give me a lift during day					
Advertisement (3 items)	In general Advertisement influence my perception towards product					
	Advertisement of the brand attracts me to purchase.					
	I get the soft drink the same as it was advertised					
Flavor and Taste (5 items)	I prefer this drink because it has unique taste					
	I believe the company should offer more flavor					
	Quantity of sugar is high in coca cola soft drinks.					
	The sweetness of the drinks is satisfactory					
	I feel the reason for soft drink are taste					
Healthiness (4 items)	I feel Soft drinks are bad for health (Cancer, Paralysation , tooth decaying, Pregnancy issues )					
	Drinking of soft drinks should not be in excess.					
	The customers' should know about the soft drinks ingredients					
	I believe there are harmful contents in soft drinks					
	If I received information contrary to coca cola brand I would still keep my preferred brand.					

**Section IV: The level of perception of consumers concerning various aspects of Coca Cola soft drinks**

S/N	Question items	Likert Scale				
		SDA	DA	N	A	SA
		1	2	3	4	5
1	I am perceive the price of the soft drinks as reasonable compared to the satisfaction I get and competitors' product.					
2	I feel proud and satisfied on the product when using because it is well admired brand.					
3	I perceive the drinks are effective it is in removing tardiness and refreshing when using it.					
4	I perceive the message and quality of advertisement made for the product as sufficient.					
5	The flavor and taste of the soft drink is satisfactory.					
6	I have no doubt regarding the healthiness of the company's soft drinks.					

**Thank You for your Time!!!**

### Pearson's Correlation Matrix

		Price	Brand Image	Removing Tiredness	Advertisement	Flavor and Taste	Health	Customers' Perception
Correlation	Price	1.000	.399	.402	.210	.151	.313	.713
	Brand Image	.399	1.000	.365	.060	.134	.103	.313
	Removing Tiredness	.402	.365	1.000	.001	.209	.093	.613
	Advertisement	.210	.060	.001	1.000	.343	.360	.500
	Flavor and Taste	.151	.134	.209	.343	1.000	.285	.511
	Health	.313	.103	.093	.360	.285	1.000	.689
	Customers Perception	.713	.313	.613	.500	.511	.689	1.000
Sig. Level	Price		.000	.000	.000	.004	.000	.000
	Brand Image	.000		.000	.000	.009	.000	.000
	Removing Tiredness	.000	.000		.000	.000	.051	.000
	Advertisement	.000	.000	.000		.000	.000	.002
	Flavor and Taste	.004	.009	.000	.000		.000	.000
	Health	.000	.000	.051	.000	.000		.000
	Customers Perception	.000	.002	.034	.000	.000	.041	.013
	Products of the firm	.000	.000	.000	.000	.000	.003	

Source: SPSS Output (2019)