

BOTTLING IDENTITIES: A STUDY OF CONSUMER IDENTITY SALIENCE  
AND BEER BRAND LOYALTY IN THE ETHIOPIAN BEER MARKET

by

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## DISSERTATION ABSTRACT

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Title: Bottling Identities: A Study of Consumer Identity Salience and Brand Loyalty in the Ethiopian Beer Market

This study examined how consumer's decision-making process in consuming a brand is affected by important variables such as a salient identity; the extent of loyalty; intention to buy; brand ownership; and, the efforts of spreading positive information about a brand. The study is informed by multi-dimensional consumer-brand relationship theories and social identity theory to examine how consumers' identity salience can affect their relationships with brands. The multidimensional theories used in this study posit that brand loyalty is a function of relative attitude toward a brand and repeated patronage. Social identity theory posits that people hierarchically arrange multiple identities and categorize themselves in in-groups and are defined by the characteristics of the group they identify themselves with. Survey data from students in four public universities in Ethiopia ( $N=290$ ) was obtained for this study. One of the interesting findings in this study is that awareness about a brand's owner, or the contrary, does not make a difference in the extent of word-of-mouth advertising consumers do for a brand. This study finds that increased loyalty to a brand is a predictor of an increased intention to buy a brand; consumers with a stronger loyalty to a brand do engage in an increased word-of-mouth advertising effort; a significant difference in word-of-mouth advertising between consumers who

have higher brand loyalty for brands owned by local but out-of-regional state companies, local and within- regional-state, and for international companies. This study does not find a statistically significant result to support the claim that consumers with higher ethnic identity salience will have lower purchase intention to out-of-state brand ownership. There was also no support to say consumers who have higher ethnic identity scores will have a decreased intention to buy a beer brand whose owners are out-of-state. This was true for both international and out-of-state ownership. It also does not find that word-of-mouth advertising will be higher to brands owned by international companies than those owned by local, but out-of-state companies.

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## CHAPTER I

### INTRODUCTION AND CONTEXTUAL BACKGROUND

#### **Introduction**

The Ethiopian beer industry has gone through tremendous changes in the past few years where almost all the breweries in Ethiopia were either fully purchased by, or, have sold their majority shares to foreign beer conglomerates. Seven international beer companies have entered the Ethiopian beer market in the last decade leading to significant changes in ownership, consumption, and promotional campaign strategies. A growing industry in a growing economy and an expanding market, beer in Ethiopia has attracted a considerable attention. As part of its efforts to attract foreign investors and in a move to privatize all breweries in the country, the current government of the Federal Democratic Republic of Ethiopia (FDRE) had floated offers back in 2010 to sell all beer estates in its possession.

These privatization efforts were applauded by global financial institutions, which basically are Ethiopia's major lenders. There is also a surge in beer demand amidst a comparatively lowest standing per capita consumption in the African market, 6 liters for Ethiopia vis-à-vis other countries, such as South Africa's 60 liters as the highest (WHO, 2014); and, Kenya with 12 liters of per capita consumption with an almost half the population of Ethiopia (Fortune, 2017). The

calls for foreign direct investment with flirting packages by the Ethiopian government have attracted international beer conglomerates to invest in the beer industry.

Backed by major global financial institutions, Ethiopia's economy has been strongly growing averaging at a 10% within the years 2005-2015 (World Bank Group, 2017). With a per capita income of USD 660, Ethiopia's economy is currently the fastest in its region (7.6% in the year 2016) while it also stands as one of the poorest (World Bank Group, 2018). The economic growth rate is expected to stay at 8.5% for the year 2018 (International Monetary Fund, 2018). Ethiopia's industrial activity, among a list of indicators, has significantly expanded and its Gross Domestic Product (GDP) growth is estimated at 9% for the year 2016/17 (International Monetary Fund, 2018).

The steady economic growth, coupled with an ever-increasing population, increase in urban demography, and rising incomes are considered reasons for the huge investments in the beer industry. Lee, Regu, and Seleshe (2015) write that the economic growth in Ethiopia is a factor for an increase in consumption of Western style drinks such as beer. Both the international and local beer companies see an evident surge in beer demand in the country as the main reason for their investments. Though claiming beer demand as an expression of economic growth could be faulty, the beer conglomerates, the government, and a scanty research on the industry seem to view it that way. The privatization efforts have drawn strong interest from international beer conglomerates and

eventually ensuing a complete privatization of the entire breweries in the country. After acquisitions, the international beer companies have invested in considerable expansion works and have introduced new products. New local beer companies have also entered the market.

Both the international conglomerates and the newly established local companies are running aggressive, well-funded, and strategically augmented multimedia marketing campaigns that seem to have changed the beer drinking Ethiopians knew few years ago. It is all flooded now – the market with beer, and the media with advertisements. The marketing campaigns, mainly advertising, are the most notable (observable) changes that followed.

### **Consumption and consumer identities**

Along its economic growth, Ethiopia is also haunted by an ongoing and heightened ethnic sensationalism that has become increasingly fatal. With a population of more than a 100 million and more than 80 different ethnic groups, Ethiopia is home for highly social communities and stands the second most populous country in the African continent. This diversity holds itself on contentious past that is haunting the coexistence of communities now. Of the many identities behind Ethiopia's diversity, ethnic identity has become the center of the country's political, social, and economic struggles and at least for now has arguably left the country at the crossroads.

The post-privatization beer market has become one battleground for ethnic identities. Beer commercials in recent times are more focused on thematical issues such as product names, brand origin, and ownership. The visuals and promotional contents also bear artifacts and values that reflect regional and ethnic identities. The tensions are translated through boycotts, consumption through tight in-group affinity, and symbolizing brands as an extension of ethnic identities. This could be explained partly by the roles the new ether of advertising campaigns in Ethiopia are playing. Among other things, identity salience could be activated by advertisements, and subsequent decisions to consume a brand, or not to, are determined by the congruity between the values presented in advertisements and the self. Brands advertised with values incongruent with the consumer's self-construal are not preferred (Van Baaren & Ruivenkamp, 2007). Brand choice is also influenced by centrality of identities, and centrality is an important predictor of greater self-brand connections (Harmon-Kizer, et al., 2013). For example, shortly after Heineken bought two state owned breweries in 2011, the Ethiopian national football team qualified for the premier continental tournament, the African Cup of Nations, after a long wait of 31 years. As the national football team progressed into the final stages, Heineken had sealed a deal to sponsor the team in the name of one of its products, *Bedele* beer. Heineken also named a new product *Walia*, a nickname of the Ethiopian national football team and an endemic animal to Ethiopia living in the protected *Siemien* mountains national park.

## **The study**

This dissertation examines the relationship between consumers' ethnic identity salience and their brand loyalty in the post-2011 Ethiopian beer market. It specifically examines which among their attitude toward beer brands; their attitude toward beer brand advertisements; and, brand ownership, significantly affects their purchase intention and brand loyalty. Ethiopia's 110 million population is diverse and untapped huge market base for consumer goods such as beer. It is important to study a brand's reception in diverse consumer population in a given market, but it is more important to understand what significantly determines consumption and brand preference when the diversity entails sensitive and tensioned markers that differentiate consumers, such as ethnic identities. Apparently, there is no research addressing how the different consumer identities play into how receptive a consumer is of a brand is or not.

In such societies, in-group thinking is the ordinary and a norm that dictates social interactions on many levels. Sub-cultural differences in Ethiopia are more exhibited across ethnic lines lately. Very recent developments in Ethiopia's political landscape are indicative of an evident heightened ethnic sensationalism that tags itself with more in-group identification and otherization. How much of the repercussions of the tensions is felt in other aspects of communal life other than the political platforms needs investigation. Seven international beer companies

have entered the Ethiopian beer market in the last seven years leading to significant changes in ownership, consumption, and promotional campaign strategies. After acquisitions, the international beer companies have invested in considerable expansion works and have introduced new products. New local beer companies have also entered the market. Both the international conglomerates and the newly established local companies are running aggressive, well-funded, and strategically augmented multimedia marketing campaigns that seem to have changed the beer drinking Ethiopians knew few years ago. It is all flooded now - the market with beer, and the media with advertisements. The marketing campaigns, mainly advertising, are the most notable (observable) changes that followed the market shape up. A large body of literature exists on the interactions of consumer identities and consumption behaviors. Much of that is focused on consumer populations with less diversity and more commonality on consumption behaviors.

### **Purpose and significance of the study**

The main purpose of this study is examining the effects of consumers' ethnic identity salience on their brand loyalty. The study specifically investigates how consumers' ethnic identity and their ethnic region they associate themselves with affects the attitude they will have toward a beer brand and its advertisements - and how that ultimately influences their purchase intention and brand loyalty. This study proposes that consumers in the different ethnic regions

have difference in attitude toward brands and brand advertisements, and that is mainly affected by their degree of ethnocentrism. This study proposes that a higher ethnicity score in consumers' identity salience predicts that such consumers have a higher purchase intention of a brand that comes from their own ethnic region. This can similarly be proposed that consumers with high scores on ethnic identity salience have attitude with negative valence toward both brands and brand advertisements that come from other ethnic regions than their own.

The study also proposes that brand ownership affects their brand loyalty and purchase intentions if ownership is international or local but not ethnically cued. The study also proposes that there is a significant difference between consumers' ethnocentrism in the different ethnic regions and brand loyalty is above all determined by which ethnic region a beer brand comes from than who owns it.

Research has extensively addressed the role of consumer identities in their consumption behaviors. Advertisers consider values of a consumer base to devise strategies and align messages in a way to appeal in the most possible way. Studying and understanding how brands are received by consumers in a highly diversified and ethnically tensioned market base such as Ethiopia is important to advertisers, brands, and even consumers themselves as companies devise better strategies to satisfy their needs better. Success of a brand largely lies within its

consumer base. There is a need to use ethnicity as a base for market segmentation (Rexha & Kinkshott, 2001).

Of course, identity, and specifically ethnic identity, is a complex concept and this study does not attempt to delve into details. Zmud and Arce (1992) write that ethnicity is a dynamic and complex construct with both inherited and acquired characteristics. Rexha and Kingshott (2001) find that studying the patterns of ethnic groups and targeting them as base for marketing segmentation increases chances of favorable consumer responses. Researches also show that consumer identities influence their consumption behavior. Especially when identities are highly variable on many levels, consumers are likely to feel salience in one. Their consumption behavior, hence, complements the salient identity they feel on particular conditions.

### **Brands as symbols**

Brands are symbols – and the symbolism goes way beyond functional attributes. A brand's symbolism could mean many different things for consumers. Brand symbolism is an inference consumers make for themselves based on their consumption, or use of a brand (Bernritter, Loermans, Verlegh & Smit, 2017). As a marketing strategy, using brands to express a consumer's personality influences the customer to exhibit loyalty toward a brand (Kumar & Advani, 2005). Brand symbolism also refers to the ability of a brand to signal



consumer identity and can serve as communicator of group membership (Bernritter, Loermans, Verlegh & Smit, 2017).

Brand names distinguish a product or service from other similar offerings in the market, primarily, but they carry an endless list of meanings to people. A brand is a named version of a product or service, something that exists within society and consumer minds with some physical characteristics, functional features, and value associations (White, 1999). Naming a product to match a particular lifestyle and uniqueness of a certain cultural context is key to success in (Meenaghan, 1995). Habesha breweries whose majority shares are owned by the Dutch company Bavaria took its name *Habesha*, a name commonly used to refer to Ethiopians, or the people of Ethiopia, and it associates the beer through its campaigns with pride, Ethiopian history, and the identity marker for being Ethiopian. The company advertises its product as *'beer for the golden people'*, and *'if you're Ethiopian, this is what you should drink'* with a motto of *'Pride and legacy of Habesha'*.

### **Developments in consumption and campaigning**

There appears to be no data on market share for beer in Ethiopia except for company estimates. Total beer consumption in Ethiopia was at 12 million hectoliters in the year 2017 (Fortune, 2017). Industry analysts estimate the market share of 38% to BGI Ethiopia; 30% to Heineken; and, 15% to DIAGEO (Fortune, 2017).

With the exception of Castel Group, the French company that bought St. George brewery in 1998, all breweries now have new owners. Heineken, the world's third largest beer company, bought two state owned breweries, *Harar Brewery* and *Bedele Brewery*, in 2011 for 178 million USD. It then invested an additional 156 million USD on a plant with a production capacity of 1.5 million hectoliters of beer per annum. DIAGEO, the world's largest producer of spirits and a major producer of wine and beer, bought the state-owned *Meta Brewery* in 2012 for a total of 225 million USD (Access Capital Research, 2011). It since then has spent over 200 million USD on expansion to increase production by three folds and producing 1.4 million hectoliters of beer per annum (Fortune, 2017). Duet Group and Vasari Global, UK- based companies, bought 51% share in *Dashen Brewery*, estate previously fully owned by the incumbent government's affiliate political party, and soon invested on a new plant worth USD 150 million for additional 2 million hectoliters beer per annum.

New local breweries that joined the beer industry initially started as local share companies and ultimately sold majority shares to international conglomerates. *Habesha Brewery* sold 60% of its shares to Bavaria NV, a Dutch company, while *Raya Brewery* sold 30% of its shares to BGI Ethiopia, a member company of the Castel group - the company that owns St. George brewery. BGI Ethiopia is also set to acquire 60% of the shares currently owned by the Belgian conglomerate Unibra in Zebidar Brewery (Fortune, 2017). The last brewery to

enter the beer industry, Zebidar Brewery, sold 60% of its ownership to Unibra, a Belgian beer company that recently entered the African beer market. So, summed up, foreign international beer companies either fully own, or have majority share ownership of all the breweries in Ethiopia.

Most beer products in Ethiopia are Lager Pale grade. There are also some varieties: St. George's Amber; Harar's Hakim Stout; and, Bedele's special Dortmunder and Pilsner. The alcohol content for beer products range from 4.75-6.0 per volume. Barley is the base ingredient for brewing in Ethiopia, unlike other African countries where sorghum, cassava, and rice are common base ingredients. There is only one malt factory in the country, the *Asella* Malt Factory that supplies malt - a basic ingredient for all lager beer in Ethiopia. A high quantity of malt is also imported as local supply of malt does not meet demand, an inlet of the beer industry with its own economic implications.

### **A regional strategy - Africa and the beer market**

Home to more than a billion people, and 18% of the world's population, Africa is increasingly becoming a substantively attractive market for goods and services. Although cross-border brand acquisitions are increasingly common in the global marketplace, research on consumer response is limited (Chang et al., 2015). Evidence to this is the scantiness of research undertaken on the aggressive moves by international beer companies to buy and penetrate African beer

markets. Compared to the annual per capita beer consumption to North America and Europe, Africa was at the lowest end in 2011, consuming a mere nine liters of commercial beer per person (Hesse, 2015). The continent's dynamic economic and social realities have excited a handful of international beer corporations to go extraordinary lengths to penetrate the continent's beer market (Hesse, 2015). This, along with other factors, has created a lucrative market. This lucrative beer market in Africa, however, is now controlled by three major international beer companies who are responsible for over 80% of the beer sales in the continent: SABMiller, Heineken, and Castel (Hesse, 2015). Heineken, fourth largest in Africa, operates in 20 other African countries, and gets 14% of its annual revenues.

Beer conglomerates until recently did operate in different regions of Africa and rarely came to the same market. In fact, SABMiller, mostly engaged in Southern and Eastern African markets, and Castel Group, with significant presence in West Africa, have a strategic alliance. The two giants have agreed not to battle to gain regional markets in Africa that might exhaust their corporate coffers that stretched to the length of buying regional shares from each other (Hesse, 2015).

### **The social context of alcohol and beer**

Despite it is viewed as socially undesirable, alcohol consumption in Ethiopia is also a social marker in many ways: class, economic status, gender,

ethnicity, pride, and not least, identity. For example, there is an ambivalent connection between alcohol, power, and cultural dominance in Ethiopia in relation to cultural aspects of social inequalities (Abbink, 2002). In Ethiopia, the type of alcoholic drink one takes tells a lot about that person. "Alcohol, apart from its potential for generating trouble, can be used as a theme to belittle, patronize and differentiate people, often in subtle ways" (Abbink, 2002, p. 161). There is also a considerable price difference for locally (traditionally) brewed drinks and other standardized alcoholic drinks including beer proper. Beer costs more money than traditionally brewed local drinks. This, coupled with other economic and accessibility reasons, might have contributed to the lower beer consumption rate. Many prefer the local drinks for their relatively cheaper prices. Consuming beer might also blur that difference. Even within the traditionally brewed drinks, some are accorded as royal drinks and some for underprivileged. Belittling and patronization are even stronger when the different prestige accorded to different drinks are accorded with status and prestige across different social groups (Abbink, 2002).

### **Modern brewing in Ethiopia**

Modern industrialized beer production is not even 100 years old and started with the opening of the St. George brewery in 1922 by a German company. There were five breweries in Ethiopia until 2011: St George Brewery; Meta Brewery; Harar Brewery; Bedele Brewery; and Dashen Brewery. Three of

the five breweries (Meta, Harar, and Bedele) were owned by the State until very recently. St. George was sold to and owned by Castel, a French company, in 1998. Dashen is owned by *Tiret Corporate*, an affiliate of a political party that in coalition formed the incumbent government in Ethiopia. There are also a handful of microbreweries, but they tap serve in-house customers and they do not have distributions. They have a niche sort of marketing that has its own unique features that distinguish it from the industrialized beer market. Neither do they engage in any form of mass advertising nor engage in promotional activities. Yet, there is a considerable consumer population of these microbrewers.

Despite the enormous changes in the beer industry and beer consumption in Ethiopia, literature is scanty and there is disconnect between the industry and academia. If consumers become appellants of a brand because of attitude they develop toward the brand, its ethnic region of production, its ownership, or messages reflected in the brand's advertisements, the best way to respond is listen to what they want – and do it. This absolves the potential loss of a consumer base and even helps to recruit new.

### **Statement of the problem**

The Ethiopian beer industry has gone through enormous changes in the last few years. Among the changes are transfer of ownerships, massive takeover of shares by international beer conglomerates, increase in production capacity, and observable changes in consumption behaviors. One particular change is also

the level and methods of the execution of beer advertising campaigns. There is an overwhelmingly aggressive advertising campaign going on in the country to the point one cannot escape attending to.

A beer market shared by a handful of breweries for decades suddenly gets a massive production boost and still keeps demand alive is interesting to study, especially to see how consumers responded to the changes in ownership, boost in production, and the new ether of advertising. Consumers in a market with diverse culture, multiple ethnic groups, and other social identities would greatly be a challenge to harmoniously reach. At least, from the outset, beer advertising campaigns have established distinct signature stories that fit into predominant consumers identities. Besides the visible financial pump into the production of beer advertisements, beer companies – especially the international conglomerates – have tuned advertising messages with signature stories to fit into consumer identities. A signature story according to Aaker (2016) is “an intriguing, authentic, involving narrative with a strategic message that clarifies or enhances the brand, the customer relationship, the organization, and/or the business strategy” (p. 50). These stories broadly seem to play three categorical identities: nationalistic; ethnic; and, political. The nationalistic stories promote unity of feelings about Ethiopian-ism through historical anecdotes; the ethnic tilt more toward in-group closeness calling for subscription through associations such as

brand origin; and, the political stories have much to do with brand ownership and company subscriptions to different political forces in the country.

There is also an ongoing, and tense, political tension in Ethiopia and the country has been under a state of emergence, on and off, since 2017. There is also a growing and heightened ethnic sensationalism in Ethiopia that recently transformed itself into ethnic based conflicts of a larger scale. The country has a government with a federal arrangement that consists of nine regional states and two chartered city administrations. The regional governments are presumably formed on the basis of the ethnic group that inhabits a specific geographic area. There have been concerns on the federal arrangements since day one which now have transformed into becoming sources of conflicts. One major concern on the arrangement was the anomaly in the formation of the regional states. For example, of the nine regional states, one region, the Southern Nations, Nationalities, and Peoples Region, consists of 56 different ethnic groups with a total population of over 16 million - according to a 2008 census (Adugna, 2014) while the Harari Regional State of one ethnic group, the Harari, with a population of 183,000 (Ethiopian Central Statistics Agency, 2007), has the same status. Similarly, the Oromo ethnic group, the majority in Ethiopia with a population of over 40 million, has the same regional status as the rest.

The tensions now seem to resonate into different social structures. People are being displaced from villages they lived for generations mainly because they



are from a different ethnic group; businesses and homes are being burned down only because their owners belong to a different ethnic groups; and, boycotts are being called on products that originate from other ethnic regions. One battleground for such a social wrangle is the beer industry, and there are cases that support such accounts. Heineken, an international beer conglomerate which bought two state owned breweries in Ethiopia in 2011. The company soon after embarked on massive marketing campaigns which included advertisements, promotions, and sponsorships. The company became the official sponsor of the Ethiopian men national football team in the name of its product *Bedele Special*. Among the company's sponsorship efforts was a nationwide music concert tour by a popular Ethiopian singer. The singer is known to propound national harmony, patriotic spirits, and celebration of figures from the country's historic past through his works. Heineken was investing a disclosed amount of money that run in millions for the concert tour.

A few days before the start date of the show, a campaign was launched on social media calling for the termination of Heineken's sponsorship, or a boycott if the company proceeded with its sponsorship. The boycott campaign claimed that Heineken was sponsoring a singer that publicly celebrated leaders from the country's past who allegedly oppressed the Oromos, Ethiopia's majority ethnic group. The Oromo ethnic group is estimated to have a population of over 40 million out of the total 100 million. It also has the largest ethnic region in terms of

area in the federal regional arrangements. Apparently, both of the breweries Heineken bought from the state, *Bedele Brewery* and *Harar Brewery*, are located in the Oromia regional state.

The boycott campaign gathered momentum in a matter of few days. Having its brewing plants in the very region a majority ethnic group the boycott campaign claimed has been unjustly treated by the past leaders who the singer Heineken sponsored celebrated publicly, and facing a boycott threat from an organized campaign that called for over 40 million potential consumers, Heineken ultimately was forced to withdraw its sponsorship and the tour was cancelled.

Understanding consumers' salient identities that factor in their cognitive and affective decisions to like or not like a brand is crucial for a brand success and would give insights into how brands can successfully survive in such diverse markets, especially when the brand is highly considered an identity marker. Even Heineken, a company in existence for over 140 years in the beer business, found itself in such a corner.

## **Objectives**

The main objective of this study is to examine how people's ethnic identity affects their attitude toward beer brands, brand advertisements, and their brand loyalty. There is scanty literature that addressed the economic and social implications of the developments in the Ethiopian beer industry, let alone

brand loyalty. Studying the overall developments is obviously paramount, but a more focused look into consumer response pertinent to brands and brand promotional campaigns is critical to better understand brand-consumer relationships and ultimately brand success. Studying consumer-brand relationships and brand loyalty to a highly moving consumer good like beer in a market with an estimated population of over a 100 million is of benefit for brands, advertisers, and consumers.

*This study also has the following specific objectives:*

- Examine how consumers' identity salience (ethnic identity) affects their attitude toward a brand; brand advertisements; and, brand ownership.
- Examine which among (consumers' attitude toward a brand, attitude toward a brand's advertisements, region a brand comes from, and a brand's ownership) better predicts purchase intention and brand loyalty
- Examine whether utilitarian or trivial brand attributions are responsible for consumers' purchase intention and brand loyalty

### **Research questions**

People seem to prefer a beer brand that either celebrates their central identity or take a stance not to consume it for the opposite reasons. How would brands survive in a market whose consumers are so divided by identity plagues? How can such conditions of identity-based campaign strategies help gain or lose consumer loyalty when events turn so fast and consumers more feel the salience

of one identity over the other? Assuming it exists, brand loyalty could be one that is possibly affected among a list of things following the changes. It is now over seven years since the changes began taking place and studying the nature and dimensionality of brand loyalty and the impacts on brands must be studied. Examining the state of loyalty and the role advertising played in creating, and/or maintaining brand loyalty is the focus of this research.

*This study will address the following broad research questions:*

1. How is ethnic identity salience associated with beer consumers' brand loyalty, word-of-mouth advertising efforts, and their purchase intention in the post-2011 Ethiopian beer market?
2. How did consumers respond to changes in beer brand ownership, especially to local and international ownership, as it relates to their ethnic identity salience?
3. Is there an identity salience difference between consumers in the different regional states in Ethiopia that could affect their responses to brand consumption?

### **Theoretical contributions**

Brand loyalty research focuses on less diverse and culturally close consumer populations with much values to share. Most studies were conducted in developed economies and that has to expand to different regions, especially to emerging economies that have big consumer markets (Khan & Rahman, 2015).

This study will have theoretical contributions for brand loyalty research because it investigates loyalty to beer, a fast-moving consumer good, in a very high-context culture with over 80 ethnic groups with distinct languages, culture, values, and distinct consumption behaviors. Most studies focus on brand origin (foreign vs. local) and not on the dimensions of (local vs. local) where ethnocentric diversities, identity salience, and in-group associations are abundantly part of consumer lives. Brand loyalty has also not been studied on these demographics before.

This study proposes that more than and above any other cognitive and affective construct variables so far used in brand loyalty research, identity salience is a central thrust to loyalty for brands such as beer that require lower thinking or elaboration to purchase. Zmud and Arce (1992) find that behavior is a function of felt ethnicity, cultural identity, social surroundings, and product type and situational factors can influence the relationship between ethnicity and consumer behavior. Testing contextual brand loyalty constructs, especially on such a product category that has been less studied to existing literature is another contribution of this study. Such contributions help marketers to develop selective target market strategies and enhance the effectiveness of their advertising strategies (Back & Parks, 2003).

The study also empirically examines the role of advertising in creating brand differences on consumer minds for a product that has little product-related attributional differences compared to the vastness of brand labels available in the market. It also aims to develop measurements for the nature and dimensionality

of brand loyalty of such a non-expensive and frequently purchased product that requires low involvement in a highly social and high context culture where word-of-mouth is 'the maker-or-breaker'.

Findings from this study could inform advertisers to better understand the mechanics of brand loyalty in the Ethiopian beer market and help them devise effective campaign strategies that match target consumers.

## CHAPTER II

### THEORETICAL FRAMEWORKS AND LITERATURE REVIEW

*"... , a brand without a loyal customer base usually is vulnerable or has value only in its potential to create loyal customers" (Aaker, 1996, p. 21).*

#### **Theoretical Frameworks and conceptual model**

Understanding brand-consumer relationships requires understanding of both the nature of the relationships and the interplays between a brand in its broader meanings and a consumer as a complex self. A review of brand-consumer relationships literature reveals an ever-changing mechanics and trends of research - and the use of theoretical approaches more focused on understanding consumers' behaviors and attitudes.

This study is informed by theoretical frameworks, conceptualizations, and research findings from bodies of research that address brand-consumer relationships. It is informed by the multi-dimensional (cognitive-affective-conative) loyalty measures by Dick and Basu (1994) and brand loyalty theoretical frameworks of Sheth and Park (1974). It also uses Tajfel and Turner's (1974) social identity theory to examine how consumers' identity salience can affect their brand loyalty to a product. The study also uses the hierarchy of effects model by Lavidge

and Steiner (1961) to examine the relationship between advertising and brand loyalty. A theoretical framework of brand loyalty by Dick and Basu (1994) posits that brand loyalty is a function of relative attitude toward a brand and repeated patronage. The theory identifies three antecedents of brand loyalty: cognitive; affective; and, conative. According to the theory, brand loyalty could exist only when consumers' beliefs - affect - and intention to purchase interact along a spectrum (Dick and Basu, 1994). This means, interaction of higher relative attitude and higher repeated patronage indicates a true brand loyalty while a lower relative attitude and low repeated patronage means no loyalty (Dick & Basu, 1994). The theory also offers propositions that help us test the antecedents in the framework. Brand loyalty, hence, is measured by a matrix of both attitude and behavior - a measure on any one dimension alone does not show loyalty.

A similar but differently elaborated theory by Sheth and Park (1974) identifies three basic dimensions of brand loyalty: emotive (affective tendency manifested more favorably toward a brand); evaluative (a positively biased evaluation of a brand based on perceived utilitarian features; and, behavioral (a positively biased response toward purchase and consumption of a brand). This theory posits that not all these three dimensions are present in all loyalty types and further details seven possible combination-type brand loyalty: behavioral; behavioral-evaluative; behavioral-emotive; behavioral-evaluative-emotive; evaluative; evaluative-emotive; and, emotive (Sheth & Park, 1974). Altogether, the two theories better inform a multidimensional brand loyalty study.

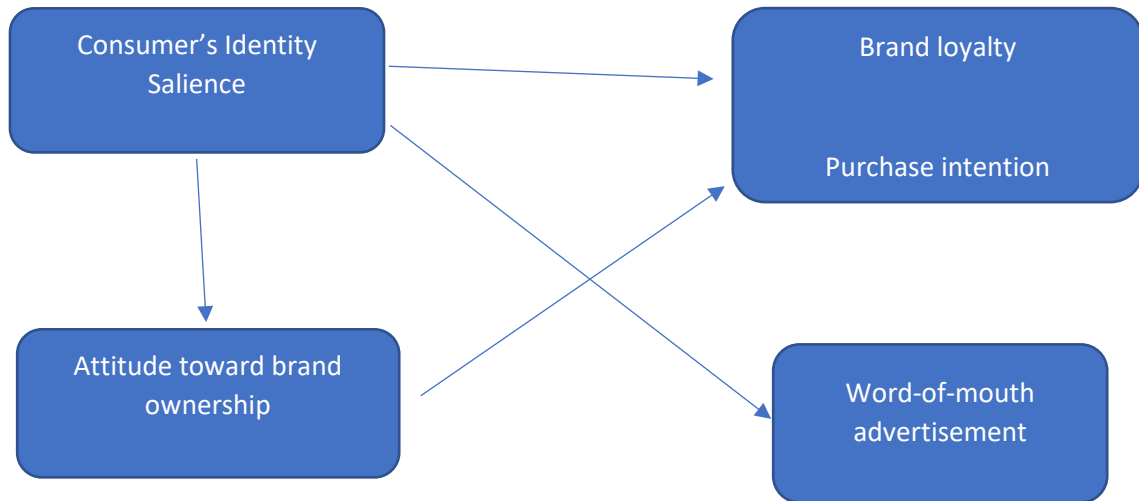


## **Conceptual model**

The main assumption of this study is that consumers' ethnic identity, when it is the most salient of available identities, determines their attitude and behavior toward a brand. Such a relationship is manifested through consumers' purchase intention, brand loyalty, and their attitude toward a brand and its advertisements. This study uses the following construct variables as independent variables to explain this relationship: Ethnic Identity Salience (IdSl); Brand ownership (BrOw); Attitude toward advertisements (AtAd); Attitude toward a brand (AtBr); Purchase Intention (PrIn); Word-of-Mouth Advertising (WoMo). A few interactions are hypothesized to occur between these variables - the outcome variable being brand Loyalty (BrLo). This study hypothesizes that some of the independent variables can directly affect an outcome on the independent variable while some independent variables can affect the outcome through a mediation and moderation process. There could also be interactions between the different independent variables themselves.

The following figure shows the different hypothesized interactions between the different variables.

*Fig. 1 Proposed research model*



The following sections present a literature review of conceptualizations and research findings used to inform this study.

### **Consumer- brand relationships**

Brands are now almost humanized. Fournier (1998) theorizes that the consumer-brand relationship is the center of brand loyalty and such relationships add values and meaning to brands. Consumers' identification with a brand is mainly associated with congruity of values consumers see in brand attributes to theirs. While caution is needed to be assertive, brand loyalty mainly develops from consumers' perception of a value in a product or service. Brands

are personalized, humanized, and people feel their interactions with brands as human to human (Fournier, 1998). Shachar, Erdem, Cutright, and Fitzsimons (2011) write that brands express self-worth and are the new religion - further elaborating the religiosity of brands and their relationship to people is stronger when the brand enables people to express themselves. The relationship between brands and people is more than metaphorical and under certain circumstances brands help people fulfill their interpersonal psychological needs (Dunn & Hoegg, 2014). When expected values are met with satisfactory response from a product, congruity of values positively influences brand loyalty (Tuškej, Golob, & Pudnar, 2013). Fournier and Yao (1997) took a look into not only what is processed within the consumer, but also what is forged in the branded product as well and found not only a powerful consumer-brand bond, but also the need for a deeper analysis of brand loyalty in different levels of abstraction.

Brand and consumer values also require a multilevel cognitive and behavioral analysis, and brand values have positive influence on consumers' identification (Tuškej, Golob, & Pudnar, 2013). Bloemer and Kasper (1995) state the relationship between consumer satisfaction and brand loyalty is not simple and straightforward. Consumer-brand relationship should be durable and must entice positive feelings if the relationship has to be maintained. For long-term consumer-brand relationships, brand strategies must take into account the effect of social structures (Arnett, German, & Hunt, 2003). A brand barely exists

without consumers (White, 1999). Also, Oliver (1997) theorizes that consumers first become loyal in a cognitive sense (based on vicarious knowledge or primed experience), then in an affective sense (where liking of the brand or attitude develops), then in a conative manner (a behavioral intention with a deeply held commitment to buy), and in a behavioral sense finally (actual purchase actions).

A multi-country study that considered consumer's knowledge and experience to examine their brand trust, satisfaction, and loyalty has identified brand love as an important factor for loyalty (Drennan et al., 2015). The strength of brand loyalty is often conceptualized as the intensity of consumer loyalty toward the brand (Agrawal, 1996). According to Unal & Aydin (2013) one critical factor for brand loyalty is the love consumers develop toward a brand. Brand-self-identification is the degree in which a consumer relates himself to the brand's image and the self-congruence with brand's personality (Vera & Trujillo, 2017). Drennan et al. (2015) note that the emotional bond that consumers form with their brands is found to be a key differentiator in defending against competitors. The fact that perceived values, customer satisfaction, brand trust could lead to brand loyalty is also conformed in empirical studies (He, Li, & Harris, 2011; Tuškej, Golob, & Pudnar, 2013). In their study of how consumers relate to their beloved brands, Reimann et al. (2012) find that emotional arousal in consumer-brand relationship decreases overtime while inclusion of the brand into the consumer-self increases.

## **Brands and consumer identity**

Identity is a complex construct fluidly defined and conceptualized in different fields of study. Mooij and Hofstede (2011, p. 185) define identity as “the idea one has about oneself, one’s characteristic properties, one’s own body, and the values one considers important”. Buchholz and Wörde mann (2000) propose a five portal method to address powerful purchase motives in the consumer’s mind. They further elaborate that consumers prefer brands that: offer compelling benefits and promises, an apparent advantage over other competitors; concur with their norms and values, satisfy their pride, and neutralize taboos; are identity and self-expressive; and most importantly, offer a brand enough that lasts (Buchholz & Wörde mann, 2000). Individuals have different identities. Among the many identities of the self, the one defined by brands is referred to as self-brand identity and consumers infer this from their own brand consumption (Schmitt, 2012). By associating the self with symbols, such as brands or products, consumers can purposively represent their self-concepts to others and share brand meanings (Roswinanto & Strutton, 2014).

Social identity theory, developed by Henri Tajfel and John Turner in the late 1970s, posits that people hierarchically arrange multiple identities. According to the social identity theory, people categorize themselves in in-group and are defined by the characteristics of the group they identify themselves with. Social identity is defined as “that part of the individuals' self-concept which

derives from their knowledge of their membership of a social group (or groups) together with the value and emotional significance of that membership” (Tajfel, 1981, p. 255). Social identity theory lends a perspective to understand the social consumption of brands and is useful because it recognizes people as multifaceted beings that live in social constructions doing their own things (Kleine, Kleine, & Kernan, 1993). Advertising only introduces a brand to consumers with values that evoke identity feelings at the beginning and consumers add their own values to exhibit loyalty.

### **Identity salience**

Identity salience can broadly be referred to as the central or contextually most important identity consumers prefer to identify themselves with among the many identities they could possibly have. Some literature document this as centrality of identities – and some others go by salience. Stryker and Serpe (1994) write that identity salience and centrality could be independent for some roles and overlap for others - and there is no empirical evidence to delineate them. When multiplicity of identities compete, Harmon-Kizer, et al., (2013) write that centrality of identities dominates consumers’ behavior. Social groups can also be formed along the most insignificant differences, or salient to the members, “quickly leading to in-group favoritism and outgroup derogation” (Amodio & Devine, 2005, p. 253). Group membership and culture can moderate the dissonance-based attitude change (Cooper, Mirabile, & Scher, 2005); and,

“Prejudice can be instigated and maintained with relative ease” (Amodio & Devine, 2005, p. 253).

When one salient identity emerges, people then successfully perform the behaviors that are associated with that identity (Arnett, German, & Hunt, 2003) and “the higher the rank of the identity and its measured centrality, the greater the connectedness with brands supporting the identity and vice-versa for lower measures” (Harmon-Kizer, et al., 2013, p. 493).

Identities are primed situationally through activation of relevant knowledge structures in memory (Cartet, 2013). Such activation of identity salience will affect consumer reactions to product stimuli, and increases consumer loyalty (Marin, Ruiz, & Rubio, 2009). Identity salience may also mediate relationship-inducing factors, such as reciprocity and satisfaction among consumers, especially when substantial social benefits and social exchanges are involved (Arnett, German, & Hunt, 2003). Consumers are also attracted to brands that symbolize their various social identities (Kleine, Kleine, & Kernan, 1993). A brand’s characteristics likely invokes consumers’ salient identities depending on contexts. Such an invoking of salience is referred as ‘identity activation’ where an identity is triggered and subsequently controlled by an individual in a situation (Carter, 2013). This could also be understood as a space for more bondage and relationships - “Close brand relationships can generally be explained by self-

expansion and inclusion mechanisms whose roles differ depending on whether the relationship is new or persistent” (Reimann et al., 2012, p. 138).

### **Ethnic identity in Ethiopia**

Ethnic based tensions have been prevalent in the past two decades in Ethiopia. Recalling discussions in chapter one, the broader problem is arguably sourced from the anomalous constitutional and federal arrangement of government instituted after 1991. The issue of ethnic identity has since been excessively and unnecessarily politicized and institutionalized, including school curriculums. Ashine (2019) writes that campuses have now become ethnicized spaces and depoliticization of universities is the way to reimagining Ethiopia as a multinational state. Most university undergraduate students today are products of an education policy that was designed in line with a set of other policies and strategies centered around such politicization of ethnicity. Not only that such a politicized ethnic sensation is prevalent in the curriculums, but it also has deposited so much hate, suspicion, and resentment among the youth. Such pedagogical politicization has produced students as oppressed political subjects who became both the victim and agent of conflict in their own universities (Ashine, 2019). The scary fact about all this is that the problem exhibits itself more recently because the generation born into such an education policy and political climate has grown into it and has now become a capable force to walk the narratives.



Colleges in Ethiopia have a unique position to bring people from almost all ethnic groups and all regional states. Students in public universities are assigned by the federal government to any of the public universities upon satisfactory national matriculation exam results. Assignment is mostly based on lottery but depending on a student's very high results from the national matriculation exams the government may honor a student's choice of assignment.

Recent trends in Ethiopia's higher education institutions show a very disturbing trend of ethnic-based conflicts among students that repeatedly resulted in deaths. As a microcosm of Ethiopia, the events in Ethiopian public universities present a problem the nation is grappling with. Lively contentions are prevalent almost in every public higher education institution and no single campus is immune. Universities have become a fertile ground for heightened ethnic sensationalism and ethnic based conflicts. Ashine (2019) writes that universities have become venues of horizontal conflicts between students with or without direct involvement of external forces as normalized events. The government has recently taken measures to mitigate active conflicts and at least create calm for normal teaching-learning process to continue. Measures include deploying federal police and military forces on campuses and temporarily and permanently suspending students by the hundreds. Unfortunately, even such measures could not help, and a few universities have been shut down. When that

happens, students go back to their families and the conflicts continue on a different front. When students go back, they take with them the animosity and resentment that caused their departure from their campuses.

University communities have influence on shaping opinions in different aspects of life. According to World Bank Group Report (2020), Ethiopia has 52% literacy rate for its population of 15 years of age and above who can both read and write with understanding a short simple statement about their everyday life – among the lowest rates in the report. For example, in the last few years, some major conflicts that resulted in many deaths and swayed changed of government did begin on campuses. Also, historically, questions on ethnicity were orchestrated and played forward by universities communities. This study intends to examine if the repercussions of such ethnic based wrangles are also reflected in the market, specifically in how ethnicity as a salient identity affects consumption. Of course, university students in Ethiopia are not new to protests. They have been active in political and social movements in the past. However, it in most cases has been a united student force against the government demanding social justice and for grandeur social causes.

Unfortunate conflict incidents on campuses have claimed lives and caused significant property damages. Conflicts start with petty issues that less represent the ideals of a college environment. Current state of socio-economic relationships between communities of different regions is not good. Intermittent road closures

and continued ethnic based clashes have made transport of goods difficult and otherization of both people and products coming from other regions of the country are considered the new patriotic performances. This undoubtedly affects both brands and consumers as it disrupts the market and the supply chains. Sadly, this is getting worse by the day. Ethiopia still faces a tough time ahead as it witnesses more and more conflicts claiming lives by the hundreds. The effects are way beyond comprehension and go beyond affecting consumption and the market.

### **Brands and cultures**

Brands signify not only the self as a consumer but also groups, society, or culture (Schmitt, 2012). Culture is a comprehensive concept which includes knowledge, beliefs, morals, and a whole lot of societal capabilities human beings acquire by being members of a society (Hawkins, Best, & Coney, 1995). Mooij and Hofstede (2011) review a sizeable research finding on culture and consumption behavior that ultimately define marketing, branding, and advertising strategies across cultures. From brand perspective, effective application of cultural schema associated with what a brand contributes is crucial for involving consumers and vital for brand success (Lloyd & Woodside, 2013). Brands are complex bundles of multidimensional meaning (McCracken, 1993); sophisticated networks of information, associations, values, and feelings (Berthon, Holbrook, & Hulbert 2003); and they let people freely construct the

ideas that they want to express through their consumption of what's prescribed (Holt, 2002).

Subcultures in a given culture could bring a considerable variation in consumption behaviors. For example, ethnic subcultures, groups of people whose membership is based on uniquely shared common racial, language, or nationality background could be considered as sub-cultures within a culture (Hawkins, Best, & Coney, 1995). Consumer-brand relationship also evolve from consumers' propensity to connect with others that share values the brand is perceived to offer. For example, consumers in individualist cultures value independence, autonomy, and uniqueness and their brand choice and loyalty expresses distinctiveness (Markus & Kitayama, 1991).

On the other hand, an exact opposite of this happens in highly social cultures. In such social cultures where interdependence, conformity, and similarity are valued, customers prefer brands that express togetherness, similarity, and membership (Markus & Kitayama, 1991). In most collectivistic cultures and societies, people are more bound to be found in the togetherness conscious than the individual conscious. Their identity is based on the social system to which they belong and preserving harmony and avoiding loss of face are important. "Collectivistic cultures are high-context communication cultures, with an indirect style of communication" (Mooij & Hofstede, 2011, p. 182). Cultural differences may influence the love of certain brands and consequently

loyalty (Drennan et al., 2015). For example, in a multi-country study that examined wine consumers in Australia, Chile, France, Mexico, and Portugal, Drennan et al. (2015) have found that brand love positively impacted brand loyalty in some countries and not in others.

### **Brand symbolism**

Brands are symbols to consumers. Brand symbolism is an inference consumers make for themselves based on their consumption, or use of a brand (Bernritter et al., 2017). Brand symbolism is also the degree to which a brand symbolizes a cultural group (Kubat & Swaminathan, 2015; Bernritter et al., 2017) and the ability of a brand to signal consumer identity (Bernritter, et al., 2017).

The effects of brand symbolism on consumer-brand connections occur primarily for brands with higher symbolic value (Harmon-Kizer, et al., 2013). Also, culturally congruent brands that cue cultural schema are evaluated more favorably than culturally incongruent brands (Torelli & Ahluwalia, 2012). As a marketing strategy, using brands to express a consumer's personality influences consumers to exhibit loyalty toward a brand (Kumar & Advani, 2005). Also, when a brand and its product are cultural symbols, or when their cultural symbolism is stronger, it is likely that a cultural schema would be automatically activated (Torelli & Ahluwalia, 2012). Such cultural associations could also pose a risk for brands as they could drive consumer judgements unfavorably (Torelli & Ahluwalia, 2012).

A local iconic brand symbolizes consensus values of the local community and it is built around local operations to meet local tastes and needs (Heinberg, Ozkaya, & Taube, 2017). For this to happen, companies present brands to consumers in a way they become more or less global and local iconic (Heinberg, Ozkaya, & Taube, 2017). Brand symbolism more shows group membership and depends on consumers' brand attitude (Bernritter, et al., 2017). "Advertisements that violate social or group norms, rules, or standards will find difficulty winning acceptance (O'Shaughnessy, 1987, p. 34). Kardes (2005) writes that people control their behavior by focusing on information that is most relevant to their goals and when they encounter an advertisement that fails to match their attitude toward a brand, they pay little or no attention.

### **Identity, place, and neolocalism**

In the brand-consumer relationship, studies show that consumers want to feel a connection with the brands they purchase, and this relationship begins with a brand that contributes to a sense of place. A look into brand ownership literature informs us that the process of change of ownership as an outcome of a buyout process may change the sense of consumers' attachment and sense of belongingness to a brand. Similarly, the transfer of ownership may also bring a change in consumer perception of values of a brand. In the case of big corporations buying out microbreweries, place of a brand could be one venue for establishing a renewed consumer-brand relationship. The process could also draw a cultural

geography by seizing on certain core societal values of a given community in areas where such buyouts occur. The conglomerates retain the values that already existed as attributes of a beer brand but also carve out more edges to the boundaries by creating a tighter bondage between the brands, consumers, and the local values. Drawing some discussion on neolocalism, a concept that recently gathered momentum in microbreweries and local cultures, is very helpful to better understand the essence of place and local values.

Neolocalism is an evolving concept used to broadly explain the effort by conglomerates in re-establishing a sense of belongingness through re-branding communal values. Schnell (2011) describes neolocalism as a conscious effort by businesses to foster a sense of place based on attributes of a community. Most literature discuss neolocalism, both as a movement and as a concept, in the context of the United States beer industry. This is the case mainly because of the exponential growth of microbreweries in the past few decades in the United States beer industry, from only 82 in 1982 to over 1500 in the 1990s (Schnell & Reese, 2003). The growth in number is believed to be a drift from a homogenous and national culture shared across a wider place into developing more affinity toward local spaces and local values (Schnell & Reese, 2003). Schnell (2011) writes that microbreweries are important players in the neolocalism movement. Breweries are at the center of neolocalism because of a unique position they give conglomerates in creating a space to re-establish local value-consumer relationships. Schnell

(2011) presents three factors that help conglomerates to re-create that relationship: use of local names and images in labeling and marketing; environmental sustainability; and, social and community engagement. All the three factors forwarded by Schnell (2011) are at work in the post privation period of the Ethiopian beer industry.

However, the theoretical understanding could be used to other markets and cultures following suit and experiencing a shift in brewery cultures such as Ethiopia. Noting the discussions in Schnell and Reese (2003) on the role localization of brands in making more sense in cultural geography rooted in local identity than a wider homogeneous approach, it could be argued that breweries in Ethiopia could see a spike in demand under private ownership. During the era of government ownership such localization processes did not have a place. Similar experiences of neolocalization have been registered in Poland after a massive restructuring of beer industries, mainly ownership (Wojtyra, Grudzień, & Lichota, 2020).

Microbreweries create local loyalties and identities in the process of place attachment (Schnell, 2011; Flack, 1997). Sense of place and local brand-consumer relationships do actually have a positive relationship. A recent study by Taylor and DiPietro (2020) shows that perceptions of neolocalism have a significant positive influence on relationship quality, and relationship quality has significant positive influences on place attachment and brand attachment.



Microbreweries use targeted marketing strategies and purposely cater to the cravings for connection to local communities. The use of local place names and images in branding and creating a sense of place is a foundation to the neolocalism as a movement (Schnell, 2011). This is well documented in an expansive work on the sense of space in microbreweries in the United States. Schnell and Reese (2003) write that local imageries, human structures, artifacts, and local geographical heritages had replaced the earlier labeling and naming strategies that pursued national and grandeur historical anchors before the flourishing of microbreweries. This, as a strategy, has created a reconnection and renewed consumer-brand attachment on a local level. Schnell (2011) describes this movement as a homogenizing process of globalization itself, including the growth in power, reach, and influence of global corporations, eventually creating a renewed commitment to experiencing things close to home.

### **Brand loyalty**

Literature on brand loyalty presents three major distinctions, or philosophical classifications: loyalty as random or purposive; loyalty as attitudinal or behavioral; and loyalty as cognitive or emotive (Sheth & Park, 1974; Fournier & Yao, 1997; Punniyamoorthy & Mohan Raj, 2007). In a basic definition, a brand is a means by which a company differentiates its products from other competitors and a way it keeps its products protected in the market (White, 1999). Aaker (1991) defines brand loyalty as a measure of the attachment between

a consumer and a brand. Dick and Basu (1994) conceptualize brand loyalty as a relationship between the relative attitude of customers toward a product or service and a patronage behavior they exhibit. Brand loyalty is a complex multidimensional construct with both attitudinal and behavioral components (Pan, Sheng, & Xie, 2012). Brand loyalty also involves a positively biased tendency beyond repeated purchase (Sheth & Park, 1974; Bloemer & Kasper, 1995). A seminal contribution by Jacoby and Chestnut (1978) is by far a comprehensive and deeper treatment of brand loyalty in terms of definition, operationalization, and measurement of brand loyalty.

Brand loyalty is also understood and defined in different ways and there are debates on the operationalization and measurement of the construct brand loyalty itself (Sheth & Park, 1974; Jacoby & Chestnut, 1978; Fournier & Yao, 1997; Odin, Odin, & Valette-Florence, 2001; Dawes, Meyer-Waarden, & Driesener, 2015). Yet, none seem to detail an exhaustive theoretical or operational definitiveness of constructs or measurements that could serve brand loyalty research as focused and comprehensive as possible (Pan, Sheng, Xie, 2012). Overall, two dominant approaches are used to study brand loyalty: behavioral and attitudinal. Most literature, however, seem to agree on one common feature of brand loyalty, that it is a repeated purchase behavior (Odin, Odin, & Valette-Florence, 2001; Fournier & Yao, 1997; Bloemer & Kasper, 1995; Dick & Basu, 1994; Raj, 1982). However, Oliver (1999) writes that describing loyalty sufficiently by

patterns of repeated purchasing habits is no more adequate – as it was common until the end of the last decade of the 20<sup>th</sup> c.

Loyalty is considered strong when consumers exhibit both attitudinal and behavioral loyalty toward a brand - a favorable scenario to brands. While recent research approach brand loyalty as a multidimensional phenomenon, most early research operationalized brand loyalty from a behavioral dimension and a product of repeated purchase (Bandyopadhyay & Martell, 2007; Punniyamoorthy & Mohan Raj, 2007). However, since collecting purely behavioral data is cumbersome, most loyalty research rely on measuring attitudes toward a brand (Pan, Sheng, & Xie, 2012). Also, research on the substitutability of attitudinal and behavioral loyalty measures is scant (Pan, Sheng, & Xie, 2012). Research addressing both the behavioral and attitudinal components is commended because it helps to measure true loyalty. True loyalty should compromise both behavioral (repeated purchase pattern) and attitudinal (disposition toward a brand) (Bandyopadhyay & Martell, 2007).

### **Degree of brand loyalty**

Not all brand loyalty is the same and the degree of the relationship between consumers and a brand could be interpreted differently. A seminal work by Sheth (1970) proposes a multi-brand loyalty, a possibility where consumers could be loyal to more than one brand in varying degrees. This appears to be a valid proposition because of possibilities that consumers might

have preference of some degree to more than one brand among many available. The reasons for the varying preferences also follow consumer behaviors. A brand loyal is less likely to exhibit loyalty to a sole brand and the degree of loyalty is measured based on the scores of a consumer's preferences toward a brand among competing brands that involve the consumer (Sheth, 1970). Aaker (1991) ladders brand loyalty based on the level of attachment consumers have to a brand: committed; likers; satisfied; habitual; and switchers.

Also, on the types of brand loyal consumers, it is possible that there could be conscious loyal and unconscious loyal (Akin, 2012); true loyal and spurious loyal (Bloemer & Kasper, 1995; Dick & Basu, 1994); passive and committed (Aaker, 1996); high and low (Raj, 1988). Not far from this, Dick and Basu (1994) write that consumers could develop brand loyalty from cognitive, affective, and conative antecedents. Based on purchase repetitiveness, Bandyopadhyay and Martell (2007) classify consumers into three: single users; multiple users; and non-users. Single purchase cannot show loyalty at all (it could be any random purchase for reasons not related to loyalty; and, repetitiveness alone cannot show loyalty (consumers could repeatedly purchase a brand for different reasons that have nothing to do loyalty). Bloemer and Kasper (1995) propose brand loyalty can be true and spurious - where true brand loyalty is distinguished from the spurious along with distinct antecedents and consequences. In true loyalty, they claim the critical feature is brand commitment, a necessary condition for true

brand loyalty to occur and a feature lacking from the spurious (Bloemer & Kasper, 1995).

On the concept of being loyal, Oliver (1999) poses a question on the rationality of loyalty and why a consumer appears to be so naïve, unaware, or fervent and seek out only one branded object to fulfill needs – and finds a response that loyalty is noble and shows a person has trust and conviction- and it is a basic instinct of human nature to be loyal. The fact that literature documents varied findings and conceptualizations of the nature and magnitude of brand-consumer relationships has also made systematic and methodological assessment a crucial part of research.

### **Measuring and testing brand loyalty**

Brand loyalty has been measured and operationalized in different approaches, both in form and content (Jacoby & Chestnut, 1978; Aaker, 1996). There is also arbitrariness on measurement instruments (Pan, Sheng, Xie, 2012). Research on brand loyalty is unique in its inability to produce generalizable results despite efforts of over three decades (Bandyopadhyay & Martell, 2007; Pan, Sheng, Xie, 2012). There are ongoing discussions on what a good measurement of brand loyalty is. Hence, a host of studies propose that brand loyalty should be measured on a multi-dimensional level. Brand loyalty is a hypothetical and multidimensional construct and it is determined by several psychological processes and entails multivariate measurements (Sheth & Park,

1974). Dick and Basu (1994) warn that measuring behavioral brand loyalty alone does not show loyalty since it undermines consumer decision-making processes and repeated purchase may be a result of other non-loyalty factors. Repeated purchase also does not necessarily show loyalty (Bloemer & Kasper, 1995). Neither behavioral measures nor attitudinal measures alone adequately assess brand loyalty (Back & Parks, 2003).

Odin, Odin, and Valette-Florence (2001) note that even repurchase might not be an indicator of loyalty. They claim that people could repeatedly buy a brand with no motive behind, a concept they describe as purchase inertia (Odin, Odin, & Valette-Florence, 2001). They reconcile this by measuring brand sensitivity, the level of consumers' involvement with a brand, and their ability to differentiate brands. Measuring the valence of brand evaluation (strength of relative attitude) and future purchase patronage (behavioral loyalty) better indicate a truer brand loyalty (Dick & Basu, 1994). Also, a meta-analysis of empirical findings on the predictors of consumer loyalty reveals that using multi-item scales enhances measurement reliability while single-item loyalty measures showed weaker effects (Pan, Sheng, & Xie, 2012). Multi-item measures that could reflect both behavioral and attitudinal elements should be used to better measure brand loyalty (Pan, Sheng, & Xie, 2012). Highest scores on both the attitudinal and behavioral loyalty measures mean that there is a strong loyalty, and vice versa (Bandyopadhyay & Martell, 2007).

## **Attitudinal brand loyalty**

All human beings have attitudes, just like they have arms and legs, and they shape us in ways we do not always recognize – and that is toward anything (Perloff, 2003). An attitude is “a mental and neural state of readiness, organized through experience, exerting a directive or dynamic influence upon the individual’s response to all objects and situations with which it is related” (Allport, 1967, p. 8); a learned predisposition and implicit response that guides people’s overt evaluative responses to an object or concept (Fishbein, 1967; Perloff, 2003). Fishbein (1967) writes that attitude is formed after a person is exposed to a stimulus and as part of a concept formation process which the person would later add more to as it learns new things.

Overall, attitudinal brand loyalty could be operationalized as a positive evaluation of a brand that develops into a strong psychological commitment toward a brand, and less of their engagement in purchase of a brand. An individual’s attitude mostly comes with the positive and negative references. A relatively stable response to a brand with either positive or negative affect is accompanied by beliefs of a cognitive structure; and the extremity of the affect toward the brand is correlated with the cognitive structure (Rosenberg, 1967). It is also the number of positive attributes a consumer makes about a brand (Bandyopadhyay & Martell, 2007). Consumer attitude in brand loyalty is logically expected to be positively valenced (Dick & Basu, 1994). Despite the

predominance of research on behavioral loyalty, attitudinal brand loyalty has been the focus of research in the recent past, but research has now shifted to investigating and measuring attitudinal loyalty. The importance of non-purchase loyalty is also found to be significant for brand success via actions such as word-of-mouth recommendations. Non-purchasing attitudinal loyal consumers could also be potential future markets and can remain loyal to a brand through promoting the goods of a brand even if they engage less in purchase (Bandyopadhyay & Martell, 2007). This is evident on the underage population that is on track being groomed to consume, alcohol products for example.

The strength of attitudinal loyalty could be examined based on attitude differentiation and strength (Dick & Basu, 1994). Having a positive feeling about a brand considerably lasts longer as the attachment is based on emotive/cognitive processing while engaging in purchases of a brand could be momentary. "Attitudinal measures prove to be a good supplement to, and in some cases, ample replacement for behavioral measures" (Pan, Sheng, & Xie, 2012, p. 157).

Studies have used different cognitive psychological construct variables such as consumers' brand experience, perceived quality, perceived value, and others, to study attitudinal brand loyalty. As part of the ongoing developments in brand loyalty research, more construct variables are increasingly being used to measure attitudinal loyalty.



## **Behavioral brand loyalty**

Behavioral brand loyalty is understood as consumers' overt behavior toward a specific brand in terms of repeat purchasing patterns determined as actual purchase frequency (Back & Parks, 2003). Behavioral loyalty is more action based toward purchase – surely, comparatively preferred by companies since it facilitates purchase. From a survival angle, brands should sell and make profit enough to continue as a business. What good do consumers do to a brand if they do not pay for it? For the sell to happen, people must engage in actual and continued consumption.

Consumption in any way involves people's willingness to pay for goods and services. That willingness must ultimately translate into behavioral actions and people must purchase. The economic viability of a frequently bought product depends on a repeated purchase (Ehrenberg, 2000). Jacoby and Chestnut (1978) consider two assumptions to explain a company's desire to have more loyal consumers: to sell more products; and maintain a repeated sale of a product to a consumer - a long term plan. Dawes, Meyer-Waarden, and Driesener (2015) write that companies are specifically interested in behavioral loyalty since it directly translates sales into revenue. Research in the past has mainly focused on behavioral loyalty which was mainly expressed through a repeated purchase (Fournier & Yao, 1997). Vast majority of research on brand loyalty focuses on behavioral loyalty and extensive data exists on such behavior while no

equivalent long-term information on consumer attitudinal brand loyalty is available (Dawes, Meyer-Waarden, & Driesener, 2015).

### **Attitudes and behaviors**

Looking into their interactions, research on attitude-behavior relationship brings inconclusive causal directions. Results from a study in the 1930s by LaPiere (1934) had for long been accepted as proof that attitudes do not determine behavior. Fishbein (1967) writes that no evidence suggests attitudes predict behavior, and that is partly because of measurement problems. On a different note, others write that attitudes can predict behavior, and extreme pessimism on attitudes predicting behaviors is unwarranted (Fazio & Roskos-Ewoldsen, 2005). Research has advanced a lot since these remarks, but results are not much different except for refinement of measurements. Attitudes can guide behaviors in two different ways. Ajzen and Fishbein (1975), in their theory of reasoned action posit that people consciously deliberate on their course of actions that ultimately translate into behavior. In a different model by Fazio (1986), behaviors are guided by people's attitude even when people do not actively reflect on either the attitude or the course of actions. Attitudes can situationally guide behaviors and some moderating variables such as: quality of a behavior; quality of the person; quality of the situation; quality of the attitude itself; and accessibility of the attitude (Fazio & Roskos-Ewoldsen, 2005).

Attitudes can be formed, changed, and reinforced, mainly through persuasive techniques. Consumer beliefs can be formed and changed or reinforced through persuasion (O'Shaughnessy, 1987). Anything that involves molding or shaping attitudes involves persuasion (Perloff, 2003). All people are captive to the consequences of their behavior and when their actions are inconsistent with their attitudes and bring them undesirable consequences, they feel pressure to change their attitudes (Cooper, Mirabile, & Scher, 2005). When people have a flexible value-system, they are open to persuasion (O'Shaughnessy, 1987). Persuasion, hence, is a symbolic process by which communicators try to convince others to change their attitude or behaviors in an atmosphere of free choice (Perloff, 2003). There are different types of persuasion for different effects and Perloff (2003) states three: shape; reinforce; and, change responses. Contemporary persuasion differs from the past in five ways: the exponential growth of persuasive communications (advertising being one); persuasive messages travel faster; persuasion is institutionalized (for ex. advertising agencies); persuasive communication has become subtle and devious; and, it has become more complex than ever before (Perloff, 2003).

An important rhetorical question - can people have different, or contradictory, attitudes toward the same thing? Research documents that this is possible. People could have inconsistent cognitions and those who act inconsistently with their beliefs experience dissonance (Cooper, Mirabile, &

Scher, 2005). Perloff (2003) writes that there could be internal inconsistency of attitudes in what people hold as beliefs. The inconsistency that is most common is when peoples' cognitions and feelings differ, a condition that could lead people to problems (Perloff, 2003). For example, people could doubt the claims of an advertisement and still buy a brand because the advertisement claims could be irrelevant, but the brand attributes elicit purchase, and the purchase involves little risk and consumers give it a try (O'Shaughnessy, 1987). Congruity in human thinking can be stated quite succinctly where changes in evaluation are "always in the direction of increased congruity with the existing frame of reference" (Osgood & Tannenbaum, 1967, p. 302).

Bandyopadhyay & Martell (2007) find that attitudinal loyalty influences behavioral loyalty. But it is also possible that people can have a strongly positive attitude toward a brand and not engage in purchase behaviors (Dick & Basu, 1994). Ehrenberg (2000) writes that behavior can change attitude, unlike the awareness-attitude-behavior thinking process common in psychology research. Brands do not benefit from consumers' attitudinal loyalty unless that is translated into behavioral actions, or behavioral loyalty.

Behavioral loyal consumers are good for a period they engage in purchase, but it also draws a risk of losing them to other competing brands that might offer better appeals. Such consumers are high maintenance and susceptible to changing their mind for pretty much any information or appeal

that seem to offer better. Behavioral loyal consumers, as possible it is that they could be truly loyal, they could also be constrained buyers who buy for different reasons not related to loyalty (Dick & Basu, 1994; Bandyopadhyay & Martell, 2007).

Brand loyalty could also be time dependent and evolve from purchase experiences. It is easier to measure it in such situations. Consumers could frequently buy products, especially new products, for a given period of time and that gradually could become a habit and they would continue buying (Sheth, 1970; Ehrenberg, 2000). Gearing consumers to develop both attitudinal and behavioral loyalty is ideal for brands. The bottom-line, loyalty best serves brands when it is both attitudinal and behavioral. Hence, from a brand's perspective, it is a best scenario when people are attitudinally loyal and repeatedly buy it for that reason.

### **Brands and consumption**

Harmon-Kizer, et al., (2013) find that by connecting with brands consumers express themselves and confirm who they are to others. Brands are also social expressions of daily life and looking no further than people's ordinary activity patterns gives an understanding of how brands fit into consumers' lives (Kleine, Kleine, & Kernan, 1993). Interestingly, even when the properties of products are fundamentally important to consumers, the underlying fit comes

more from buying the brand – just as concisely put here - “Consumers do not just buy products (goods and services); they buy brands” (Brakus, & Zarantonello, 2015, p. 170). This calls for an investigation of what drives the development of intent among consumers to pay for a brand.

### **Purchase intention**

Purchase intention is a conative dimension of brand loyalty. This is consumers’ willingness to buy a brand. After all, the whole point of advertising is bringing individuals through some steps to finally make them buy. Purchase intention, as a conative stage of loyalty to a brand, involves motivation to act in a certain way, or creating the intention to buy among consumers (Lavidge & Steiner, 1961; Palda, 1966; Barry, 1987). Buying is a purposive act and people buy things when they want them, or, wanting something is a necessary condition for buying (O’Shaughnessy, 1987). Ehrenberg (2000) also writes that people buy things because they want them, and it is not right to assume they do so because of advertisements. People’s wants may, however, be inactive for many different reasons. In such cases, O’Shaughnessy (1987) writes that people buy brands which they were not actively seeking before being made aware. Understanding consumers rests on the assumption of shared meanings such as goals, wants, beliefs, and values (O’Shaughnessy, 1987).

The totality of people’s beliefs about a brand can be viewed as a belief system (Fishbein, 1967). “Goals and wants activate beliefs to determine goal and

want priorities" (O'Shaughnessy, 1987, p. 21). Buying also caters to life goals such as social acceptance, and individual purchase is generally part of an overall consumption style (O'Shaughnessy, 1987). Social norms can inhibit purchase, and even when consumers buy brands with no one watching they still feel they are being watched and find themselves in conflict (O'Shaughnessy, 1987). How this dimension is fulfilled yet depends on other factors that connect consumers with brands. Based on an almost similar reasoning as to why people buy, the same could also be used to suggest as to why people do not buy.

### **Brand experience**

A number of studies find that brand experience predicts and explains brand loyalty. Brand experience has strong effects on both purchase intention and attitudinal brand loyalty and it cultivates brand loyalty (Khan & Fatma, 2017). Consumers' evaluation of a brand may be relying more on their direct brand experience and/or their initial opinion of the product rather than the credibility of what the brand advertises (Heinberg, Ozkaya, & Taube, 2017). Also, brand experience can be positively mediated by brand evaluation to brand loyalty (Bapat & Thanigan, 2016). Brand loyalty is one outcome of brand experience (Khan & Rahman, 2015) and brand experience has direct effect both on behavioral and attitudinal brand loyalty (Brakus et al., 2009). Brand experience also directly and indirectly affects the strength of consumer loyalty through brand-personality associations (Brakus, Schmitt, & Zarantonello, 2009).

Brand experience consists of several dimensions and which dimensions are more appropriate needs more empirical support (Maheshwari, Lodorfo, & Jacobsen, 2014). A meta-analysis of brand experience as a function of brand loyalty by Khan and Rahman (2015) captures four antecedents of brand experience: event marketing; brand contact; brand-related stimuli; and storytelling. Bapat and Thanigan (2016) write that brand experience could have two dimensions: emotional, and cognitive. The emotional dimension of brand experience exhibits more importance to brand evaluation than the cognitive (Bapat & Thanigan, 2016). In a study of beer brand experience, Gómez-Corona et al. (2017) find a higher correlation between affective and the sensory dimensions and a weaker one for the cognitive. Zarantonello and Schmitt (2010) classify consumers into two: holistic (those who want to experience a brand as a whole - sensory, affective, intellectual, and behavioral); and utilitarian (those who care about the functions of brands and not the experiences). They also write that there could be consumers in between the two profiles that might seek some or a mix of the experiential appeals (Zarantonello and Schmitt, 2010).

Hence, brand experiential appeals must be goal oriented (Zarantonello & Schmitt, 2010) and brands should strategically work on creating affective brand experience as that wins more favorable loyalty (Iglesias, Singh, & Batista-Foguet, 2011). White (1999) argues that it is often brand experience that drives attitude change and not the other way around.



## **Perceived brand quality**

Perceived quality of a brand is a key determinant of the brand's success in the market and an indicator of a stronger association between consumer and the brand (Aaker, 1996). Perceived quality refers to the positive or negative perception consumers have about the quality of the contents of the product/brand. Among the different ways it could be conceptualized, perception could mean any of these: a faculty of appreciation of the world through the senses; the process of receiving and interpreting sensory inputs; and, the result of such interpretations (O'Shaughnessy, 1987). Perceived quality is understood as consumers' perception of superior quality or goodness of a brand over other competing brands (Aaker, 1996). Perceived quality is a cognitive evaluation of a brand and precedes overall satisfaction, which is an affective response (Oliver, 1999).

Like perceived quality, perceived value is a cognitive evaluation of a brand. Perceived value refers to functional attributes of a brand (other than the contents of the product/brand) that consumers positively or negatively identify and perceive as what the brand offers, and no other competing brands do (such as corporate social responsibility and price). Delivering actual quality alone is not enough and perceptions need to be managed as well, which means that quality cues need to be understood and actively managed (Aaker, 2004). Advertising

may shape perceptions by augmenting relevant experience that shapes such perceptions (O'Shaughnessy, 1987).

### **Brand familiarity**

Brand familiarity is also found to moderate attitudinal effects of repetition and determine effectiveness of repetition where repetition causes wearout more quickly for unfamiliar brands than familiar brands (Campbell & Keller, 2003; Machleit, Allen, & Madden, 1993). Advertisements for unfamiliar brands wearout faster, showing decreased effectiveness at lower levels of repetition relative to ads for familiar brands. Unfamiliar brands may also show a variety of messages or increasing message complexity and content to counter wearout and work harder to build positive attitudes concurrent with brand familiarity (Campbell & Keller, 2003). Advertisements for competing brands often make similar claims and it is likely that there would be interference in such cases, but familiarity of brands is expected to decrease the interference (Kent & Allen, 1994). Familiar brands do have important advantages in marketplace advertising and on consumer recall of advertisements when compared to unfamiliar brands and competitive advertising should have little effect (Kent & Allen, 1994). Therefore, unfamiliar brands are highly likely to engage in aggressive advertising and spend relatively higher money than familiar brands since they join a concentrated market (Kent & Allen, 1994). Strong brands face little threat from weaker brands and do not find use of advertising attractive (Agrawal, 1996).

Oliver (1999) poses a question on the rationality of loyalty and why a consumer appears to be so naïve, unaware, or fervent and seek out only one branded object to fulfill needs.

### **Consumers, brands, and advertising**

The consumer-brand relationship starts with a brand reaching consumers in some way. Consumers do not learn much about a brand if they are not familiar with it. Marketing endeavors in establishing a brand, and even succeeding in the market, would only bring a success merely enough to last for a while. The central thrust of marketing activities of a company is often viewed in terms of the development, maintenance, or enhancement of customers' loyalty (Dick & Basu, 1994). This thrust could be maintained through constant engagement in advertising. Yes, literature shows advertising has effects. Here is a strong statement on the effects of advertising - forget the debate on whether advertising has effects or not and focus on the details of the effects (Holman & Solomon, 1991). There are several factors that keep consumers loyal to a brand, and literature documents advertising to be one with variations on the extent - sometimes with conflicting findings. What literature captures about the role of advertising is its informative role because it brings new facts (Ehrenberg, Barnard, & Scriven, 1997).

A good theoretical framework to explain how advertising works is the Hierarchy of Effects Model. Developed by Robert Lavidge and Gary Steiner in

1961 and still widely used in advertising research, the model is a hierarchical representation of how advertising can influence consumers to engage in purchase (Lavidge & Steiner, 1961). According to this model, people are positioned at different steps: those unaware of the existence of the product or service; those who know its existence; those who know what the product offers; those who like it; those who prefer it over others; those with conviction to pay for it; and those who actually purchase (Lavidge & Steiner, 1961). The steps in the model by Lavidge and Steiner (1961) essentially indicate three major functions of advertising which are directly related to psychological behavioral dimensions - also referred to as the think-feel-do model where people are moved through the steps to ultimately decide to pay for a product or service. The model further elaborates that advertising, beyond serving as a force in creating sales, must move people up in this series of steps to result an ultimate purchase and there has to be a way to measure its effectiveness (Lavidge & Steiner, 1961). Lavidge and Steiner first applied the model to a study they conducted on predictive measurements of advertising effectiveness which happen over longer period of time (Lavidge & Steiner, 1961). The model assumes that advertising must be able to move individuals through all the steps for sales to happen and the goal of advertisement in this assumption is creating ultimate brand likeability that results sales in the long run.

This said, however, not all individuals are positioned on the same level of these steps and advertisers need strategies to effectively reach as many potential buyers as possible (Lavidge & Steiner, 1961; Barry, 1987). This is well considered in this model and individuals' psychological and economic commitments determine how fast, or slow, they get to the top of the ladder and engage in purchase (Lavidge & Steiner, 1961; Barry, 1987; Vakratsas & Ambler, 1999). Advertising researches show that there is an enduring relationship between purchase behaviors of individuals and their attitudes toward products or services (Barry, 1987). Much of what happens in this stage is determined by cognitively processed information. The cognitive dimension, which embraces the awareness and knowledge steps, involves rational and intellectual states. The cognitive dimension is the mental processing that occurs when people are exposed to a certain information, and it could be about a brand and it deals with how human beings process information (Lavidge & Steiner, 1961; Palda, 1966; Barry, 1987). A number of researches have extensively studied the impact of advertising on the cognitive components of hierarchy models, especially on recall of advertisements (Lavidge & Steiner, 1961; Palda, 1966; Barry, 1987; Vakratsas & Ambler, 1999). The affective dimension covers the liking and preference steps and it involves feelings and emotions of individual consumers. Hence, advertisers should strategize on recallable advertisements. The conative dimension, which includes the conviction and purchase steps, involves motivation to act in a certain way, or creating the intention to buy among

consumers (Lavidge & Steiner, 1961; Palda, 1966; Barry, 1987). The conative dimension is also meant to be the core part since the whole point of advertising is bringing individuals through the steps to finally make them buy.

The awareness and knowledge steps are critically important as later steps of the model draw much from the recall by consumers. Further steps of the model would be effective if advertisers manage to parse messages into consumers' minds in a manner they could recall it. Among the different ways this could be done, Vakratsas and Ambler (1999) write that repetition of different versions of an advertisement prevents early decay of advertising effect and recall can be enhanced through a series of advertisements. How a consumer gets the first introduction about a brand, or subsequently learns in repeated advertisements, determines the position that consumer would take on further steps of the hierarchy model, and the ultimate intent to purchase. Pretty straight forward messages that consider the nature of the product or service, and the nature of the target consumer would be viable to instill the needed knowledge. Liking and preference also occur when an already instilled information plays a part and the formation of attitude, liking, or not liking, develops. Individuals tend to generate a number of issue relevant beliefs that may support the advocated position when individuals receive a persuasive message (Cialdini, Petty, & Cacioppo, 1981). The hierarchy of effects model takes a strong assumption in this. Conviction and purchase are the steps that ultimately turn a

customer into a buyer, not only for a one-time purchase, but also for a long-term loyal consumer. The entire advertising strategy of a brand should look into this from the beginning.

### **The role of advertising**

Traditionally, it is understood that advertising facilitates sales of brands in four ways: creates awareness; provides essential information; builds brand image; and, serves as regular reminder of purchase (White, 1999). However, a very straightforward and traditional assumption that a good advertisement with rational argument persuades consumer to engage in purchase or switch brands was challenged in post 1960s when consumer response became the focus of advertising research (White, 1999). Advertising as a sales function induces sales by being informative and/or persuasive (Fårea et al., 2004). Similarly, Ehrenberg (2000) writes that advertising can create awareness about a new brand; urge for trial purchase; and, reinforce lasting purchase.

Advertising also plays a part in creating peoples' worldviews and can generate change in how people think and feel (Sheehan, 2014). Advertising is thought to work through people's attitudes as an intermediary stage to changing their behavior (Ehrenberg, 2000). Advertising in competitive markets is not limited to only selling a product, but also does the job of matching the efforts of other competing brands. It presents and positions attributes of a brand against consumer expectations and imbues the brand with values symbolically attractive

to the target market (Meenaghan, 1995). For consumers, advertisements reduce the cost of acquiring information (O'Shaughnessy, 1987). "Consumers are socially and culturally situated individuals seeking to make sense of their lives, identities, and relationships, and advertisements provide symbolic resources to be used for those purposes" (O'Donohoe, 1999, p. 688). Ehrenberg (2000) mentions two roles of advertising: informational (for non-established brands) and persuasive (for established brands). Building on persuasive role of advertising, Yoo and Mandhachitara (2003) take the advertising-sales relationship one step further by examining the impact of a brand's spending on its own sales and on those of the competing brand and vice versa. Consumers, wherever they are on the loyalty ladder, are susceptible to be lured into other competitive brands with switching incentives (Oliver, 1999). O'Shaughnessy (1987) also writes that brand loyalty is always conditional people could switch brands for reasons such as process and better substitute brands.

Majority of consumers are brand switchers and have favorable attitude toward several brands and do not necessarily feel the need to devote themselves to a particular brand (Bandyopadhyay & Martell, 2007). Switching brands could result from consumer idiosyncrasy (variety seeking), multi-brand loyalty, switching incentives from competitive brands that appear logical to adopt (Oliver, 1999). In the consumer-brand relationship, which Fourier and Yao (1997) found to be strong and important, they note that product advertising must



consider the product and the customer equally important in the relationship, just like a person to person relationship. This leaves brands to engage in constant promotional campaigns and to strategically persuade consumers not to be enticed by competing brands.

What literature documents on the role of advertising on brand loyalty and its effects is conflicting. Advertising can have any of these three consequences: brand switching, repeat purchase, or no effect at all (Deighton, Henderson, Neslin, 1994). One line of argument positions advertising to have effects on brand loyalty. "Advertising directly affects the strength of loyalty a consumer has for the favorite brand. If the favorite brand advertises, the loyalty strength increases but if the rival brand advertises, it decreases" (Agrawal, 1996, p. 86). Oliver (1999) writes that consumers remain loyal to a brand under two conditions: by shunning communications from competitive brands; and, because brands continue to offer the best. This could imply that advertising at least is a switching agent. Aaker (1996) writes that strong brands are managed strategically to be remembered for the right reasons, and not for simple general awareness. Gaining exposure to target consumers, of course, is challenging but the efforts to do this well will affect the ability of a brand's signature stores to get attractions (Aaker, 2016).

Two discrete effects of advertising exposure can be captured: advertising between previous and current purchase; and, one before the previous purchase

(Deighton, Henderson, Neslin, 1994). No matter when the brand reaches the consumer, a brand's ability to translate advertising messages into sales is key to success for a company (Färea, et al., 2004). Advertising should be directed to publicize the brand itself and leave long-term idiosyncratic memories (Ehrenberg, Barnard, & Scriven, 1997). Strategies for emotional bonding involve giving consumers a strong sense of belongingness to a brand through sharing of history and instill a sense of connectedness to the brand so that consumers feel that they are an extension of the brand itself when they purchase and consume a product (Drennan et al., 2015). Such factors must take a weight to please consumers to keep them loyal to a certain brand. Meenaghan (1995) also notes playing the emotion card by brands has significant role in keeping consumers loyal to a brand. Companies also consistently work to translate this through building an emotional bond between consumers and brands that go beyond satisfaction, a key strategy to create and maintain brand loyalty (Unal & Aydin, 2013). Chioveanu (2008) highlights that companies invest in persuasive advertising to win consumers and induce brand loyalty who otherwise would buy any other similar product. There is also no guarantee that whatever an advertisement attributes to a brand would be bought by consumers (Ehrenberg, 2000).

Another line of argument is that the debate should not be binary, and the role of advertising depends on the nature and content of the brand. For example,

advertising is necessary, but not significant, for the success of a brand and does have little of an effect on how consumers feel about a brand beyond the informative period (Ehrenberg, Barnard, & Scriven, 1997).

In a third line of argument, literature shows that advertising may not have a direct impact on brand penetration and brand loyalty (Yang, Bi, & Zhou, 2005). A host of studies document that advertising has less of an effect, if not none, on brand loyalty. Advertising does not create brand loyalty, and it is brand loyalty that is rather responsible for possible effects of advertising (Tellis, 1988). Such arguments are of course, open for debate since the power of advertising to deter or facilitate entry of new brands to the market or affect purchase behavior is not so limited. Advertising seldom, if not never, creates functional differences and consumers often notice this well after trying a product and not before (Ehrenberg, Barnard, & Scriven, 1997). Brand loyalty, and not advertising, is the strongest determinant of purchase behavior (Tellis, 1988). Advertising dominantly creates distinctive and nice, but functionally irrelevant, attributes to products and there is no evidence whether such messages last long in consumer memory (Ehrenberg, Barnard, & Scriven, 1997).

In a similar line of argument, some assertions come with who advertising can have effect on and not. "Advertising a well-established brand to experienced consumers can seldom, if ever, imbue it with new, highly differentiating attributes, or with more loyalty or liking than before, because these things are

features of the product type and generally vary little from brand to brand anyway” (Ehrenberg, Barnard, & Scriven, 1997, p. 10). Though contestable, advertisement may not also work on new consumers. Advertising is less effective in winning new consumers and relatively stronger in reinforcing intensity of preference and purchase for already known brands (Tellis, 1988). On why new, or unfamiliar, brands get to attract so many consumers, Reimann et al. (2012) find that it is because “consumers rapidly expand their “selves” for recently formed close brand relationships over both established close relationships and neutral relationships” (p. 138). Consumers' attitudes do not also seem to change readily just by seeing a few advertising messages and that only publicizes a brand well so that more people would become aware of it (Ehrenberg, Barnard, & Scriven, 1997).

### **Advertising and attribution**

When there appears to be no real difference between competing brands in the market, companies engage in marketing communications, and advertising in particular, to create the difference in the minds of consumers (Meenaghan, 1995). Brands often introduce products with attributes that fail to provide consumers with meaningful benefits (Broniarczyk & Gershoff, 2003). Such attributes, which are not essentially related to the functionality of the brands, are trivial to the brand products, but serve as crucial appeals to win consumers’ positive evaluations.

Brand difference more lies in the efforts of advertising than within the actual instrumentalities of brands. Advertising mainly creates salience. When specific brand variants are very similar, advertising is almost the only variable factor that does distinguish the brands as such and easily helps to make a brand salient to more people (Ehrenberg, Barnard, & Scriven, 1997). On the implications of advertising, what consumers feel about the brands they use are mostly the same and to whom a brand would be salient differs from brand to brand (Ehrenberg, Barnard, & Scriven, 1997). In this case, advertising and marketing can change the number of people for whom the brand is salient, but not what consumers feel about the brands they use (Ehrenberg, Barnard, & Scriven, 1997).

When brands succeed in creating salience, that is what offers them the lead in brand performance by about any measure (Ehrenberg, Barnard, & Scriven, 1997). In market saturated with low cost and low involvement brands, emotional appeals are crucial and a brand that makes no such claim to possess one is easily passed (O'Shaughnessy, 1987). Brown and Carpenter (2000) discuss valuation of brands in light of triviality of attributes of brands and how those trivial attributions create either positive or negative attitudes among consumers that might not necessarily emanate from the inferences of the functional attributes of the brand. Since such trivial attributes serve well in attracting consumers, brands often benefit from offering such trivial attribute in the absence of a disclosure of their true values (Broniarczyk & Gershoff, 2003).

Advertising attaches such especial consumer benefits of brands on consumer minds to differentiate them from competitors, especially when there are no characteristic features to differentiate them (Ehrenberg, 2000). Consumers in ordinary circumstances are not strongly motivated to think systematically about a trivial attribute (Brown & Carpenter, 2000). This is further validated by the dual systems theory where two thinking systems run parallel. Kopetz et al. (2006) in their dual systems theory propose that a cognitive and impulsive thinking systems run parallel when one is faced with making decisions on choice in which case the impulsive automatically kicks in. The ordinary circumstances in Brown and Carpenter (2000) are the conditions where people decide based on the automatic systems (Kopetz et al., 2006).

When new products evolve, they would have a sharp rise in loyalty which could also be time-bound and diminish as consumers who gave the product a try could be going back to their original positions. Newness always has its own appeal and it should reflect consumers' lifestyle from the very start (O'Shaughnessy, 1987). It is also quite possible that when a new brand evolves advertising would be effective in inducing switching into it from existing brands (Raj, 1982). Brand advertising can either be offensive or defensive. Strong brands are on the offensive and weaker brands are on the defensive (Agrawal, 1996). New brands need intensive advertising and may require very high levels of exposure before they begin to get their message across and induce trial (Tellis,

1988). Advertising also “speeds up the initial adoption of a new product by creating awareness and, indirectly, by gaining retail distribution and display” (Ehrenberg, 2000, p. 40). This, however, does not mean advertising alone drives consumption. Ehrenberg (2000) writes that the point is not speeding up consumption but urging consumers to continue buying. This much relates to what literature captures as behavioral loyalty.

Single-user loyal consumers, those with strong attitudes who display highest forms of loyalty, are hardly influenced by marketing strategies from competing brands (Bandyopadhyay & Martell, 2007). “Advertising induces brand switching but does not affect the repeat purchase rates of consumers who have just purchased the brand” (Deighton, Henderson, Neslin, 1994). Also advertising increases purchase volume of an already known brand than lure loyal consumers to switch brands (Raj, 1982). However, this does not mean purchase will increase only because of advertising. Product characteristics determine whether purchase of a brand increases or not - for example - soft-drinks are more likely to be purchased more than toothpaste (Raj, 1988).

### **Beer advertising**

Beer and alcohol advertisements go beyond simply attaching a name to a product, and they attribute a desirable lifestyle to consumers (Messner & Montez de Oca, 2005). Beer advertisements promote deeper social, economic, cultural, and political discourses embedded in advertisements. Consequently, beer

advertisers, and liquor in general, do paint a series of images that evoke feelings, moods, and ways of being distinct to other advertisements that focus on product differentiation through typical narratives of crisis and resolution in which the product appears to be the solution (Messner & Montez de Oca, 2005). A study conducted on the advertising expenditure of the US beer industry by Färea et al. (2004) has revealed a positive relationship between advertising efficiency and overall sales success, positioning advertising efficiency as an important determinant of firm success. Beer, for example, is an intensively advertised product according to Färea et al. (2004) and the beer industry remains competitive at large according to Yoo and Mandhachitara (2003) who claim the competition is expressed through the amount of advertisement the industry produces and the amount of money spent on advertising.

### **Beer advertising in Ethiopia**

Beer advertising after the privatization of breweries in Ethiopia appears to have created a space for consumers to negotiate identities based on framed messages in the advertisements. In line with what social identity theory posits, beer commercials in Ethiopia present text and space for people to look for markers of identity. As discussed in chapter one, identity salience among other things could be activated by advertisements, and subsequent decisions to consume a brand, or not to, are determined by the congruity between the values presented in advertisements and the self. In the Ethiopian context, brands are



tied to specific cultural elements through the commercials. They also bring text that depict shared value connotations of ethnocentric in-group membership. Bodies and text featured in beer commercials in Ethiopia do represent other social, political, and economic themes going on in the country. Beer advertisements were already targeting a consumer population with potential economic and political powers – the youth – even before the arrival of the international beer conglomerates. Negussie and Berhane (2012) find that most beer advertisements in Ethiopia target the youth and feature very young boys and girls in their commercials. This is evident in the make-up of beer commercials and the airtime and nature of events of broadcast programs the commercials target.

Controls on both advertising and consumption of alcohol in Ethiopia are loose. Beer advertising itself has had different phases of development during the different forms of the government Ethiopia had over the years. A specific mention of alcohol advertising, however, appeared in the laws in 1991 when a proclamation was issued putting a limit on the alcohol per volume for drinks to be advertised.

The only legal requirement pertinent to advertisement of alcohol until recently was the cap on percentage of alcohol per volume on broadcast commercials. Article 26(1) of the Ethiopian advertisement proclamation NO. 759/2012 states that “any advertisement of liquor with more than 12% alcohol

content may not be disseminated directly or indirectly through any means of dissemination other than outdoor advertisements and newspapers and magazines which are not published on daily and weekly basis". In 2019, a law that banned alcohol advertisement via any broadcast media was passed. The new law, introduced as the Food and Medicine Administration Proclamation, under article 74(4) fully prohibits advertising alcohol on any broadcast media at any time, effective May 29, 2019. The new proclamation also puts a legal age limit of 21 to consume alcohol. There is no legally binding regulation on sponsorship and advertising alcohol on media forms other than broadcasting.

The changes in the beer industry have brought a new ether of advertising. Before the full privatization of breweries, state owned breweries did little to advertise products and their commercials were limited to state owned media. Both the international and local beer companies are engaged in aggressive advertising campaigns to win share of the market. The efforts include introduction of new products, sponsoring social and national events, naming products after national/cultural identities, selling products for very low prices, extensive media advertisements, corporate social responsibility projects, and all that could emotionally attach beer to the consumers. They also introduced the 'only for 18 and above' age restriction on their labels and commercials, which no other local beer product run before. The new entrants especially seem to dedicate huge budget on advertising and promotions. Their efforts suggest that they are

working on a long-term consumer –brand attachment and investment return than short term sales.

Nigussie and Berhane (2012) find that consumption of alcohol in Ethiopia in venues such as health care establishments, educational buildings, and government offices are only voluntarily restricted, and are not regulated through legally binding provisions. The practices had allowed advertisers to put advertising text within a very proximal reach to the youth, especially around educational establishments such as schools and colleges. Sponsoring school events which included provision of beer products; posting banners and other brand insignia; and erecting large posters around schools and venues the youth frequent have become a norm.

### **Messages in post-privatization beer advertising**

Broadcasting services in Ethiopia have been held a monopoly until very recently. Television remains a state monopoly, but a few private radio licenses have been issued. Ethiopia still has only one Television broadcasting service, the Ethiopian Broadcasting Corporation, which has been largely used to advertise beer. Beer Breweries did advertise when they were owned and operated by the Ethiopian government prior to privatization. However, most campaigns did not carry tailored thematic messages that would locate the products among a particular group of consumers in any form. Most advertisements focused on product attributes such as base ingredients, product quality, production capacity,

and most importantly situating products in the context of social events that did not mark a certain identity. Nigussie and Berhane (2012) find that beer advertising messages by the time thematically focused on sexuality, encouraging consumption, and making product promise that at times are not truthful.

Recalling the discussion above on brands as sophisticated networks of information, associations, values, and feelings (Berthon, Holbrook, and Hulbert 2003); and, that brands have let people freely construct the ideas that they want to express through their consumption of what's prescribed (Holt, 2002), it can be put that such a possibility of free construction of meanings can be relayed through strategic advertising campaigns. One of the changes that followed the post-privatization period is the nature of the messages beer commercials carried. Messages in post-privatization era of the Ethiopian beer industry have focused on important ethnic, social, and cultural group values. Messages are reflected in the overall advertisement contents. Such a shift in message strategies might have afforded consumers the opportunity to delve into interpretations of advertising texts in a way that caters to their cultural and ethnic groups values. As McCracken (1993) writes, brands are complex bundles of multidimensional meaning. Brand names, for example, distinguish a product or service from other similar offerings in the market, primarily, but they carry an endless list of meanings to consumers. Anchoring a campaign message on the meanings of a product name could lend a brand success. A study by Lebasi (2015) on Heineken

Breweries in Ethiopia finds that brand name significantly affects sales volume and the company's new product under a new name, *Walia beer*, sold significantly more than other existing products. A study by Lema and Wodaje (2018) on bottled water brand choice among Ethiopian consumers also show that brand name and advertisements among other variables affect preferences.

In terms of reach, advertising messages in Ethiopia are not directed at a specific market segment or consumer population. Nigussie and Berhane (2012) find that beer advertisements in Ethiopia lack audience segmentation and specification. Recalling discussions on broadcast monopoly in Ethiopia, the government run Ethiopian Broadcasting Corporation is still the sole Television station in the country. There are a few private satellite broadcasters that provide service, but viewers need to have satellite receiver equipment to get service. Hence, the state-run Television station with a national reach is the primary option to air beer commercials. On availability of brands in the market, all beer brands do have presence across the country. There were times some brands could not avail enough products in the market throughout the country, possibly due to limitations in production capacity and distribution channels. Brands are more likely to be easily accessible within a closer radius of their respective production plants. Some brands such as St. George beer, owned by BGI Ethiopia, do have plants in three different regions giving them the advantage of more presence and availability in the market.

All breweries have campaign strategies that focus on distinct advertising frames. St. George brewery was known to sponsor televised events including national holiday programs, funding artworks, sponsoring staged concerts, supporting releases of albums, movies, music and reaching out to needy artists. As the first industrialized brewery, it pursues patriotic and nostalgic narratives to relate the historical presence of the brewery across generations. St. George claims the name '*Ethiopian beer*' in all its campaigns. Its logo also bears a sacred religious figure, St. George. This could arguably be mentioned as a factor for St. George beer to have a big market share and a strategic position in the market.

DIAGEO's promotion strategies incline to focus on corporate social responsibility activities. The company sponsors entertainment and social events. DIAGEO reports to have used barley from local farmers and provides company labeled sacks to farmers and runs its flagship slogan '*don't drink and drive*'. This strategy of corporate responsibility is also used by other similar international beer companies in other African countries. SABMiller, the second largest beer company in the world, works with thousands of small-plot farmers in Uganda, Mozambique, and Ghana with a guaranteed, above the market price for locally grown sorghum and Cassava, the main ingredients for beer (Hesse, 2015). DIAGEO also introduced two new products - *Zemen* beer, and the non-alcoholic Malta Guinness.

Lowering prices and warning on drinking age limit were also new practices used. Unfortunately, there is no data showing how this particular price adjustment impacted consumption. *Dashen* brewery, now controlled by Vasari Global and Duet Groups, promotes the 'hangover free' campaign, which the company claims its products are hangover free. Campaign is also centered on claims to have used latest brewing technology and the company claims it works for and in the community. *Zebidar* Brewery, the newest entrant to the market, claims it is exciting consumers with the first pull-off beer caps it calls the *RipCap*. Unlike the other breweries which use crown corks to flange cap bottles, consumers now can twist off the cap. Loosely translated, *Zebidar's* slogan comes as 'your hands alone can open the beer'. How a pull off the cork campaign can use a slogan and excite people while it has almost zero value to the product seems interesting to examine. Beer conglomerates have used similar strategies in many African countries (Uganda, Mozambique, Lesotho, Tanzania, Ghana, and others) and report that it has helped them to have loyal consumers (Hesse, 2015).

Also, there is a marriage between beer and sports and global beer brands always to create and harness synonymous meaning for sports and beer. Heineken has been a long-time sponsor of the UEFA; the US most popular sports - the NFL is sponsored by a number of beer brands (e.g. Anheuser-Busch Cos. - now AB InBev; Adolph Coors Co.; and Miller Brewing Co.). Similarly, in Ethiopia St. George Brewery sponsors one of the most popular soccer clubs in

Ethiopia, St. George FC; Heineken Brewery sponsors the Ethiopian national soccer team (also named a product after the nickname of the national soccer team); Habesha Brewery sponsors another popular soccer club, Bunna FC; Dashen Brewery sponsors a soccer club that competes in the national league, Dashen FC.

### **Word-of-mouth advertising**

Studies increasingly find that word-of-mouth promotions to a brand has significant effects on both behavioral and attitudinal loyalty. A host of literature use word-of-mouth promotion as a predictor of attitudinal brand loyalty. As it would seem almost incomprehensible for a measure to capture only attitudinal loyalty, there are also ways only attitudinal loyalty (without purchase) can be observed. In addition to consumers' overall disposition toward a brand, hearsay is found to be an ultimate behavioral variable in influencing brand loyalty (Krystallis, & Chrysochou, 2014).

Word-of-mouth advertising affects brand sales (Berger & Schwartz, 2011). Product characteristics determine consumer conversations and word-of-mouth advertising. Brands should be interesting to be talked to begin with, and people do not talk about boring brands (Berger & Schwartz, 2011). Brands should also be cued and remain visible and accessible to consumers for continued word-of-mouth advertising (Berger & Schwartz, 2011).



Word of mouth advertising can occur over different time horizons and immediate word-of-mouth advertising happens soon after people first learn about a product (Berger & Schwartz, 2011). Since word-of-mouth promotion declines over time, brands should constantly encourage consumers to engage by making themselves more publicly visible (Berger & Schwartz, 2011). Consumers who identify with a brand also tend to commit stronger to a brand and generate positive word-of-mouth advertising (Tuškej, Golob, & Pudnar, 2013; Unal & Aydin, 2013). Even when advertising speeds up early adoption of new products and urges consumers to continue to buy, for products bought every day or once in a lifetime, it is the good recommendation of those who tried the products that makes others to buy (Ehrenberg, 2000). Advertising to attitudinal loyal consumers does not require much effort or resources and intricate campaign plans. Such consumers are in constant processing of positive evaluations of a brand and possibly spreading word-of-mouth promotions. Effortful and costly advertising campaigns are mostly directed toward behavioral loyal consumers.

### **Advertising exposure and consumption**

Literature documents non-linear relationship between repetition of advertisements and effects on loyalty. Overall, literature documents varied, and sometimes conflicting, findings. Conflicts come in three forms: whether advertising brings new consumers or make those already buying buy more; whether it has long term or short-term effects; and whether repetition helps

brands at all or not. Some suggest that repetition in some cases could have a negative effect (such as: boredom, wearout, dislike). Some arguments are well reasoned, and some do just little to support claims.

Repeated exposure to advertisements increases elaboration and influences what is elaborated and the amount and valence of elaboration (Lane, 2000).

When a brand is advertised frequently, it will be the most remembered (O'Shaughnessy, 1987). After a review of more than 250 journal articles and books Vakratsas and Ambler (1999) theorize that repetition of advertisements, along with message content and scheduling, motivates consumers and makes them involve in cognitive, affective, and experiential behaviors that could be translated by consumption, loyalty, choice, and a host of other behaviors.

Repetition of advertisements does not guarantee more sales and nor does a cut back diminish a brand (Ehrenberg, 2000). What can an advertisement do to consumers who already do not like a brand? Not much. For consumers with a bad experience of a brand, or a dislike to its image, repetitive advertising does little to persuade them to buy it, if not make them dislike it more (Ehrenberg, 2000). What is interesting about such assertions is the fact that they are based on a particular consumer population armed with reasons to react to advertisements in some way. However, assertions as in "If it's advertised too much, there must be something wrong" (Kirmani, 1997, p. 84) may not apply for a general consumer population.

Another line of argument again bases itself on the nature of the advertisement. When advertisements are purely informational, the impact is evident even with no repetitions (Raj, 1988). Extensive repetition of mere facts in advertisements could also be irritating to consumers (Ehrenberg, Barnard, & Scriven, 1997). When a product is familiar among consumers, there is little need for advertising and it conveys little (Raj, 1988). The main role of advertising in competing markets for similar products is not limited to creating a product difference in the minds of the consumer - it also calls for maintenance. Krum and Culley (1983) advise that advertising should be conceptualized as a series of campaigns in totality and not a single commercial. On failing to strategically and continually promote a brand, Iyer and Muncy (2005) discuss the case of Phillip Morris whose product Marlboro lost a substantive market share in 1993 because of the company's failure to create the distinctiveness of its product from others in the minds of consumers. Brands continue to advertise as long as they are in the market, only the form might change. Even though stronger brands spend less on advertising compared to weaker brands, they spend more on promotion to entice non-loyal consumers to switch (Agrawal, 1996).

There are also reconciling propositions on the effects of repetition of advertisements. Repetition alone does not have effects. Memorability of advertisement executions reinforces repetition effects and varied executions are found to enhance memory of brand (Unnava & Burnkrant, 1991). Content of

advertisements, in addition to repetition, play a role by evoking appropriate brand associations congruent to consumers (Lane, 2000). Repetition of advertisements has intermediate rather than long term effects (Vakratsas & Ambler, 1999; Deighton, Henderson, Neslin, 1994).

In cases of non-elaborate and low-involvement situations, repetition of different versions of an advertisement prevents early decay of advertising effects and helps to maintain recall and attitude at higher level (Vakratsas & Ambler, 1999). In such circumstances, consumers substantially respond more favorably after repeated advertisement than they do at first exposure (Lane, 2000). There are also studies that substantially counter this line of argument. Once brands are familiar and consumers elaborate on advertisements positively in the first exposures, further repetition will have no beneficial effect and may even have a negative effect because consumers tire of hearing the same message no longer get stimulated to new elaboration (Tellis, 1988). Perceptions about a brand and its quality could also deteriorate if level of repetition is extremely high and attitude toward the advertisement could decline (Kirmani, 1997).

On a spectrum, variations on the effects of repetition of advertisements go from very minimal to effective on a sizeable number of repetitions with content variety. No study, however, has so far concluded repetition that goes on forever would have a positive effect.

Consumers' evaluation of a brand is partly based on their evaluation of its advertisements. Phelps and Thorson (1991) write that having advertisements that elicit a favorable attitude toward the advertisement itself, especially for unfamiliar brands, can increase positive attitude toward a brand. Attitude toward an advertisement of a brand can influence consumers' attitude toward a brand (Phelps & Thorson, 1991; Campbell & Keller, 2003). Attitude toward advertisements is also a significant moderator in the formation of brand attitudes (Vakratsas & Ambler, 1999). This signals that a brand that enters a market with advertisements that do not evoke positive attitudes is dead upon entry. Kubat and Swaminathan (2015) find that cultural symbolism is a key brand attribute that has an impact on consumers' evaluations of advertising strategies. Consumers are also likely to want to have a brand experience if they have a positive attitude toward its advertisements (Khan & Fatma, 2017).

### **Research questions and hypotheses**

Recalling the discussions in chapter one on how highly social Ethiopians are culturally and based on reviewed literature, this study finds it appropriate to ask if and how ethnic identity salience is associated with beer consumers' brand loyalty, word-of-mouth advertising efforts, and their purchase intention in the post-2011 Ethiopian beer market. The expectation is that beer consumers in Ethiopia would exhibit loyalty to a beer brand that troupes itself into their primed salient identity. The same attitude and behavioral inclinations are also

expected to be found in their intention to buy such a brand and engagement in passing on the good information about the brand to others. Hence, one of the research questions of this study wanted to explore the relationships between the variables in focus and how they play out.

**Research question 1: How is ethnic identity salience associated with beer consumers' brand loyalty, word-of-mouth advertising efforts, and their purchase intention in the post-2011 Ethiopian beer market?**

Brakus, and Zarantonello (2015) succinctly put that consumers do not just buy products - they buy brands. Based on established deduction from loyalty research and loyal consumer behavioral exhibition, this study proposes and expects to find that beer consumers in Ethiopia with a higher loyalty to a brand are likely to have an increased purchase intention of the same brand. As discussed in this chapter, both loyalty and willingness to buy a beer brand would also be tied to consumers' salient identity primed based on their ethnic origins and the regional state the brands originate from. This follows the propositions that consumer purchases are always perceived as articulations of wants and applications of beliefs (O'Shaughnessy, 1987); and because purchase intention is a conative dimension of loyalty, meaning consumers' loyalty is translated through willingness to buy a brand (Lavidge & Steiner, 1961; Palda, 1966; Barry, 1987); and because the intention to buy a brand is a behavioral intention with a deeply held commitment to buy it (Oliver, 1997); this study expects that beer

consumers in Ethiopia are likely to have willingness to consume a beer product they are loyal to than consuming beer brands that do not fall in their loyalty domain. This study then proposes the following hypothesis:

**H1:** The higher loyalty to a brand, the higher purchase intention would be.

On a similar note of expressing love of a brand through actions, beer consumers in Ethiopia are expected to engage in volitional word-of-mouth advertising to their favorite brand. Loyalty to a beer brand, willingness to pay for the brand, and further engagement in passing on the good word about the brand are also expected to have a positive correlation. Recalling discussions on using both attitudinal and behavioral brand loyalty, testing for both loyalty dimensions would help us to see if loyalty is true or not. A positive correlation in developing purchase intention as a conative dimension and a positive evaluation of a brand that develops into a strong psychological commitment toward a brand as a cognitive dimension would mean that consumers do have loyalty. The assumption here is that the act of buying a beer brand as a behavioral dimension of loyalty and feeling good about a brand as cognitive dimension are expected to go together if loyalty is true. The expectation is that if consumers like a beer brand, they will do both word-of-mouth advertising to the brand and they will also be willing to buy it. Such a prevalence of loyalty in effect would help brands remain visible and accessible to consumers for continued word-of-mouth advertising (Berger & Schwartz, 2011). The proposition here is that there would

be a strong correlation between Ethiopian beer consumers' loyalty to a brand, their intent to pay for a brand, and their effort in subsequent engagement in spreading information about a brand. Consumers who identify with a brand also tend to commit stronger to a brand and generate positive word-of-mouth advertising (Tuškej, Golob, & Pudnar, 2013; Unal & Aydin, 2013). Hence, this study proposes the following hypotheses:

**H2:** There is a positive correlation between brand loyalty, purchase intention, and word-of-mouth advertising.

This is further broken down to show the relationships in three sub-hypothesized statements:

**H2(a):** Brand loyalty and purchase intention have a positive correlation.

**H2(b):** Brand loyalty and word-of-mouth advertising have a positive correlation.

**H2(c):** Purchase intention and word of-mouth advertising will have a positive correlation.

**H3:** The higher loyalty to a brand, the higher word-of-mouth advertising efforts would be.

Assuming that there would be a positive correlation between brand loyalty, purchase intention, and word-of-mouth advertising among Ethiopian



beer consumers, there is a need to examine the role of an important additional variable in the relationship – consumer identity salience. The reason for adding identity salience into the equation is to examine the weight of primed identity on consumption. Buchholz and Wördemann (2000) write that consumers prefer a brand that expresses their identity and one that sets itself in a positive and desirable position. It would be interesting to see if Ethiopian beer consumers would eventually translate the attitudinal evaluations of a beer brand into a behavioral exhibition of purchase. This is a plausible hypothesis because consumption itself is an important tool of glorifying a salient identity.

Consumers prefer one brand over another for many different reasons. Holt (1995) proposes a metaphorical typological dimensions to holistically map consumption: consuming as experience (i.e. people's subjective and emotional reactions to consuming brands); consuming as integration (i.e. how people associate their self with a brand's symbolic properties); and consuming as classification (i.e. how people classify themselves in social and cultural structures by way of possessing a brand); and, consuming as play (i.e. using brands as resources to interact with other fellow consumers).

Also, beyond being loyal, to want a particular brand is to have a disposition toward consuming it (O'Shaughnessy, 1987). Hence, it is important to see if consumers' loyalty, intent to buy, and passing on the good information about a brand does also predict consumers' potential to buy. Of course, to see the

role of identity salience in this relationship, there has to be compelling brand associations that can be appropriated into consumers' self-concept for consumer-brand connections to be based on centrality of identities instead of other peripheral ones (Harmon-Kizer, et al., 2013). When identity salience is added to the interaction between loyalty and word-of-mouth advertising, even a higher purchase intention is expected to happen. This prompts the study to propose the following hypothesis:

**H4:** Brand loyalty, identity salience, and word-of-mouth advertising will positively predict an increased purchase intention.

Again, referring to the discussions on the privatization process that took place in Ethiopia in the last decade, this study sought to find out how the changes in ownership affected beer brand loyalty and consumption. The changes happened on two levels. First, international conglomerates fully bought and owned existing breweries. Second, local companies bought shares and expanded brands and products both with-in-state and out-of-state. The expectation again is that beer consumers in Ethiopia would exhibit shifts in loyalty in favor of a beer brand that was bought by a within-state-company and vice versa. Similar changes were also expected to follow for purchase intention and word-of-mouth advertising. Accordingly, this study posed a second research question to examine how consumers respond to changes in ownership of beer brands as it relates to the salient identity they prime.

**Research question 2: How did consumers respond to changes in beer brand ownership, especially to local and international ownership, as it relates to their ethnic identity salience?**

People make associations to a brand in some way and develop an experience with it eventually. The social and cultural meanings of alcohol consumption by large, and beer in particular, are constructed by respective cultures of demographics. Brands are also more appreciated in their socially constructed associations than in their own material attributes which they are made for (Holt, 1995). A good way to show this would be the coordinated efforts by brands to connecting themselves to values consumers cherish and create a brand experience. Research suggests that some of those connections are based on geographical spaces. Ethnocentrism, national identities, and local societal values play a part in how consumers receive brands considered foreign to communities with similar strong social identification. Success of international brand alliances between a foreign and a local brand in highly social communities is influenced by ethnocentric attitudes (Li & He, 2013). Global brands reach across multiple countries and symbolize consensus values of globalization and their positioning as either global or local icon may raise the attractiveness of the brand (Heinberg, Ozkaya, & Taube, 2017). Ethnocentric in-group attachment, besides the shared value connotations of ethnocentric in-group membership and a stereotypical attitude toward outgroup members, has been found central to group membership and behavior (Tajfel, 1982). Ethnocentrism also makes national

identification a less important social category (Huang et al., 2008). Putting this from a brand's perspective, for example, localizing a brand's orientation allows consumers to take pride and express that pride in their purchasing patterns while promoting a brand as global portrays prestige and a sense of tested quality (Aaker, 2004).

Brand origin becomes more salient when individuals are more focused on their relationship with others (Swaminathan, Page, & Gurhan-Canli, 2007). Product experience for beer is shaped by the interaction between consumers' sensory, affective, and cognitive systems and the product (Gómez-Corona et al., 2017). Brand experience is understood as a direct or indirect consumer-brand relationship. This is referred as brand experience: sensations, feelings, cognitions, and behavioral responses evoked by brand-related stimuli (Brakus, Schmitt, & Zarantonello, 2009). What makes a consumer loyal to a brand beyond consumption has much to do with what the consumer values in the brand and its attributes. Ramaseshan and Stein (2014) also find that brand experience has a strong positive influence on both attitudinal and behavioral brand loyalty. The affinity consumers have with brands could be partly associated with the origin and ownership of brands.

One outcome from the privatization process in the Ethiopian beer industry is change of ownership. In line with in-group behaviors and group affinity characteristics, as discussed in Tajfel (1974), this study expects to find

beer consumers in Ethiopia exhibiting a consumption behavior that would manifest inclination toward drinking beer brands that carry values close to their respective groups. Informed by identity theory proposed by Tajfel (1974) and other literature and research findings on group affinity and ownership changes, this study expected to find that there would be changes in consumption and shifts in loyalty. Accordingly, recalling the discussions above and building on the four hypotheses formulated above, this study proposes and intends to test the following hypotheses:

**H5:** Consumers with a higher ethnic identity salience will exhibit lower purchase intention and a lower word-of-mouth advertising of a brand if ownership changes to an out-of-regional state owner and an international owner.

**H5(a):** Consumers with higher ethnic identity salience will have lower purchase intention to out-of-regional state brand ownership.

**H5(b):** Word-of-mouth advertising will be higher to international than out-of-regional state brand ownership.

This study also proposes that in addition to the behavior consumers exhibit to out-of-regional state brands, both for local and international, they would also show a congruent behavior toward within regional state brands – in an opposite direction. Based on the discussions by Tajfel (1974) on with in-group

behaviors and group affinity characteristics, examining if the interactions would hold true for both conditions would inform us better. This study then proposes the following hypotheses:

**H6:** Consumers with higher score of identity salience and brand loyalty will do more word-of-mouth advertising for brands from their own regional states

**H6(a):** Consumers with higher score of identity salience and brand loyalty will do more word-of-mouth advertising for within regional state brands.

**H6(b):** Consumers with higher score of identity salience and brand loyalty will exhibit increased purchase intention for within regional state brands.

### **Brand origin**

Brand origin, whether the brand name is local or foreign, is meaningful to consumers as it helps them differentiate in-group and outgroup members, especially when self-construal is interdependent (Swaminathan, Page, & Gurhan-Canli, 2007). Putting this from a brand's perspective, localizing a brand's orientation allows consumers to take pride and express that pride in their purchasing patterns while promoting a brand as global portrays prestige and a sense of tested quality (Aaker, 2004). Brand origin becomes more salient when individuals are more focused on their relationship with others (Swaminathan, Page, & Gurhan-Canli, 2007). Hence, examining consumer responses to both the familiar (beer products already in the market before 2011) and the unfamiliar

(beer products introduced after 2011) would also help to better understand the reception of advertisements.

This study then proposes to test the following hypotheses:

**H7:** Identification of brand ownership will have a positive effect in consumer's increased word-of-mouth advertising, brand loyalty, and purchase intention.

**H7(a):** Those who identify brand ownership engage in more word-of-mouth advertising than those who do not.

**H7(b):** Those who identify brand ownership will have more brand loyalty than those who do not.

**H7(c):** Those who identify brand ownership will have an increased purchase intention of a brand than those who do not.

Recalling the discussions in chapter one and two of this study on the role of ethnic identities in brand preference and consumption, this study wanted to examine if there would be a difference in how consumers from different regional states feel about their ethnic identity. There are more than 80 different ethnic groups in Ethiopia. With a federal arrangement of government, there are nine regional states and two charter cities in the country. A look into the size and composition of the nine regional states shows a stark difference. For example, the Southern Nations, Nationalities, and Peoples Region, consists of 56 different

ethnic groups with a total population of over 16 million - according to a 2008 census (Adugna, 2014) while the Harari Regional State of a single ethnic group with a population of 183,000 (Ethiopian Central Statistics Agency, 2007), has the same status. Similarly, the Oromo ethnic group, the majority in Ethiopia with a population of over 40 million, has the same regional status as the rest. Breweries are found in some regional states, but the beer market and beer consumption expand into all.

**Research question 3: Is there an identity salience difference between consumers in the different regional states in Ethiopia that could affect their responses to brand consumption?**

Research suggests that there is a need to use ethnicity as a base for market segmentation and studying the patterns of ethnic groups and targeting them as base for marketing segmentation increases chances of favorable consumer responses (Rexha & Kinkshott, 2001). When the salient identity is ethnicity, it draws space based consumer-brand connection and the variations in such a connection would be primarily dependent upon how consumers feel about their ethnicity and how that is different among the different beer brands situated in the different regional states. Research also show that behavior is a function of felt ethnicity, cultural identity, social surroundings (Zmud & Arce, 1992); identity salience can affect consumers' brand loyalty to a product (Tajfel & Turner, 1974); and, consumers are attracted to brands that symbolize their various social



identities (Kleine, Kleine, & Kernan, 1993). Since more than 80 ethnic groups with distinct languages and values live in Ethiopia, and considering the existence of nine regional states, it would fair to expect prevalence of differences in identity salience levels. In other words, this study expects to learn the degree of ethnic identity salience among consumers coming from the different regional states would vary. Examining this would be important because consumption behaviors are to some extent dictated by the level of consumers' identity salience.

Consumer-brand relationships would have more to serve than pure consumption, which one could be a marker of belongingness to a group. Tajfel (1982) writes that ethnocentric in-group attachment, besides the shared value connotations of ethnocentric in-group membership and a stereotypical attitude toward outgroup members, has been found central to group membership and behavior.

Hence, this study intends to test the following hypothesis to see if or whether there is an ethnic identity salience among consumers coming from the different regional states.

**H8:** There is an ethnic identity salience difference between consumers coming from the different regional states.

## CHAPTER III

### METHODOLOGY

#### **Research design**

This chapter presents the overall methodological process this study employed to collect and analyze data: discussions on research design; measurements; operational definitions of variables; and other methodology related justifications are presented. In addition, justifications for sampling, method choice, and appropriateness of measurements are discussed. This is a quantitative experiment study and Statistical Package for Social Sciences (SPSS) Version 26 was used to test specific hypotheses.

Data for this study was obtained through a survey instrument using Qualtrics, an online survey software institutionally procured through the University of Oregon. Most behavioral research, and consumer behavior research specifically, employ surveys as a methodology to gather data and this study has opted to employ experiment as a method to gather data. Experiments are commonly used in behavioral studies - and have become popular in communications research (Weerakkody, 2015). Many studies use experimentation to obtain data for consumer behavior research and report results that can be replicated (Hawkins, Best, & Coney, 1995). Experiments are also the only available method in social sciences to study causality with heuristic value allowing

replication of studies (Weerakkody, 2015). Experiments allow manipulation of variables to see if there would be response difference based on conditions assigned to the manipulation process. Brand preference as a decision-making process, and brand loyalty as concept that happens over a longer period of time, expecting conclusive results from a one-time study might not be a success. However, it is possible to examine the relationships between relational construct variables.

The rationale for choosing experiment as a preferred methodology for this study was driven by two prior related studies. This study has benefited from a content analysis of beer advertisements in the post-2011 Ethiopian beer market conducted to understand the common values in beer advertisements. The study has also benefited from a second survey study of consumers' reception of beer advertisements in the post-2011 Ethiopian beer market conducted with the objective of understanding how consumers get brand information, what consumers feel about the beer advertising campaigns in general, and to see if consumers self-report the campaigns have influenced their brand preferences in particular.

### **Study population**

Data for this study was obtained from students in four public Ethiopian universities: *Addis Ababa University; Gondar University; Mekele University; and, Jimma University*. The universities are located in four different regional states. Placement in Ethiopian public universities is made only through the federal

government and a student who passes the national matriculation examination can be placed in any of the public universities, regardless of the regional state one comes from. Hence, public universities are ideal places to find an ethnically diverse population. The rationale for selection of the four universities cities is based on the presence of a major brewery within the vicinities of the cities the universities are located and to allow access to a multi-ethnic population. This would enhance the study because consumption and related consumer behaviors uniquely vary in all the different regions.

### **Sampling**

Primary data was collected from a sample of a total of (N=290) university students. The four four universities are: *Addis Ababa University; Gondar University; Mekele University; and, Jimma University*. The universities are located in four different regional states. The rationale for selection of the four universities is based on the presence of a major brewery within the vicinities of the cities the universities are located in. The sample population of (N=290) has helped to obtain data enough to run appropriate statistical analyses. It includes samples from the four different public universities in four different regional states: Addis Ababa City; Amhara Regional State; Oromia Regional State; and, Tigray Regional State. The practice of how students are placed into public universities in Ethiopia allows access to a multi-ethnic sample population. Collecting a primary data from a deliberately selected portion of a larger consumer group gives an

advantage to better inform a study (Hawkins, Best, & Coney, 1995). This study has employed a non-probability (non-random) sampling. Remler and Van Ryzin (2015) suggest non-probability sampling as a viable option for sampling big populations, for practicality, and cost effectiveness. To make sure there is a balance in representation of subjects from a university in each regional state, a non-random sampling is used for the initial recruitment of 80 subjects from each university. The plan was to collect a total of (N=320) samples and a total of (N=290) was obtained. Such a sampling method helps to obtain better results compared to random sampling method which does not guarantee representation (Hawkins, Best, & Coney, 1995).

This sample is being drawn from an estimated population of 100 million. Hence, for more precision, sample size has to be larger and different considerations such as plans to create sub-groups, adequacy of data for statistical analyses, the size of the larger population, the relative ease of accessing participants, and most importantly, availability of resources for the study must be noted (Remler & Van Ryzin, 2015).

This study depended on voluntary participation of university students to obtain data. By voluntary sampling Remler and Van Ryzin (2015) state that an explicit call be put to recruit volunteers to be sampled. Same was done to participants in this study through an online Qualtrics link. Of course, there are limitations to both voluntary and convenience sampling. Remler and Van Ryzin

(2015) state that probability sampling offers more generalizable sample compared to nonprobability sampling: convenience sampling might suffer from coverage bias (under-coverage bias) while voluntary sampling could bring voluntary response bias (response bias) resulting from self-selectiveness.

## **Procedure**

A Qualtrics survey link was created and electronically shared with professors and students in the four public universities. Professors were requested to share the Qualtrics survey link with their students during classes. The Qualtrics survey link was designed to be self-explanatory and easy to execute. Participants were asked for consent to take part in the survey and the survey was designed to allow only participants who consented to proceed. Once balance was assured, subjects were provided instructions on how to take the survey. The survey questions were carefully designed to obtain data needed for the study. All participants were made to take similar questions at the beginning before experiment conditions were introduced to the experiment group. Subjects were then randomly assigned to either the control or experiment groups through tools in Qualtrics. Participants did not know the conditions are introduced in the survey or they would be rerouted to groups in the process. Similarly, tools in Qualtrics were used to track and identify participants and their groups.

## **Unit of analysis**

The unit of analysis in this study is individual consumers. Data obtained was counted as collected from individual subjects. Jacoby and Chestnut (1978) suggest two levels of measurement to measure brand loyalty: individual level, considering the different and numerous psychological variables that guide the individual's decision making, and aggregate level. The levels basically follow the number of consumers. The individual level is found suitable to measure both the independent and outcome variables in this study.

## **Measurements, instruments, and operationalization**

All measurement scales used in this study were adapted from other similar studies. This has helped the study to maintain a good validity and reliability of measurements since the scales have been tested and used – and have registered satisfactory scores. Cronbach's alpha is used to estimate reliability of the scales used in this study. Cronbach's alpha is the most frequently used procedure in estimation of psychometric scales (Bonett & Wright, 2015; Helms et al., 2006). The Cronbach alpha scores reported for all the scales used in this study are above 0.80 and reliability of the scales was in the acceptable range. The Cronbach alpha is also relatively robust, and it is not subject to dramatic fluctuations because of research design characteristics (Peterson, 1994). Current practice on reliability test score interpretation characterizes that any score value below 0.65 is unacceptable and a test score value of 0.85 and above as excellent (Bonett & Wright, 2015; Helms et al.,

2006). Individual reliability test scores for Cronbach's alpha are reported under the discussion for each scale used below.

**Identity salience:** Identity salience in this study is operationalized as a contextual activation of either an ethnic or nationalistic identity of a consumer desires to be identified with.

This study uses the revised Multigroup Ethnic Identity Measure (MEIM-R) psychometric scale to measure ethnic identity salience among beer consumers in Ethiopia. Originally proposed by Phinney (1992) to measure ethnic identity among adolescents, the scale has been tested and revised over the years. The scale has six items, of which three (items 1, 4, and 5) assess one's exploration efforts to know more about the ethnic group they identify themselves with, and the rest three (items 2, 3, and 6) assess one's level of commitment to the ethnic group. Responses are measured on a Likert scale of 1-5: (1) Strongly disagree (2) Disagree (3) Neutral (4) Agree (5) Strongly Agree. A higher score on the responses reflects a higher ethnic identity salience and low scores indicate lower ethnic identity salience. To measure ethnic identity salience for this study, the Multigroup Ethnic Identity Measure (MEIM-R) psychometric scale with 6-items and 5-point was used (1=completely disagree, 5=completely agree). A reliability test was performed, and the Cronbach's alpha reported for this was .963. Scale items are shown in **appendix 1**.



**Brand loyalty:** Brand loyalty is operationalized in this study as an individual consumer's positive attitude toward a brand with repeated purchase in the past and intentions to continue to buy it.

Brand loyalty in this study is measured on Likert-type scale adapted from (Carroll and Ahuvia, 2006). The scale used to measure brand loyalty was a 4-items, 7-point scale (1=completely disagree, 7=completely agree). A reliability test was performed, and the Cronbach's alpha reported for this scale was .805. Scale items are shown in **appendix B**.

**Purchase intention:** Purchase intention in this study is operationalized as consumers' willingness to buy a brand/product.

This study used a four items scale adapted from Odin, Odin, and Valette-Florence (2001) to measure the construct purchase intention. The scale used to measure purchase intention was a 4-items, 5-point scale (1=strongly disagree, 5=strongly agree). A reliability test was performed, and the Cronbach's alpha reported for this scale was .808. Scale items are shown in **appendix C**.

**Word-of-mouth advertising:** Word-of-Mouth advertising in this study is operationalized as information consumers transmit to others about a brand.

This study has used four items, five points, Likert-type scale adapted from (Carroll & Ahuvia, 2006) to measure word-of-mouth advertising. The scale used

to measure word-of-mouth advertising was a 4-items, 5-point scale (1=never, 5=always). A reliability test was performed, and the Cronbach's alpha reported for this scale was .894. Scale items are shown in **appendix D**.

**Brand origin:** brand origin in this study refers to the source of a brand's place of production, or geographical boundaries. This was measured on a Yes /No level (Yes=1) and (No=2). Subjects were asked to report if they know who owns their favorite beer brand. The rationale behind opting to use a binary choice for identification of a brand's origin was to learn whether respondents know the origin of a beer brand or not. Scale item is shown in **appendix E**.

#### **Approval for use of human subjects**

Institutional Review Board (IRB - protocol number 08132018.011) was obtained to conduct this research. Effort is made to make sure all requirements of the IRB are met during the entire process of this study. The approval has remained active through the completion of this dissertation project. IRB approval document is shown in appendix F.

Controls on both advertising and consumption of alcohol in Ethiopia are loose. The only legal requirement pertinent to advertisement of alcohol until recently was the cap on percentage of alcohol per volume on broadcast commercials. Article 26(1) of the Ethiopian advertisement proclamation NO. 759/2012 states that "any advertisement of liquor with more than 12% alcohol

content may not be disseminated directly or indirectly through any means of dissemination other than outdoor advertisements and newspapers and magazines which are not published on daily and weekly basis". In 2019, a law that banned alcohol advertisement via any broadcast media was passed. The new law fully prohibits advertising alcohol on any broadcast media at any time. However, there is no law in effect on age limits to consume, sell, or buy alcohol until this day.

Every effort was made to make sure subjects who participate in the studies are at least 18 years old by the time of the study. The survey instrument on Qualtrics was designed to sort responses coming from respondents under the age of 18. Only one response to the survey came from a respondent under the age of 18 and it was excluded from the analysis.

## CHAPTER IV

### RESULTS FROM DATA ANALYSIS

This dissertation examines the relationships, effects, and interactions of consumers' ethnic identity salience, brand loyalty, brand ownership, purchase intention, and word-of-mouth advertising in the post-2011 Ethiopian beer market.

The study has asked three questions:

1. How is ethnic identity salience associated with beer consumers' brand loyalty, word-of-mouth advertising efforts, and their purchase intention in the post-2011 Ethiopian beer market?
2. How did consumers respond to changes in beer brand ownership, especially to local and international ownership, as it relates to their ethnic identity salience?
3. Is there an identity salience difference between consumers in the different regional states in Ethiopia that could affect their responses to brand consumption?

Data for this study was collected through Qualtrics. A total of 290 responses were recorded from subjects in four public universities in Ethiopia. All the analyses were performed based on variables with no missing data. For some of the analyses partial data was excluded for reasons of partially incomplete

responses. One response is excluded because the age reported was under 18.

### **Demographic data**

There are more than 80 different ethnic groups in Ethiopia. The public universities this study collected data from are all federal institutions and students are assigned to any of them from any regional state. One expectation of this study was examining if there is a difference in ethnic identity salience among the different ethnic groups. Unfortunately, some demographic data collected could not capture a large enough size of samples for any of the ethnic group memberships because respondents belonged to one of the more than 80. Except for this, all necessary data was obtained as planned. All the tests are performed based on smaller sample sizes while making sure no assumptions are violated.

### **Demographic information**

The following table presents the demographic information.

### **Data processing**

Composite scales were computed to obtain a mean for multi-item Likert-type scale measures of variables. A portion of the data had also been manually entered to isolate experiment conditions and individual data - and make it ready for analyses. Results from the data analysis are presented in this section. Some responses recorded as scale data were manually entered onto SPSS and

<b>Gender</b>	<b>Frequency</b>	<b>% of valid (reported total)</b>
Male	82	78.8
Female	22	21.2

<b>Age</b>	<b>Frequency</b>	<b>% of valid (reported total)</b>
18-24	47	44.8
25-34	39	37.7
35-44	17	16.6
45-54	1	0.9

<b>Regional state</b>	<b>Frequency</b>	<b>% of valid (reported total)</b>
Addis Ababa	34	33.3
Amhara	33	32.4
Oromia	21	20.6
SNNPR	5	4.9
Somali	3	2.9
Tigray	6	5.9

**Table 4. 1:** demographic information

transformed to a categorical variable data to be useful for some of the statistical tests such as ANOVA. Post-treatment questions were designed to measure if there would be change/s in consumers' level of word-of-mouth advertising, brand loyalty, and purchase intention. Mean differences were reported for responses received from treatment and control groups after conditions were introduced. For example, composite scale mean average was computed for variables and different scores were reported before subjects were assigned to conditions. The tests performed revealed that some of those mean differences were statistically significant while some were not.

## Results from hypotheses testing

This study asked three questions, and informed by literature review, it hypothesized eight main relationships and interactions between the variables involved. Different tests were conducted to test each hypothesis and the results are presented in the subsequent sections.

**H1:** The higher loyalty to a brand, the higher purchase intention would be.

Hypothesis #1 argued that consumers with a stronger loyalty to a brand are likely to exhibit a higher purchase intention. A regression test was used to see if an increased loyalty to a brand does actually predict an increased intention to buy a brand.

A linear regression was run to test if higher brand loyalty would predict a higher purchase intention. From the total obtained ( $N=290$ ) responses, 101 responses were found to valid for analysis. The test results with ( $N=101$ ,  $M=4.25$ ,  $SD=1.66$ ) for brand loyalty and ( $N=101$ ,  $M=2.58$ ,  $SD=0.98$ ) for purchase intention yielded a significant regression equation of  $F(1, 99) = 66.191$ ,  $p < 0.05$ , with an  $R^2$  of 0.401. Obtained predicted score for purchase intention, the constant, was 0.982. Indeed, the results show that a higher brand loyalty predicts an increased purchase intention. Beyond a positive correlation, the test showed that purchase intention increased by 0.376 for every incremental unit increase in brand loyalty, with  $p=0.00$ . An adjusted  $R^2$  of 0.401 is also reported, showing that a good portion of the variance,  $>40\%$ , is explained. Hence, H1 is supported.

The results for this regression are presented below (tables 4.1.1 - 4.1.3):

**Model Summary<sup>b</sup>**

Model	R	R <sup>2</sup>	Adj. R <sup>2</sup>	SE	Change Statistics				
					$\Delta R^2$	F Change	df1	df2	Sig. F Change
1	.633 <sup>a</sup>	.401	.395	.76979	.401	66.191	1	99	.000

a. Predictors: (Constant), Brand Loyalty

b. Dependent Variable: Purchase Intention

**Table 4.2.1:** model summary of regression for H1

**ANOVA<sup>a</sup>**

Model		Sum of squares	df	Mean Square	F	Sig.
1	Regression	39.223	1	39.223	66.191	.000 <sup>b</sup>
	Residual	58.665	99	.593		
	Total	97.889	100			

a. Dependent Variable: Purchase Intention

b. Predictors: (Constant), Brand Loyalty

**Table 4.2.2:** ANOVA for regression for H1

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Stand. Coeff.	t	Sig.
		$\beta$	Std. Error	Beta		
1	(Y constant)	.982	.211		4.651	.000
	Brand Loyalty	.376	.046	.633	8.136	.000

a. Dependent Variable: Purchase Intention

**Table 4.2.3:** Coefficients table for regression for H1

## Loyalty, purchase intention, and word-of-mouth advertising

**H2:** There is a positive and strong correlation between brand loyalty, purchase intention, and word-of-mouth advertising.



Hypothesis #2 argued that there would be a strong correlation between consumers' loyalty to a brand, their intent to pay for a brand, and their effort in subsequent engagement in spreading information about a brand. Further breaking this down, the relationships were sub-hypothesized to occur in three ways.

**H2(a):** Brand loyalty and purchase intention have a strong and positive correlation.

**H2(b):** Brand loyalty and word-of-mouth advertising have a strong and positive correlation.

**H2(c):** Purchase intention and word of-mouth advertising will have a positive correlation.

A multi-variable correlation analysis was run to test for strength and direction of relationships between the hypothesized variables. As hypothesized, the results show there is indeed a positive and significant correlation between the variables: ( $r= 0.63, p=0.00$ ) between brand loyalty and purchase intention;  $r=0.57, p=0.00$ ) between brand loyalty and word-of-mouth advertising); and, ( $r=0.65, p=0.00$ ) between purchase intention and word-of-mouth advertising. Hence, hypotheses 2(a); 2(b); and, 2(c) are supported.

Correlation results for H2 (a-c) are presented below in *tables 4.3*:

**Pearson Correlations of Independent and Dependent Variables**

Variables	1	2	3
1. Brand loyalty	1	.633**	.568**
2. Purchase intention		1	.649**
3. Word-of-mouth ad			1

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

**Table 4.3:** Correlation table for H2

**Loyalty and word-of-mouth advertising**

**H3:** Higher loyalty to a brand predicts increased effort in word-of-mouth advertising.

Hypothesis #3 argued that consumers with a stronger loyalty to a brand are likely to engage in increased word-of-mouth advertising efforts. A regression test was used to see if consumers with a higher loyalty to a brand do actually engage in an increased effort to spread good information about the brand, or, do more word-of-mouth advertising for the brand.

A linear regression was run to test if higher brand loyalty would predict a higher word-of-mouth advertising. The test results with ( $N=104$ ,  $M=4.27$ ,  $SD=1.67$ ) for brand loyalty and ( $N=104$ ,  $M=2.94$ ,  $SD=1.03$ ) for word-of-mouth advertising yielded a significant regression equation of  $F(1, 102) = 48.555$ ,  $p<0.05$ , with an  $R^2$  of 0.323. Obtained predicted score for purchase intention, the constant,

was 1.458. Indeed, a higher brand loyalty predicts an increased word-of-mouth advertising. Word-of-mouth advertising increased by .348 for every incremental unit increase in brand loyalty, with  $p=0.00$ . An adjusted  $R^2$  of 0.316 is also reported, depicting a good portion of the variance, >31%, is explained. Hence, H3 is supported.

The results for this regression are presented below in (tables 4.4.1 - 4.4.3):

**Model Summary<sup>b</sup>**

Model	R	R <sup>2</sup>	Adj. R <sup>2</sup>	SE	Change Statistics				
					$\Delta R^2$	F Change	df1	df2	Sig. F Change
1	.568 <sup>a</sup>	.323	.316	.85	.323	48.555	1	102	.000

a. Predictors: (Constant), Brand Loyalty

b. Dependent Variable: Word-of-Mouth ad

**Table 4.4.1:** model summary of regression for H3

**ANOVA<sup>a</sup>**

Model		Sum of squares	df	Mean Square	F	Sig.
1	Regression	35.071	1	35.071	48.555	.000 <sup>b</sup>
	Residual	73.674	102	.722		
	Total	108.745	103			

a. Dependent Variable: Word-of-Mouth

b. Predictors: (Constant), Brand Loyalty

**Table 4.4.2:** ANOVA of regression for H3

Model		Coefficients		Stand. Coeff.	t	Sig.
		Unstandardized Coefficients	Std. Error			
		$\beta$		Beta		
1	(Y constant)	1.458	.229		6.366	.000
	Brand Loyalty	.348	.050	.568	6.968	.000

a. Dependent Variable: Word-of-Mouth

**Table 4.4.3:** coefficients for regression for H3

### Identity salience, loyalty, and word-of-mouth advertising

**H4:** Brand loyalty, identity salience, and word-of-mouth advertising will strongly and positively predict an increased purchase intention.

Hypothesis #4 investigated what predicts consumers' intent to buy a brand. It used three different variables (their identity salience, their loyalty, and their willingness to spread good information about a brand) to see if they could positively and strongly predict consumers' purchase intention. The hypothesis argued that these three variables strongly and positively predict consumers' increased intent to buy a brand.

A stepwise multiple regression was run to test the predicting value of three independent variables: brand loyalty ( $N=78$ ,  $M=4.33$ ,  $SD=1.58$ ); identity salience ( $N=78$ ,  $M=1.56$ ,  $SD=0.499$ ); and, word-of-mouth advertising ( $N=78$ ,  $M=2.90$ ,  $SD=1.01$ ) on purchase intention after conditions. Comparatively, the first model 1 ( $F(1, 76) = 29.745$ ,  $p=0.00$ ) has an  $R^2$  of .281; model 2 ( $F(2, 75) = 18.202$ ,  $p=0.00$ ) with an  $R^2$  of .327, and change in  $R^2$  of .045; and, model 3 ( $F(3, 74) = 14.181$ ,  $p=0.00$ ), with an  $R^2$  of .365, and an additional change in  $R^2$  of

.038. All three models had a significant predictive score for the variables and all changes in  $F$  were statistically significant at the 0.05 level. There was also a statistically significant change in  $R^2$  including the adjusted  $R^2$  explaining increased variance in all the three models. Hence, the three variables used to predict purchase intention have indeed strong predictive values and H4 is supported.

The results for this regression are presented below in (tables 4.5.1 - 4.5.3):

#### Model Summary<sup>d</sup>

Model	R	R <sup>2</sup>	Adj. R <sup>2</sup>	SE	Change Statistics				
					$\Delta R^2$	$\Delta F$	df1	df2	Sig. F Change
1	.530 a	.28 1	.272	.8256 2	.281	29.745	1	76	.000
2	.572 b	.32 7	.309	.8043 8	.045	5.068	1	75	.027
3	.604 c	.36 5	.339	.7864 4	.038	4.460	1	74	.038

a. Predictors: (Constant), Brand Loyalty

b. Predictors: (Constant), Brand Loyalty, Identity salience

c. Predictors: (Constant), Brand Loyalty, Identity salience, Word-of-Mouth

d. Dependent Variable: Purchase Intention after conditions

**Table 4.5.1:** model summary of regression for H4

ANOVA<sup>a</sup>

Model		Sum of squares	df	Mean Square	F	Sig.
1	Regression	20.275	1	20.275	29.745	.000 <sup>b</sup>
	Residual	51.805	76	.682		
	Total	72.081	77			
2	Regression	23.554	2	11.777	18.202	.000 <sup>c</sup>
	Residual	48.527	75	.647		
	Total	72.081	77			
3	Regression	26.313	3	8.771	14.181	.000 <sup>d</sup>
	Residual	45.768	74	.618		
	Total	72.081	77			

Table 4.4.2: ANOVA for regression for H3

Model		Unstandardized Coefficients		Stand. Coeff.	t	Sig.
		$\beta$	Std. Error	Beta		
1	(Constant)	1.289	.274		4.696	.000
	Brand Loyalty	.325	.060	.530	5.454	.000
2	(Constant)	.662	.386		1.716	.090
	Brand Loyalty	.320	.058	.523	5.512	.000
	Identity Salience	.414	.184	.213	2.251	.027
3	(Constant)	.394	.398		.991	.325
	Brand Loyalty	.244	.067	.398	3.629	.001
	Identity Salience	.383	.180	.198	2.127	.037
	Word-of-Mouth	.222	.105	.233	2.112	.038

a. Dependent Variable: Purchase Intention after conditions

Table 4.5.3: coefficients for regression for H4

### Identity salience, word-of- mouth advertising, and brand ownership

**H5:** Consumers with a higher ethnic identity salience will exhibit lower purchase intention and increased word-of- mouth advertising of a brand if ownership changes to an out-of-regional state owner and an international owner.

Hypothesis #5 argued that consumers' identity salience determines both the extent of their engagement in word-of-mouth advertising and their intention to buy a brand when/if a brand's ownership changes. Breaking down the interactions, this is sub-hypothesized in two ways.

**H5(a):** Consumers with higher ethnic identity salience will have lower purchase intention to out-of-state brand ownership.

An independent samples T-test was run to see if there is a difference in purchase intention for out-of-state brands among consumers who have a higher identity salience and a lower identity salience. There was no statistically significant mean difference between scores of purchase intention for those who have a higher identity salience ( $M= 2.83, SD=0.96$ ) and a lower identity salience ( $M= 2.45, SD=1.00$ );  $t(86)= -1.78, p>0.05$ . Though a mean difference of  $-.376$  is observed, it is not statistically significant to say there is a difference in purchase intention of those with high and low scores of ethnic identity salience. That difference cannot be detected for such a comparison. There was no need to run an effect size test since the mean difference was not statistically significant. Hence, H5(a) is not supported.

The following table 4.6 shows the results for the independent sample t-test.

#### Independent Samples T-Test

	t	df	p	Mean difference	St. error difference
Purchase intention	-1.78	86	.07	-.376	.210

**Table 4.6:** T-test results for purchase intention for high and low ethnic identity salience

**H5(b):** Word-of-mouth advertising will be higher to international than out-of-state brand ownership.

An independent samples T-test was run to see if there is a difference in word-of-mouth advertising for international and out-of-state brands among consumers with higher identity salience and a lower identity salience. There was no statistically significant mean difference between scores of word-of-mouth advertising for those who have a higher identity salience ( $M= 3.33, SD=0.98$ ) and a lower identity salience ( $M= 3.03, SD=1.23$ );  $t(82)= -1.18, p>0.05$ . The observed mean difference of  $-.376$  is not statistically significant to say there is a difference in word-of-mouth advertising by consumers with high and low scores of ethnic identity salience. That difference cannot be detected for such a comparison. There was no need to run an effect size test since the mean difference was not statistically significant. Again, H5(b) is not supported.

The following table 4.7 shows the result for the independent sample t-test.

**Independent Samples T-Test**

Word-of-mouth ad	t	df	p	Mean difference	St. error difference
	1.18	82	.24	-.286	.242

**Table 4.7:** T-test results for word-of-mouth advertising for international vs. out-of-state ownership



**H6:** Consumers with higher score of identity salience and brand loyalty will do more word-of-mouth advertising, and purchase intention for within regional state brands.

Hypothesis #6 argued that consumers with high and identity salience and brand loyalty will do more word-of-mouth advertising, and purchase intention for within regional state brands. Further breaking down the interactions, this is sub-hypothesized in two ways.

**H6(a):** Consumers with higher score of identity salience and brand loyalty will do more word-of-mouth advertising for within regional state brands.

A factorial ANOVA is conducted to compare the main effects of treatment conditions together with brand loyalty and identity salience on word of mouth advertising. The factorial design for this was 3 (Brand ownership: out of region, within region, international) X 2 (brand loyalty: low, high) X 2 (identity salience: low, high). Not all effects were significant at the 0.05 significance level. However, the main effect for brand loyalty yielded an  $F$  ratio of  $F(1, 59) = 10.858, p < 0.05$ , indicating significant difference in word-of-mouth advertising between those who have higher brand loyalty for out of regional state ( $M=3.32, SD=1.05$ ), within regional state ( $M=3.25, SD=1.10$ ), and for international ( $M=2.98, SD=1.09$ ).

Also, the main effect for identity salience yielded an  $F$  ratio of  $F(1,59) = 4.015, p=0.05$ , indicating significant difference in word-of-mouth advertising

between those who have higher identity salience for out of regional state ( $M=2.93$ ,  $SD=1.36$ ), within regional state ( $M=3.25$ ,  $SD=1.10$ ), and for international ( $M=2.98$ ,  $SD=1.09$ ). Even though there was no statistically significant interaction between the predicting variables used in the analysis, a post-hoc test was run to see differences between interaction levels. No statistically significant result was reported for the post-hoc test. Hence, H6(a) is not supported with missing statistically significant interaction between the independent variables.

The results for this ANOVA test are presented below in *table 4.8*:

**Tests of Between-Subjects Effects \***

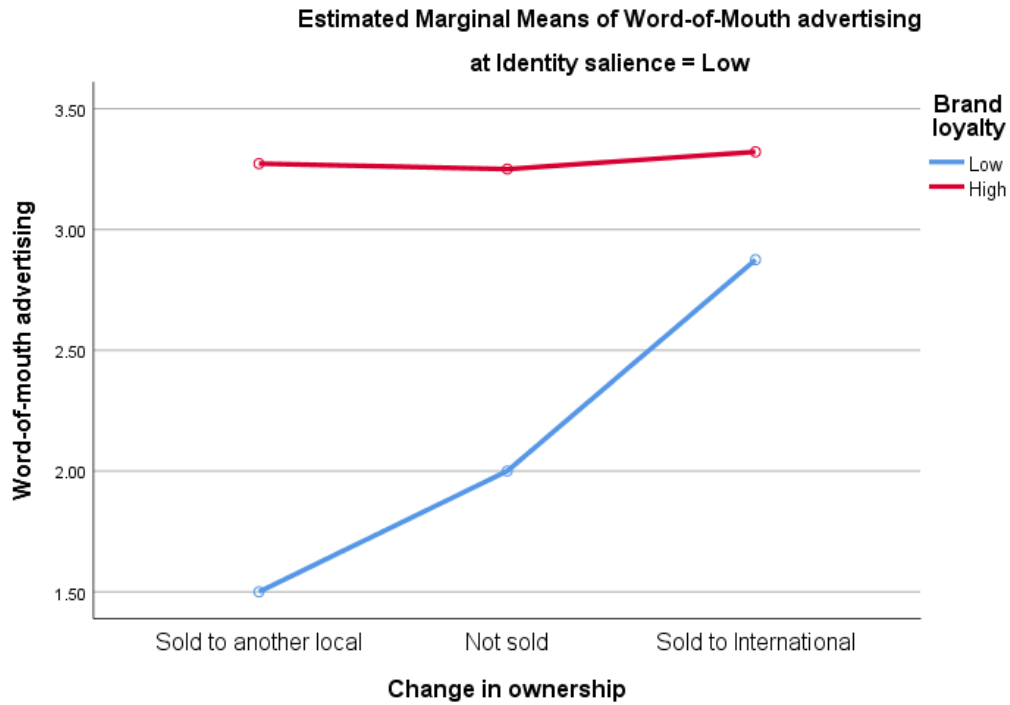
Source	Type III sum of squares	df	Mean of square	F	Sig.
Corrected model	23.855 <sup>a</sup>	11	2.169	2.208	.026
Intercept	424.449	1	424.449	432.179	.000
Brand loyalty	10.664	1	10.664	10.858	.002
Identity salience	3.943	1	3.943	4.015	.050
Error	57.945	59	.982		
Total	798.000	71			
Corrected total	81.799	70			

*R Squared = .292 (Adjusted R Squared = .160)*

*\* Table represents only significant interactions*

**Table 4.8:** ANOVA table for H6(a)

The interactions of brand loyalty at lower identity salience from the ANOVA are graphically presented below in *table 4.9*.

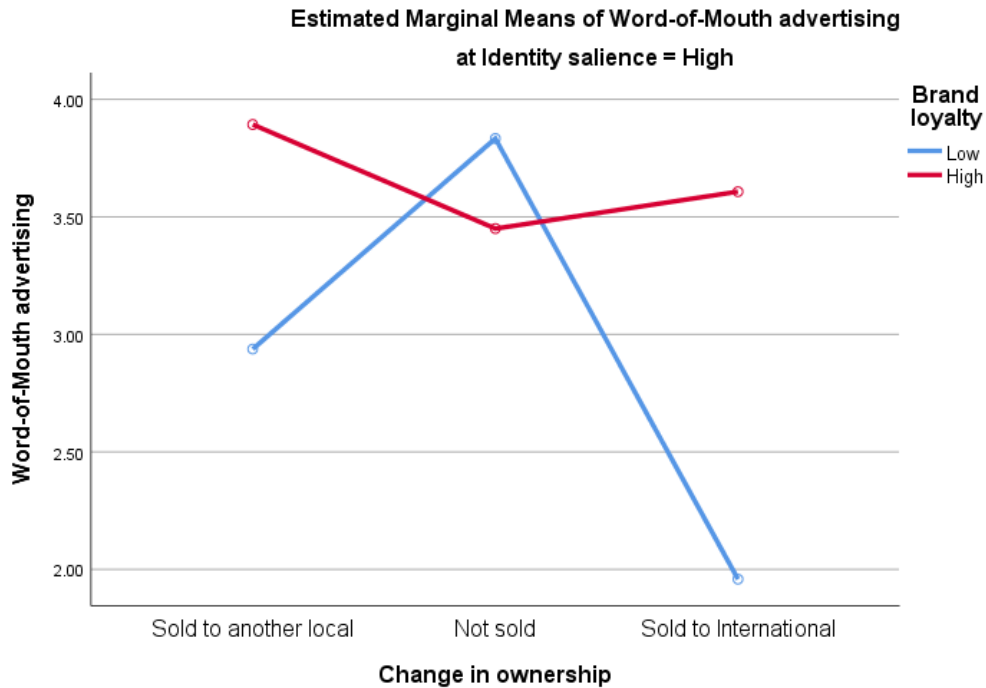


*Table 4.9: Graphical presentation for H6(a) – interactions at lower identity salience from the ANOVA*

The interactions of brand loyalty at higher identity salience from the ANOVA are graphically presented below in *table 4.10*.

**H6(b):** Consumers with higher score of identity salience and brand loyalty will exhibit increased purchase intention for within regional state brands.

A between-subjects effects test was run to see if the independent variables used in the analysis have significant effect on purchase intention. Like the results for H6(a), not all effects were statistically significant at the 0.05 significance level.



**Figure 4.10:** Graphical presentation for H6(a) – interactions at higher identity salience from the ANOVA

However, the main effect for brand loyalty yielded an  $F$  ratio of  $F(1, 63) = 12.449$ ,  $p < 0.05$ , indicating significant difference in purchase intention between those who have higher brand loyalty for out of regional state ( $M=3.13$ ,  $SD=0.86$ ), within regional state ( $M=3.41$ ,  $SD=0.83$ ), and for international ( $M=2.96$ ,  $SD=0.84$ ). The main effect for identity salience also yielded an  $F$  ratio of  $F(1, 63) = 5.648$ ,  $p < 0.05$ , indicating significant difference in purchase intention between those who have higher identity salience for out of regional state ( $M=2.82$ ,  $SD=0.93$ ), within regional state ( $M=3.34$ ,  $SD=0.77$ ), and for international ( $M=2.58$ ,  $SD=0.88$ ). Even though there was no statistically significant interaction between the predicting variables used in the analysis, a post-hoc test was run to see differences between

interaction levels and visually represent the differences. No statistically significant result was reported for the post-hoc test. Hence, H6(b) is not supported with missing statistically significant interaction between the independent variables.

The results for this ANOVA test are presented below in *table 4.11*:

**Tests of Between-Subjects Effects \***

Source	Type III sum of squares	df	Mean of square	F	Sig.
Corrected model	21.96 <sup>a</sup>	11	1.996	2.512	.011
Intercept	288.727	1	288.727	363.249	.000
Brand loyalty	9.895	1	9.895	12.449	.001
Identity salience	4.490	1	4.490	5.648	.021
Error	50.075	63	.795		
Total	617.438	75			
Corrected total	72.037	74			

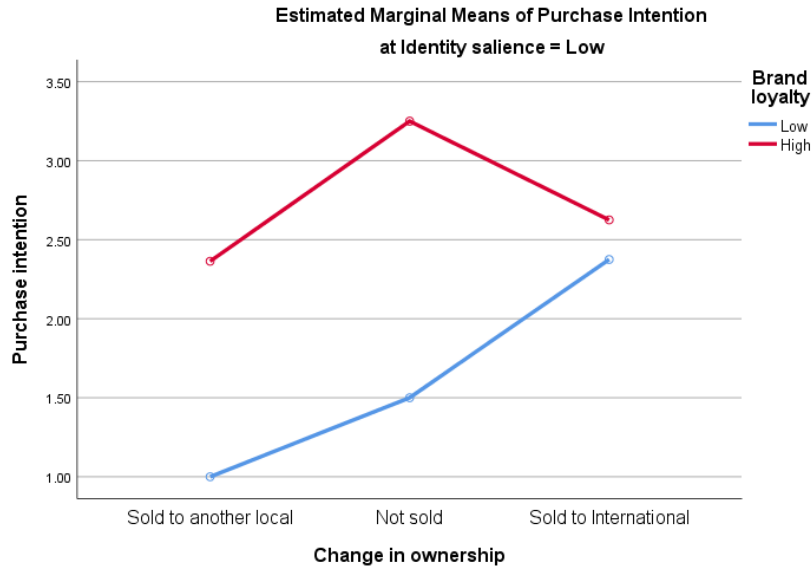
*R Squared = .305 (Adjusted R Squared = .183)*

*\* Table represents only significant interactions from the analysis*

**Table 4.11:** ANOVA table for H6(b)

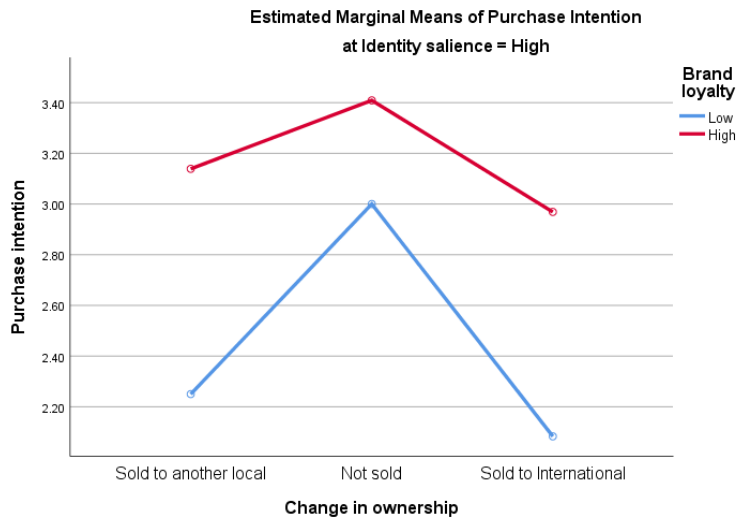
The interactions of lower score of identity salience and brand loyalty on purchase intention for within regional state brands are graphically presented below in *fig.*

**4.12.**



*Figure 4.12: Graphical presentation for H6(b) – interactions at lower identity salience from the ANOVA*

The interactions of higher score of identity salience and brand loyalty on purchase intention for within regional state brands are graphically presented below in *fig. 4.13*.



*Figure 4.13: Graphical presentation for H6(b) – interactions at higher identity salience from the ANOVA*

**H7:** Identification of brand ownership will have a difference in consumer's increased word-of-mouth advertising, brand loyalty, and purchase intention.

Hypothesis #7 argued that the fact that consumers know who owns a brand determines the level and extent of their engagement in word-of-mouth advertising for the brand, their loyalty, and their intention to buy it. Further break down of the relationships yields the following three sub-hypothesized possible interactions.

**H7(a):** Those who identify brand ownership engage in more word-of-mouth advertising than those who do not.

An independent samples t-test was run to see if consumers who identify brand ownership do more word-of-mouth advertising to a brand than those who do not identify a brand's owner. There was no statistically significant mean difference between scores of word-of-mouth advertising for those who identified brand ownership ( $M=3.05$ ,  $SD=0.93$ ) and those who did not identify brand ownership ( $M= 2.72$ ,  $SD=1.15$ ) on  $t(108)= 1.66$ ,  $p>0.05$ . Though a mean difference of .331 is observed, it is not statistically significant to say there is a difference in word-of-mouth advertising between consumers who identify brand ownership and those who do not. There was no need to run an effect size test since the mean difference was not statistically significant. Hence, H7(a) is not supported.

The following table **4.14** shows the results for the independent sample t-test.

### Independent Samples T-Test

Word-of-mouth ad	t	df	p	Mean difference	St. error difference
	1.66	108	.10	.331	.200

**Table 4.14:** T-test results for H7(a) for word-of-mouth advertising for those who identify brand ownership and those who do not

**H7(b):** Those who identify brand ownership will have more brand loyalty than those who do not.

An independent samples t-test was run to see if consumers who identify brand ownership do have more brand loyalty to a brand than those who do not identify a brand's owner. There was a statistically significant mean difference between scores of word-of-mouth advertising for those who identified brand ownership ( $M=4.63$ ,  $SD=1.54$ ) and those who did not identify brand ownership ( $M= 3.94$ ,  $SD=1.68$ ) on  $t(98)= 2.15$ ,  $p<0.05$ . A mean difference of .695 is observed, which is statistically significant to say there is a difference in brand loyalty between consumers who identify brand ownership and those who do not, and those who do identify brand ownership have a higher loyalty. An effect size test was run since mean difference was statistically significant, and  $d= 0.43$  was obtained. Hence, H7(b) is supported.

The following table 4.15 shows the results for the independent sample t-test.



### Independent Samples T-Test

Brand loyalty	t	df	p	Mean difference	St. error difference
	2.15	98	.03	.695	.322

*Table 4.15: T-test results for H7(b) for word-of-mouth advertising for those who identify brand ownership and those who do not*

**H7(c):** Those who identify brand ownership will have an increased purchase intention of a brand than those who do not.

An independent samples t-test was run to see if consumers who identify brand ownership do have an increased purchase intention of a brand than those who do not identify a brand's owner. There was a statistically significant mean difference between scores of purchase intention for those who identified brand ownership ( $M=2.78, SD=0.97$ ) and those who did not identify brand ownership ( $M= 2.35, SD=0.99$ ) on  $t(98)= 2.15, p<0.05$ . A mean difference of .695 is observed, which is statistically significant to say there is a difference in purchase intention between consumers who identify brand ownership and those who do not, and those who do identify brand ownership have a higher loyalty. An effect size test was run since mean difference was statistically significant, and  $d= 0.44$  was obtained. Hence, H7(c) is supported.

Overall, the tests show that identifying brand ownership does make a difference in the level of brand loyalty and purchase intention while it did not

make a significant difference in how much word-of-mouth advertising consumers do to a brand.

The following table 4.16 shows the results for the independent sample t-test.

**Independent Samples T-Test**

Purchase intention	t	df	p	Mean difference	St. error difference
	2.23	100	.02	.434	.195

**Table 4.16:** T-test results for H7(c) for word-of-mouth advertising for those who identify brand ownership and those who do not

### Identity salience and regions

**H8:** There is an ethnic identity salience difference between consumers coming from the different regional states.

Hypothesis #8 stated that there would be a difference in how consumers from different regional states feel about their ethnic identity.

A one-way ANOVA test was run to examine differences in ethnic identity salience. There was no statistically significant between groups and within groups difference for identity salience scores among consumers coming from the different regional states: Addis Ababa City Administration ( $M=2.63, SD=1.21$ ); Amhara Regional State ( $M=2.69, SD=1.24$ ); Oromia regional State ( $M=2.36, SD=1.24$ ); SNNPR ( $M=2.83, SD=1.29$ ); Somali Regional State ( $M=1.00, SD=0.00$ ) (Tigray regional State ( $M=3.16, SD=0.78$ )). The multi-comparisons analysis

showed mean differences between some groups, which led to a graphical visualization of the differences, which is presented below. H8 is not supported.

The following table 4.17, shows the results for the ANOVA.

ANOVA					
Identity Salience	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	8.549	5	1.710	1.183	.325
Within Groups	112.700	78	1.445		
Total	121.250	83			

Table 4.17: ANOVA table for H8

Identity salienc differences for some regional states is graphically presented below in fig. 4.18.

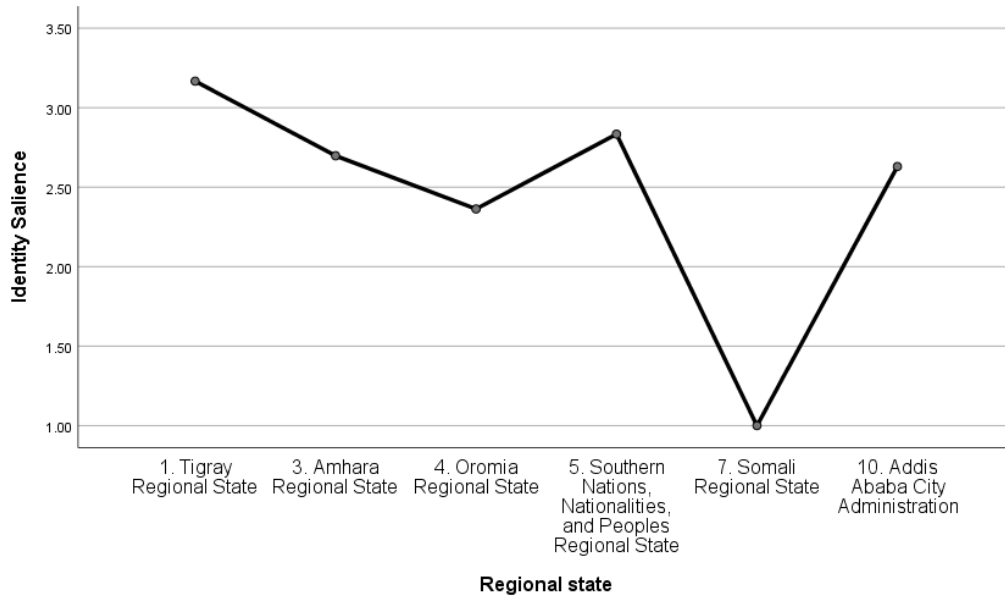


Figure 4.18: graphical presentation of identity salienc differences for some regional states

Overall correlation matrix for variables used in this study shows strong relationships. The following table 4.19 illustrates the correlation between the different variables used in this study.

**Pearson Correlations of Independent and Dependent Variables**

Variables	1	2	3	4	5	6
1. Brand identification	1	-.213*	-.217*	-.158	.095	.243**
2. Brand Loyalty		1	.633**	.568**	.004	-.523**
3. Purchase Intention			1	.649**	-.037	-.272**
4. Word-of-Mouth ad				1	-.028	-.321**
5. Identity Saliency					1	.222*
6. Consumption						1

\*. Correlation is significant at the 0.05 level (2-tailed).

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

**Table 4.19:** Correlation table for variables used in the study

### Summary of tests results

The following table, *fig. 4.20*, presents a summary of the hypotheses tested and results for the tests.

### Hypotheses tested

Figure 4.20: Summary table of hypotheses results

<b>H1</b>	The higher loyalty to a brand, the higher purchase intention would be	<b>Supported</b>
<b>H2</b>	There is a positive and strong correlation between brand loyalty, purchase intention, and word-of-mouth advertising. <b>H2(a):</b> Brand loyalty and purchase intention have a positive correlation.	<b>Supported</b>
	<b>H2(b):</b> Brand loyalty and word-of-mouth advertising have a positive correlation.	<b>Supported</b>
	<b>H2(c):</b> Purchase intention and word of-mouth advertising will have a positive correlation.	<b>Supported</b>
<b>H3</b>	The higher loyalty to a brand, the higher word-of-mouth advertising efforts would be.	<b>Supported</b>
<b>H4</b>	Brand loyalty, identity salience, and word-of-mouth advertising will positively predict an increased purchase intention.	<b>Supported</b>
<b>H5</b>	Consumers with a higher ethnic identity salience will exhibit lower purchase intention and a lower word-of-mouth advertising of a brand if ownership changes to an out-of-regional state owner and an international owner.	
	<b>H5(a):</b> Consumers with higher ethnic identity salience will have lower purchase intention to out-of-state brand ownership.	<b>Not supported</b>
	<b>H5(b):</b> Word-of-mouth advertising will be higher to international than out-of-state brand ownership.	<b>Not supported</b>
<b>H6</b>	Consumers with higher score of identity salience and brand loyalty will do more word-of-mouth advertising for within regional state brands	
	<b>H6(a):</b> Consumers with higher score of identity salience and brand loyalty will do more word-of-mouth advertising for brands from their own regional states	<b>Not supported</b>
	<b>H6(b):</b> Consumers with higher score of identity salience and brand loyalty will exhibit increased purchase intention for within regional state brands.	<b>Not supported</b>

<b>Figure 4.20, continued</b>		
<b>H7</b>	Identification of brand ownership will have a difference in consumer's increased word-of-mouth advertising, brand loyalty, and purchase intention.	
	<b>H7(a):</b> Those who identify brand ownership engage in more word-of-mouth advertising than those who do not.	<b>Not supported</b>
	<b>H7(b):</b> Those who identify brand ownership will have more brand loyalty than those who do not.	<b>Supported</b>
	<b>H7(c):</b> Those who identify brand ownership will have an increased purchase intention of a brand than those who do not.	<b>Supported</b>
<b>H8</b>	There is an ethnic identity salience difference between consumers coming from the different regional states.	<b>Not supported</b>

This chapter has presented the results and findings from hypothesis testing and overall work done in data processing. This chapter also presented the hypotheses drawn from the hypothetical conceptual model and review of literature discussed in chapter two. As presented, most hypotheses are fully and partially supported while some are not. Some hypotheses that were not supported call for a further study, possibly on a different sample population. This especially holds true on the statistically non-significant difference registered for the variable of ethnic identity salience among sample groups from the different regional states. The fact that in-group identification can determine difference in salience, use of a different population group can yield a different data, and possibly different results.

The next chapter presents discussions of results and possible implications of findings.

## CHAPTER IV

### DISCUSSION OF RESULTS

The main purpose of this dissertation was examining how a consumer's decision making process in consuming a brand is affected by some important variables such as a salient identity; the extent of loyalty; intention to buy; brand ownership; and, the efforts of spreading positive information about a brand. Beer, as a widely available consumed consumer good, can be a good product to test the role and interaction of such variables. Based on analysis of data and obtained results from the previous chapters, this chapter presents highlights and important discussions from the study.

To recall, this study asked three main questions to understand consumer-brand relationships in the post-2011 Ethiopian beer market. The focus of the first research question was on how consumer ethnic identity salience is associated with beer consumers' brand loyalty, word-of-mouth advertising efforts, and their purchase intention. The second research question addressed consumer responses to changes in beer brand ownership, especially on response difference to local and international ownership, as it relates to their ethnic identity salience. The third research question asked if there is an identity salience difference between consumers themselves that could affect their responses based on their different regional states. This study has tested eight hypotheses to check its arguments and the discussions are presented below.



## **Findings from hypotheses testing**

As any scholarly study would do, especially one testing hypotheses, this study has found that some hypotheses are supported while some are not. This study embarked on this study with the assumption that statements argued for would fall on either of the options. The effort was to make sure the hypotheses are well informed by literature and solidly stand as testable. All effort has been made to make sure these are met. While the majority of the hypothesized and argued for statements were fully supported, some were not. A reinvestigation of resources that informed the unsupported hypotheses has affirmed that the literature that informed them and their testability was still solid. A strong correlation was detected between the variables used in the study.

## **Loyalty and intention to buy**

This study expected that consumers with a stronger loyalty to a brand are likely to have a higher purchase intention, and the results showed this holds true. Consistent with what literature documents and what this study hypothesized, an increased loyalty to a brand is found to be a predictor of an increased intention to buy a brand. There was also a strong and positive correlation between loyalty to a brand and purchase intention. As it was discussed in chapter two, several studies show that repeated purchase, or the intent to buy, is a behavioral dimension of measuring brand loyalty (Bandyopadhyay & Martell, 2007; Punniyamoorthy & Mohan Raj, 2007).

Literature, as in Oliver (1999), documents the fact that several studies use this as an indicator of loyalty, and yet it is not adequate. Scholars note that another dimension, attitudinal loyalty, must be used together with behavioral variables to see if loyalty is true. As Odin, Odin, and Valette-Florence (2001) note, repurchase might not be an indicator of loyalty at times. At least for now, a higher loyalty to a brand is found to be a strong predictor of an increased purchase intention. This study, consistent with previous research, finds that increased loyalty is a predictor of an increased purchase intention. Beer consumers in Ethiopia with loyalty to a certain beer brand are likely to continue buying it.

### **Loyalty and word-of-mouth advertising**

Similarly, this study expected that consumers with a higher loyalty to a brand do engage in an increased effort to spread good information about the brand, or, do more word-of-mouth advertising for the brand. As expected, the study has found that consumers with a stronger loyalty to a brand do engage in an increased word-of-mouth advertising effort to brands. Consumers' willingness to promote the good information about the brand they love was strongly and positively correlated with their loyalty. This is another behavioral exhibition, a manifestation of their brand perception. Recalling the discussion in chapter two, the weight of consumer engagement in word-of-mouth advertising is crucial to brand success. In fact, to tangentially mention it here, one item in the

survey instrument which its responses were not needed to be used for this study - because it was beyond its scope - shows that consumers are willing to do word-of-mouth advertising to the brand they like even when they are not beer consumers. A future separate study would use some of the data collected to examine word-of-mouth advertising to a brand by non-drinkers, mainly to understand why they do it. From a brand perspective, this could mean an extension of promotional efforts by non-consumers of a brand. As noted in Berger and Schwartz (2011), word-of-mouth advertising affects brand sales and sustains visibility of a brand.

### **Identity salience**

Once confirming that a higher loyalty to a brand predicted an increased purchase intention toward a brand, and a higher willingness to pass along the good information about a brand, this study used a different dimension to test if this intersection still holds true. Recalling the discussions in chapter two on whether a single factor, such as repeated purchase of a brand, would determine consumers' loyalty to a brand, this study included an important factor involved in consumers' decision-making processes - a consumer's primed identity. It used three different variables (their identity salience, their loyalty, and their willingness to spread good information about a brand) to see if they could positively and strongly predict consumers' purchase intention. The study argued that these three variables strongly and positively predict consumers' increased

intent to buy a brand. Based on the recommendations to couple behavioral and attitudinal dimensions in investigating the intersections between brand loyalty and purchase intention, this study hypothesized that adding consumer identity salience as an additional variable to brand loyalty and word-of-mouth advertising will strongly and positively predict an increased purchase intention. It was discussed in chapter two that consumers who identify with a brand also tend to commit stronger to a brand and generate positive word-of-mouth advertising (Tuškej, Golob, & Pudnar, 2013; Unal & Aydin, 2013). The findings from the stepwise regression test reveal that all the three variables indeed predict a stronger purchase intention.

### **Identity salience and brand ownership**

Even when the correlation between loyalty, purchase intention, and willingness to do word-of-mouth advertising was positive and strong, this relationship could be affected with the addition of yet another important variable into the equation - brand ownership. The whole privatization process of breweries in Ethiopia was one reason this study is conducted. The changes in ownership and subsequent advertisement campaigns meant the nature of consumer-brand relationships. Hence, one objective of this study was investigating the intersections between how consumers perceive the changes and how/if they relate that to their ethnic identities. Again, recalling the discussions in chapter two, this study had expected consumers with a higher ethnic identity

salience will exhibit lower purchase intention and increased word-of-mouth advertising of a brand if ownership changes to an out-of-regional state owner or an international owner. The study also expected that consumers' identity salience determines both the extent of their engagement in word-of-mouth advertising and their intention to buy a brand when/if a brand's ownership changes.

First, this study did not find a statistically significant result to support the claim that consumers with higher ethnic identity salience will have lower purchase intention to out-of-state brand ownership. There was also no support in the findings to say consumers who have higher ethnic identity scores will have a decreased intention to buy a beer brand whose owners are out-of-state. This was true for both international and out-of-state ownership. Tied to a similar claim, the study had expected to find word-of-mouth advertising will be higher to brands owned by international companies than those owned by local, but out-of-state companies. There was no evidence to support this either.

The study also expected consumers with higher identity salience and brand loyalty to do more word-of-mouth advertising and have a higher purchase intention for within regional state brands. A factorial ANOVA that compared the main effects of treatment conditions together with brand loyalty and identity salience yielded a significant difference in word-of-mouth advertising between those who have higher brand loyalty for brands owned by local but out-of-regional state companies, local and within-regional-state, and for international companies. However, the main effects of treatment conditions together with

brand loyalty and identity salience on word-of-mouth advertising did not yield complete significant results. The findings also show there is a significant difference in word-of-mouth advertising between those who have higher identity salience for brands with ownership within-regional-state, out-of-regional state, and international companies. Hence, the claim that consumers with higher identity salience and higher brand loyalty will do more word-of-mouth advertising for within regional state brands is not supported.

Similarly, this study expected that consumers with higher identity salience and brand loyalty to exhibit increased purchase intention for within-regional-state brands. This was in line with the discussions in chapter two that behavior is a function of felt ethnicity, cultural identity, social surroundings (Zmud & Arce, 1992); identity salience can affect consumers' brand loyalty to a product (Tajfel & Turner, 1974); and, consumers are attracted to brands that symbolize their various social identities (Kleine, Kleine, & Kernan, 1993). The study also found a significant difference in both purchase intention between those who have higher brand loyalty for brands owned by local but out-of-regional state companies, local and within- regional-state, and for international companies. The effects of the difference could not, however, suggest which ownership is more important. Hence, yet again, the study found only a partial support to the claim that consumers with higher identity salience and higher brand loyalty will have an increased purchase intention for within-regional-state brands. This of course needs further study to understand why such an exhibition of a behavior did not

align with the hypothesized result. This study assumes that there are more determining factors in addition to the ones it considered that could better explain the relationship between consumer identity salience and perception of consuming a brand thought to have close matches with group identity values. Liking a brand perceived to have values closer to a group, and even showing willingness to pass on the good information about the brand, could not be coupled with the act of buying and consuming it. It could be because consumers liked the brand for reasons that have less to do with its functional or consumption purposes. This raises the question of how much of loyalty is eventually translated into conative consumer behavior. A further study should explore consumer perceptions of breweries and beer products as cultural spaces and what values consumers see in them beyond their market and economic values.

This study did not find support for some hypotheses. While technical explanations for the unsupported hypotheses in this study are self-explanatory, some other reasons might have also played a part. A replication of the study might show different results, and of course, a reasonably larger sample size might have a different outcome, too. That said, a few possible explanations discussed below might potentially explicate why some findings in this study are not in accord with the hypothesized expectations and what literature documents.

First, literature reviewed for this study mostly captures experiences of consumer cultures in cultural geographies that might have passed the stages of

ethnic and tribal level wrangles historically. Not many studies address identity on a primordial level as ethnicity to influence how humans interact today. As noted in the discussions in chapter two, identity is a multifaceted and complex concept. It could have different contextual meanings in different times and spaces. Current times in Ethiopia show that such primordial level identity categorization is felt strongly. Such a heightened ethnic sensationalism does not appear in literature as it exhibits itself in Ethiopia, nor do other countries have such a level of sub-cultural ethnic identity salience being a root cause for conflicts. Moreover,

Second, most of the studies used to inform the hypotheses in this study employ models that have addressed and worked in a relatively different demographic cultures than the target demographics of this study. This could partly be explained by what is mentioned above that most cultures have progressed and identity in a primordial sense is not common. Jafari et al. (2012) write that consumption studies have been done by scholars from the developed West with a tradition rooted in Western cultures. While this is true, the fact that most research models are developed in such academic cultures are a ground for the presence of richer literature. The investigation of identity and consumption has been conducted without reference to a consistent overarching framework and are fragmented by nature (Thompson & Loveland, 2015).

The assumption that consumption cultures could follow specific cultural values of a given demographics could be true, but a context would possibly



change the nature of results when similar models and methodologies are employed to study different cultural demographics. While most frameworks could work on cultures on a comprehensive level, they could still isolate a few cultures that have ultra-unique sub-cultural layer such as ethnicity as it evolves in Ethiopia. Sutton-Brady, Voola, and Yuksel (2010) mention the experiences of Non-Western cultures through a theoretical question of the application of Western models on non-Western cultures and markets and the need for development and use of indigenous models. Some models that work on some cultural demographics may also not work the same on others due to the fact that marketing study models adapt theoretical foundations from psychology, sociology, and anthropology with possible involvement of inherent variations (Thompson & Loveland, 2015). Variables such as age, race, gender, broader and specific cultural values, economic status, are common in consumption studies. National identities are also addressed as important variables to study consumption and consumers, but his study did not find studies that addressed ethnic identities on a scale felt in Ethiopia currently to make a model and a research focus.

Third reason could be the coincidence of events in the Ethiopian political climate and the timing this study is conducted. Data for this study was collected between June - October 2019. This period was a time Ethiopia has been witnessing a government transition that ensued a turbulent and violent three years of protests and ethnic based conflicts. The events might have primed

responses in a way different from what might have been if responses were recorded in normal times. This might possibly have affected the nature of responses from the study participants. Respondents were asked questions for this study amid an ongoing wave of protests and transition of a government that resulted from ethnic based clashes. The fact that this study presented questions that would illicit responses about ethnic identities might have been perceived in a different context. Presenting similar questions to respondents when the bigger political climate entertains the issue of ethnicity at the forefront might draw different responses, possibly influencing the outcome of results. For example, this study did not find support to the claim that there would be a difference in how consumers from different regional states feel about their ethnic identity. This could possibly be because there might be an equally felt salience.

### **Brand ownership and purchase intention**

The study also examined if consumers' knowledge of who owns a brand will have a difference in their engagement of increased word-of-mouth advertising, brand loyalty, and purchase intention. The study hypothesized that the fact that consumers know who owns a brand determines the level and extent of their engagement in word-of-mouth advertising for the brand, their loyalty, and their intention to buy it. One of the interesting findings in this study is that awareness about a brand's owner, or the contrary, does not make a difference in the extent of word-of-mouth advertising consumers do for a brand.

First, the study had expected consumers who identify brand ownership to engage in more word-of-mouth advertising than those who do not identify a brand's owner. No difference in word-of-mouth advertising between consumers who identify brand ownership and those who do not was found. Second, the study expected to find that consumers who identify brand ownership, or have knowledge of who owns a beer brand, to have more brand loyalty than those who do not. Unlike the other variable, which is doing a word-of-mouth advertising to a brand because of knowledge of ownership, there was a difference in loyalty between consumers who identify brand ownership and those who do not was found. Third claim in the same line of argument was that consumers who identify brand ownership will have an increased purchase intention of a brand than those who do not know who owns it.

Indeed, the study found that there is a difference in intention to buy a brand between consumers who identify brand ownership and those who do not, and those who do identify brand ownership have a higher loyalty. Summed up, this study finds that consumer knowledge of who owns a beer brand makes a difference in developing loyalty and intention to buy it, but not in engagement in word-of-mouth advertising. This was a notable finding because the very fact that who owns a brand did not matter to pass on the good information, but it was factor to develop loyalty, and even exhibit willingness to buy it.

As an overall check to the state of consumers' identity salience, this study argued and expected to find that there would be a difference in how consumers

from different regional states feel about their ethnic identity. The study finds no support to the claim that consumers in the different regional states have different identity salience scores. There was no statistically significant between groups and within groups difference for identity salience scores among consumers coming from the different regional states: Addis Ababa City Administration; Amhara Regional State; Oromia regional State; Southern Nations, Nationalities, and Peoples Regional State; Somali Regional State; and, Tigray regional State. Recalling discussions in chapter one, Ethiopia is currently suffering from ongoing ethnic based violence and killings. There is an aura of fear in speaking comfortably about ethnic identities. This study has not benefited from consumer's responses to questions on their ethnic identity, and how they feel about it as it expected. Respondents were rather comfortable to respond to this item as an open-ended answer in the survey instrument.

### **Identity salience and loyalty**

As to whether consumers with higher score of identity salience and brand loyalty will do more word-of-mouth advertising for within regional state brands, the results from this study have partially supported the hypothesis that consumers with higher score of identity salience and brand loyalty will do more word-of-mouth advertising for within regional state brands. Also, the evidence from the analysis could only give partial support for the hypothesis on whether consumers with higher score of identity salience and brand loyalty do exhibit

increased purchase intention for within regional state brands. Consumers with a higher ethnic identity salience will exhibit lower purchase intention and a lower word-of-mouth advertising of a brand if ownership changes to an out-of-regional state owner and an international owner. This study had hypothesized that consumers with higher ethnic identity salience will have lower purchase intention to out-of-state brand ownership. However, results from the analysis could not support this. Similarly, this study had hypothesized that word-of-mouth advertising would be higher to international than out-of-state brand ownership. The results from the analysis do not support this. Though further study is needed to better understand why the expected hypothesized results could not be supported, this study assumes that there could be additional determining factors that could better explain consumer response to local and international brands. It will also be interesting to examine the relationship between consumer identity salience and their perception of international and local brands as it relates to how distant or close their thoughts would be from their own identity group.

## CHAPTER VI

### CONCLUSION AND IMPLICATIONS

#### **Conclusion**

Two things seem to continuously evolve in Ethiopia: heightened ethnic sensationalism that stretch into many aspects of social life - often going violent and claiming hundreds of lives - and an ever-expanding market. Considering the importance of ethnic identity in consumption decision making processes, studying brand-consumer relationships from different angles. Beer as a commonly available and widely consumed good was used in this study to test consumer-brand relationships, but the effort to uncover the underlying consumer-brand interactions must be extended into other variables of the market. This study has found that consumer's ethnic identity salience plays a role in their decision-making processes and determines the nature and extent of their relationship with brands. The study has found most of its arguments, hypothesized statements it tested, to be true while some were partially supported, and some were not at all.

This study has also shed light on an important variable that other studies did not pay attention to - the influence of salience in one identity among several primed. Identity is a complex concept as it is, and even more complex when its contextual understanding varies across cultures within a tight space. In the case of Ethiopia, where there are over 80 different ethnic groups with distinct

languages and set of cultures, the task of bringing a workable context of ethnic identities would be daunting, especially ethnic identity. More and more studies are coming out suggesting there is a trend in consumer in-group affinity based on salience serving as a cohesive element. This has become an important determining factor in how consumers behave toward brands in Ethiopia today. This study would contribute to that trend and would serve as a step for other studies to build on, especially when ethnic identity increasingly becomes a palpable factor in group affinity and in group identification.

Ethiopia has been having extended nationwide Internet blackouts for the most part of the data collection period of this study. For example, data collection for this study has been affected by continuous Internet service outages in Ethiopia. It has been difficult to operate in planned timeframes. In a country where national Internet penetration is below 15% and where telecom services are a government monopoly, having access to services that rely on the Internet is entirely dependent upon how happy the government is. Going off grid for an extended period, counting in months, has become part of the normal. The interruptions are still happening intermittently. Ironically, the Internet outages were caused by national emergencies declared by the Ethiopian government in response to ongoing protests and ethnic based violence that have been dragging in the past few years. One important variable this study addressed, ethnic

identity salience, is one issue the country is facing now and partly responsible for what is going on in the country.

Some responses from subjects in this study revealed that consumers are descendants from a mix of different ethnic groups and would rather be identified by their citizenship. Others reported that they do not feel comfort in reporting their ethnic identities and admit coming from such a mix would not affect having salience to one ethnic group.

### **Implications for brands**

As mentioned in the introductory chapter of this dissertation, some promotional campaigns by beer companies, especially the international ones, were met by boycotts and disapprovals from members of some ethnic groups. Such efforts were primarily coordinated through word-of-mouth relays and ethnic based social media campaigns. Understanding some consumer insights, especially ethnic based consumer identities, would help brands devise better strategies in their brand promotional campaigns. Such consumer insights would also help brands gain and maintain a sustainable market share. Even though brand ownership has expansively fallen in the hands of foreign multinational giants such as DIAGEO, Heineken, and Bavaria, most products are have names that resonate an ethnic value and the locations of brewery plants are far well noted than who owns them.



## **Implications for academia, future research**

This study cannot stress enough on the need to further investigate the implications of heightened ethnic sensationalism and its effects on social life, not just the repercussions on brands and consumption. Ethiopia is going through turbulent times faced with ethnic based clashes that are continually claiming scores of lives. The impacts of the conflicts are felt almost through all parts of the country and the root cause is a manifestation of heightened ethnic sensationalism. Studying the effects of ethnic identity salience and its consequences on social interactions would be the start of finding solutions. While this study has attempted to examine the relationships between ethnic identity salience and brand preferences, the level of salience was limited to in-group identifications and not on individual levels.

Some findings from the study also come in contradiction with findings of other studies, such as the absence of difference in how different groups feel about their ethnicity. This study did not find statistically significant between groups and within groups difference for identity salience scores among. Fear of disclosing information about ethnic identities among the sample population might have factored in the findings. A more focused approach on designing a study that primarily addresses salience in ethnic identities might reveal different results. The scores registered for consumers coming from the different regional states were: Addis Ababa City Administration ( $M=2.63$ ,  $SD=1.21$ ); Amhara

Regional State ( $M=2.69$ ,  $SD=1.24$ ); Oromia regional State ( $M=2.36$ ,  $SD=1.24$ ); SNNPR ( $M=2.83$ ,  $SD=1.29$ ); Somali Regional State ( $M=1.00$ ,  $SD=0.00$ ) (Tigray regional State ( $M=3.16$ ,  $SD=0.78$ )). A graphical presentation of the findings from this study is also shown in chapter four in *table 4.18*.

Now that some changes have taken place in Ethiopian political climate, there was hope problems such as national Internet outages would be resolved. To the dismay of many, conflicts still pester the country and state of emergency is continuously declared, meaning a complete national Internet blackout as recently as July 2020. Sadly, public universities, the very institutions this study recruited study participants from, have become the epicenter of ethnic based conflicts. The situation is likely to continue for a while and even the government admits it has lapses in creating calm. Future researches should investigate the effects of consumer ethnic identity salience and variability of such saliences across the different ethnic groups. The implications of such a variability across the different ethnic groups, especially the major ones in terms of population size and their regional government structures, are not clear.

Future research should look into more factors and variables that could better explain the relationship between Ethiopian beer consumers' identity salience and their responses to beer brands beyond the brands' functional and consumption values. Results from analysis in this study did not support some hypothesized claims. Future research with data obtained from a different sample

population and consideration of additional variables may reveal some claims not supported here might have a different result. This study suggests three areas for future research:

1. Further study is needed to examine the relationship between consumer identity salience and their perception of international and local brands to better understand why consumer responses to local and international brands did not show a statistically significant difference.
2. A further study should explore consumer perceptions of breweries and beer products as cultural spaces and what values consumers see in them beyond their market and economic values.
3. A future study should investigate why consumers engage in word-of-mouth advertising to a brand they don't drink, mainly to understand why they do it.

## **Limitations**

This study has been revised a few times in the due course of its progress. There were major events that took place in Ethiopia, the country where the study drew data from four public universities. The conditions assigned to the experiment group in this study were partly determined by political situations taking place by the time data was collected for this study. The study design had

to be re-worked because access to Internet access was limited or unavailable to support the use of other stimulus that involved commercial advertisements.

One such an event is a continued ethnic based clash that started back in 2016 which has impacted the nature of responses for some questions this study asked. One question in particular asked respondent to identify themselves with an ethnic group. The question was the only open-ended question in the survey instrument and most of the responses were indicative of reservations by respondents from identifying themselves with an ethnic group. There were some valid responses, but the numbers were not adequate to run statistical analysis. While the study has obtained data that could be used to analyze identity salience as it relates to consumers' ethnic regional state, it was not able to obtain workable data that could inform us about individual ethnic identity salience and its repercussions on consumption. It is partly unfortunate that the study was conducted while the country was going through turbulent times for the very reasons this study was interested in.

**APPENDIX A:**

**The revised Multigroup Ethnic Identity Measure (MEIM-R) 6-item and 5-point psychometric scale used to measure ethnic identity salience**

*Q: To what extent do you agree with the following statements?*

*(On a scale of 1-5: 1=Strongly disagree; and 5= Strongly agree)*

	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
I have spent time trying to find out more about my ethnic group, such as: its history, traditions, and customs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have a strong sense of belonging to my own ethnic group	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I understand pretty well what my ethnic group membership means to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have often done things that will help me understand my ethnic background better	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have often talked to other people in order to learn more about my ethnic group	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel a strong attachment towards my own ethnic group	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**APPENDIX B:**

**Likert-type 4-item, 7-point (1=completely disagree, 7=completely agree) scale used in this study to measure brand loyalty. Scale is adapted from Carroll and Ahuvia (2006).**

***Q: To what extent do you agree to the following statements?***

*(On a scale of 1-7: 1=Completely disagree; and 7= Completely agree)*

	Completely Disagree (1)	Mostly disagree (2)	Slightly disagree (3)	Undecided (4)	Slightly agree (5)	Mostly agree (6)	Completely agree (7)
I am loyal to only one beer brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If the beer brand I usually drink is not available in a bar or store I go to another one	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I usually buy the same brand of beer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When I drink beer next time, I will buy the same brand of beer as the last time	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**APPENDIX C:**

**Likert-scale, 4-item and 5-point scale (1=strongly disagree, 5=strongly agree) used to measure purchase intention. The scale is adapted from Odin, Odin, and Valette-Florence (2001).**

*Q: Referring to your favorite beer brand, to what extent do you agree with the following statements?*

*(On a scale of 1-5: 1=Strongly disagree; and 5= Strongly agree)*

	Strongly disagree (1)	Disagree (2)	Undecided (3)	Agree (4)	Strongly Agree (5)
This is the only beer brand I will drink	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When I buy beer, I don't even notice other competing brands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If a bar or store is out of my favorite beer brand, I'll go to another bar or store	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I'll 'do without' rather than drink another beer brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**APPENDIX D:**

**Likert-scale, 4-item and 5-point scale (1=never, 5= always) used to measure word-of-mouth advertising. The scale is adapted from Carroll and Ahuvia (2006).**

*Q: Think of your favorite beer brand and respond to what extent you agree with the following statements*

*(On a scale of 1-5: 1=Never; and 5= Always)*

	Never (1)	Rarely (2)	Sometim es (3)	Very often (4)	Alway s (5)
I recommend this beer brand to lots of other people (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I give my favorite beer brand tons of positive word-of-mouth advertising (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I try to spread the good-word about this beer brand (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I 'talk up' this beer brand to my friends (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



## APPENDIX E:

**Brand familiarity was measured on a Yes/No level (Yes=1) and (No=2).**

**Q: Do you know who owns the brand that produces your favorite beer product?**

*(Yes= 1; No= 2)*

## APPENDIX F:

### Online survey consent form (administered through Qualtrics)

Dear research participant,

My name is Netsanet Yilma Debebe, a doctoral candidate at the School of Journalism and Communication, University of Oregon. I would like to invite you to participate in my research study that explores how a policy level change in brand ownership in Ethiopia is affecting people's beer consumption and their responses to advertising campaign strategies in light of their salient identities. The purpose of the research is examining the role identity salience plays in people's consumption behaviors. The study particularly examines how a consumer's decision process in becoming loyal to a beer brand is affected by a salient identity felt and their reception of beer brand advertisements. You are being asked to participate because you are an Ethiopian national of 18-years-old and above, a student in one of these four public higher education institutions (Addis Ababa University, Jimma University, Mekelle University, and Gondar University).

If you choose to participate, you will be answering questions with themes of: beer brand ownership; beer advertising; beer consumption; and, brand loyalty. We expect that the survey will take about 15-18 minutes to complete. Participating in this study may not benefit you directly, but it will help us learn how the recent ownership changes in the beer industry affected beer consumption in general, and how people's identities play a part and affect brand preference/consumption behaviors. You may skip any question you don't want to answer, and you may end taking the survey at any time. Taking part in this research will not cost you money. If you agree to be in this research, you will receive an extra credit for the course you are taking in this class, which its time you are using to complete this survey. If you do not choose to take part in this study, your professor for this course will avail an opportunity (demanding an equal effort and time as taking this survey would) for you to earn equal credits as other classmates earn for taking part in this study.

There is no foreseeable danger associated with participating in this survey. We will tell you about any new information that may affect your willingness to continue participation in this research. Information collected for this research will be used to complete a dissertation for a doctoral degree at the University of Oregon, USA. Your questionnaire responses will be strictly confidential and data from this research will be reported in my dissertation aggregately and anonymously. There are no questions that potentially identify your identity. You will not be asked of your name. If you feel uncomfortable answering any question, you can withdraw from the survey at any point. It is

very important for me to learn your opinions. If you would like a summary of my findings, you have an option to enter your email address at the end of the survey and I will share them with you.

Data for my study will be collected through the survey software tool “Qualtrics” ([www.qualtrics.com](http://www.qualtrics.com)), a highly reliable and professional portal. Only the researcher will be able to access the database through a unique combination of username and password that is not shared with anyone else. I will take measures to protect the security of all your personal information including who you are and your responses. Despite these precautions to protect the confidentiality of your information, we can never fully guarantee confidentiality of all study information.

Individuals and organizations that conduct or monitor this research may be permitted access to and inspect the research records. These individuals and organizations include: The Research Compliance Services office at the University of Oregon; and, my advisor Prof. Kim Bartel Sheehan. The risk associated with breach of confidentiality in this research is that of data security. In the unlikely scenario of breach of confidentiality, no harm is anticipated on you.

Institutional Review Board approval is obtained for this study (IRB protocol number = 08132018.011). If you have questions, concerns, or have experienced a research related injury, contact me at: Netsanet Yilma Debebe; tel. +1 541 735 8198; [ndebebe@uoregon.edu](mailto:ndebebe@uoregon.edu).

My faculty advisor is Professor Kim Bartel Sheehan, who may be reached at [ksheehan@uoregon.edu](mailto:ksheehan@uoregon.edu).

If you have questions about your rights as a research subject, you may contact the Research Compliance Services at the University of Oregon: tel. +1 (541) 346-2510 or [ResearchCompliance@uoregon.edu](mailto:ResearchCompliance@uoregon.edu).

You may copy this consent form or print it for your records and future reference.

I have had the opportunity to read and consider the information in this form. I have asked any questions necessary to make a decision about my participation. I understand that I can ask additional questions throughout my participation. I understand that by signing below, I volunteer to participate in this research. I understand that I am not waiving any legal rights. I have been provided with a copy of this consent form.

If you choose NO as a response to the consent to participate in this study, you will exit the survey.

I consent to participate in this study\*

1. Yes (1) \_\_\_\_\_
2. No (2) \_\_\_\_\_

\*Note: Qualtrics was designed to let only participants who consented to advance to the survey questions. Those who did not consent, or those who chose NO under option 2, were made to exit the survey.

## APPENDIX G:

### Online survey questions (administered through Qualtrics)

Q1: Do you drink beer?

Yes

No

Q2: What is your favorite beer brand?

1. Amber

2. Anbessa

3. Balager

4. Bedele

5. Bedele Special

6. Castel

7. Dashen

8. Habesha

9. Hakim Stout

10. Harer

11. Jano

12. Meta

13. Meta Premium

- 14. Raya
- 15. St. George
- 16. Walia
- 17. Zebidar
- 18. Zemen

**Q3: To what extent do you agree to the following statements? (On a scale of 1-7: 1=Completely disagree; and 7= Completely agree)**

	Compl etely Disagr ee (1)	Most ly disag ree (2)	Sligh tly disag ree (3)	Unde cided (4)	Slight ly agree (5)	Mostl y agree (6)	Compl etely agree (7)
I am loyal to only one beer brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If the beer brand I usually drink is not available in a bar or store I go to another one	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I usually buy the same brand of beer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When I drink beer next time, I will buy the same brand of beer as the last time	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Q4: Referring to your favorite beer brand, to what extent do you agree with the following statements? (On a scale of 1-5: 1=Strongly disagree; and 5= Strongly agree)**

	Strongly disagree (1)	Disagree (2)	Undecided (3)	Agree (4)	Strongly agree (5)
This is the only beer brand I will drink	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When I buy beer, I don't even notice other competing brands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If a bar or store is out of my favorite beer brand, I'll go to another bar or store	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I'll 'do without' rather than drink another beer brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Q 5: Think of your favorite beer brand and respond to what extent you agree with the following statements  
(On a scale of 1-5: 1=Never; and 5= Always)**

	Never (1)	Rarely (2)	Sometimes (3)	Very often (4)	Always (5)
I recommend this beer brand to lots of other people	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I give my favorite beer brand tons of positive word-of-mouth advertising	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I try to spread the good-word about this beer brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I 'talk up' this beer brand to my friends	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



**Q6: What about your favorite beer product do you like most?**

- The price
- The taste
- Its advertisement/s
- Its ownership
- The regional state it is brewed in
- The brand's political affiliation
- The brand's logo/name

**Q7: Do you know who owns the brand that produces your favorite beer product?**

- Yes
- No

**Q8: Would you stop drinking your favorite beer brand if it is sold to a company in a different regional state?**

- Definitely yes
- Yes
- Probably yes
- It does not matter to me
- Probably not
- Definitely not

**Q9: How do you agree with the following statements?  
 (On a scale of 1-7: 1=Strongly disagree; and 7= Strongly agree)**

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)	Agree (6)	Strongly agree (7)
I prefer to drink beer owned by an international company than any local company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I prefer to drink beer owned only by a company in my regional state than any other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I rather drink beer owned by an international company than any local one other than my regional state	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I never drink a beer brand from any local or international company other than my regional state	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q10: I consider myself to be a member of \_\_\_\_\_ ethnic group

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Q11: To what extent do you agree with the following statements?

(On a scale of 1-5: 1=Strongly disagree; and 5= Strongly agree)

	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
I have spent time trying to find out more about my ethnic group, such as: its history, traditions, and customs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have a strong sense of belonging to my own ethnic group	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I understand pretty well what my ethnic group membership means to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have often done things that will help me understand my ethnic background better	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have often talked to other people in order to learn more about my ethnic group	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel a strong attachment towards my own ethnic group	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Q12: A beer company based in another regional state (outside of the regional state you come from) has been in negotiations to buy the brewery that produces your favorite beer brand. Ultimately, a buyout deal has been reached and the brewery that produces your favorite beer brand will be moved to the regional state where the buyer is based.**

**After the outcome of the negotiations, which concluded with a buyout, how likely are you to continue buying your favorite beer brand?**

- Extremely likely
- Moderately likely
- Slightly likely
- Neither likely nor unlikely
- Slightly unlikely
- Moderately unlikely
- Extremely unlikely

**Q13: A local beer company based in another regional state (outside of the regional state you come from) has been in negotiations and made an offer to buy the brewery that produces your favorite beer brand. Part of the offer was that if the negotiations concluded with a buyout the brewery that produces your favorite beer brand would be moved to the regional state the buying company is based. However, the offer is rejected and the brewery that produces your favorite beer brand has made it clear that it will remain in your**

**regional state.**

**After this outcome, how likely are you to continue buying your favorite beer brand?**

- Extremely likely
- Moderately likely
- Slightly likely
- Neither likely nor unlikely
- Slightly unlikely
- Moderately unlikely
- Extremely unlikely

**Q14: An international beer company based in Europe has reached a deal to buy the brewery that produces your favorite beer brand. Once the deal is concluded, the brewery that produces your favorite beer brand will be fully owned by the international beer company.**

**After the change in ownership, how likely are you to continue buying your favorite beer brand?**

- Extremely likely
- Moderately likely
- Slightly likely
- Neither likely nor unlikely
- Slightly unlikely
- Moderately unlikely
- Extremely unlikely

**Q15: After learning the outcome of the negotiations, to what extent do you agree with the following statements? (On a scale of 1-5: 1=Strongly disagree; and 5= Strongly agree)**

	Strongly disagree (1)	Disagree (2)	Undecided (3)	Agree (4)	Strongly agree (5)
This is still the only beer brand I will drink	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When I buy beer, I won't even notice other competing brands	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If a bar or store is out of my favorite beer brand, I'll still go to another bar or store	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I'll still 'do without' rather than drink another beer brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Q16: Now that you know the outcome of the negotiations, to what extent do you agree with the following statement?  
(On a scale of 1-5: 1=Strongly disagree; and 5= Strongly agree)**

	Strongly disagree (1)	Disagree (2)	Undecided (3)	Agree (4)	Strongly agree (5)
I will still recommend this beer brand to lots of other people	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I will still give my favorite beer brand tons of positive word-of-mouth advertising	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I will still try to spread the good-word about this beer brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I'll still 'talk up' this beer brand to my friends	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Q17: Which regional state do you come from?**

- Tigray Regional State
- Afar Regional State
- Amhara Regional State

- Oromia Regional State
- Southern Nations, Nationalities, and Peoples Regional State
- Harari Regional State
- Somali Regional State
- Gambella Regional State
- Benishangul Gumuz Regional State
- Addis Ababa City Administration
- Dire Dawa City Administration

**Q18: How often do you drink beer?**

- Less than once per week
- Once a week
- 2-3 days a week
- 3-5 days a week
- Almost everyday
- Everyday

**Q19: Do you drink bottled or draft beer?**

- I drink only bottled beer
- I drink only draft beer
- I do drink both (I don't mind whether bottled or draft)



**Q20: When you drink beer, how much do you drink at any one time?**

- 9 and above bottles or glasses
- 6-8 bottles or glasses
- 5-6 bottles or glasses
- 3-4 bottles or glasses
- 1-2 bottles or glasses

**Q21: What is your gender?**

- Male
- Female

**Q22: What is your age?**

- Under 18
- 18 - 24
- 25 - 34
- 35 - 44
- 45 - 54
- 55 or older

**Q23: What year are you in college?**

- Freshman (1st year)
- Sophomore (2nd year)
- Junior (3rd year)
- Senior (4th year and above)
- Graduate level (MA, MSc., PhD)

**Q24: Which university do you attend?**

- Addis Ababa University
- Jimma University
- Mekelle University
- University of Gondar

**Q25: Please, enter your email address if you would like to see a summary of my findings in the future.**

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