

**THE USE OF MARKETING COMMUNICATION TOOLS IN LESS
DEVELOPED COUNTRIES WITH SPECIFIC REFERENCE TO
THE ERITREAN MANUFACTURING INDUSTRY**

by

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DECLARATION

I, the undersigned, hereby declare that the work contained in this assignment is my own original work and that I have not previously in its entirety or in part submitted it at any university for a degree.

Signature: .

Date: ..

ABSTRACT

Marketing communications, the “promotions” component of the marketing mix, is a systematic relationship between a business and its market. Its importance in the overall business success has increased dramatically in recent decades. In today’s cluttered and complex market place, marketing communications allows products/brands to stand out and help consumers appreciate their comparative advantages. Marketers have various communication tools at their disposal including advertising, sales promotions, personal selling, direct marketing, public relations, sponsorship, exhibitions, point-of-sale, and the Internet to achieve their specific objectives. These communication tools are further grouped into broad media types. The conventional media advertising, which involve ‘renting’ space on television, newspaper, poster, radio etc are referred to as ‘above-the-line advertising,’ whereas all non-media promotions, including personal selling, sales promotion, direct marketing, public relations, and sponsorship are commonly termed as ‘below-the-line promotions.’ The proper use and mix of these elements is fundamental for marketers to ensure that they obtain the most for their communication budgets. Though there is no optimum mixture of expenditures between the two broad categories, the appropriate mixture involves spending enough on promotions to ensure sufficient sales volume in the short-term while simultaneously spending enough on advertising to ensure the development of new brand and preservation of a product/brand’s equity position in the long-run. Furthermore, each element of the communication mix should be integrated with other tools of the communication mix so that better results are achieved for a unified message consistently reinforced.

The increasing importance of marketing communications should benefit all firms around the world, no studies have been undertaken to analyse their applications in least developed countries. The purpose of this study is therefore, to investigate the overall awareness, use and integration of marketing communication tools by manufacturing firms in a least developed sub-Saharan country, Eritrea. Accordingly, empirical data from 41 randomly selected firms has been analysed. The finding showed that, although it seems marketers in this emerging nation are aware of the role of marketing communications, a tendency for relatively less emphasis on marketing communications amongst most manufacturing firms was observed. The most commonly used marketing communication tools include sales promotions and personal selling, according to their importance, both from below-the-line, followed by TV advertising. Manufacturing firms in Eritrea tend to spend less on marketing communication

relative to their annual turn over. Most importantly, the total marketing communications expenditure is dominantly allocated to below-the-line promotional activities. This result indicates that more emphasis is placed on short-term success to the expense of long-term brand development, brand and company image building or preservation. Furthermore, most manufacturing firms treat the various communication elements as virtually separate activities, rather than integrated tools that work together to achieve a common goal. Finally, the study concluded by commenting to individual firms to carefully consider the power that marketing communications offers, and avoid being blind-sided by any of the tools. Government officials in Eritrea need to consider enhancing the current momentum of marketing in general and marketing communications in specific in the country.

OPSOMMING

Bemarkingskommunikasie, die "promosiekomponent" van die bemarkingsamestelling, is 'n sistematiese verhouding tussen 'n sake onderneming en sy mark. Sy belang in die oorhoofse sakesukses het dramaties oor die afgelope dekades toegeneem. In vandag se oorvol en komplekse markplek laat bemarkingskommunikasie produkte/handelsmerke toe om uit te staan en help gebruikers om hul vergelykende voordele te waardeer. Bemarkers het verskeie kommunikasiemiddele tot hul beskikking, insluitende advertering, verkoopspromosies, persoonlike verkope, direkte bemarking, openbare skakeling, borgskappe, uitstallings, verkooppunte, asook die Internet, om hul spesifieke doelwitte te behaal. Hierdie kommunikasiemiddele word verder in breë mediatipes verdeel. Die konvensionele media advertensies, wat die 'uur' van ruimte op televisie, koerante, plakkate, radio, ens. insluit, word 'mediareklame' genoem, terwyl alle nie-mediagebonde promosies, insluitende persoonlike verkope, verkoopspromosies, direkte bemarking, openbare skakeling en borgskappe normaalweg as 'promosiereklame' bestempel word. Die behoorlike aanwending en samestelling van hierdie elemente is deurslaggewend vir bemarkers om te verseker dat hulle die beste vir hul kommunikasiebegrotings behaal. Hoewel daar geen optimum samestelling van uitgawes tussen die twee breë kategorieë bestaan nie, behels die gepaste samestelling genoegsame uitgawes op promosies sodat voldoende verkoopsvolumes oor die kort termyn verseker word, terwyl genoeg op advertering uitgegee word om die ontwikkeling van nuwe handelsmerke en die behoud van bestaande produk/handelsmerk se aandeelposisie oor die lang termyn te verseker. Verder behoort elke element van die kommunikasiesamestelling met ander instrumente van die kommunikasiesamestelling geïntegreer te word sodat beter resultate verkry word vir hierdie verenigde boodskap wat aanhoudend versterk word.

Temidde van die toenemende belang van bemarkingskommunikasie behoort dit tot voordeel van alle firmas ter wêreld te wees, maar geen studies is nog onderneem om die aanwending hiervan op die mins ontwikkelde lande te analiseer nie. Die doel van hierdie studie is dus om die oorhoofse bewuste gebruik en integrasie van bemarkingskommunisasiemiddele deur vervaardigingsfirmas in 'n minsontwikkelde sub-Saharaland, Eritrea, na te gaan. Aldus is empiriese data van 41 willekeurig uitgesoekte firmas geanaliseer. Die bevindings toon aan dat alhoewel dit wil voorkom asof bemarkers in hierdie opkomende land bewus is van die rol van bemarkingskommunikasie, 'n tendens waargeneem is ten opsigte van 'n relatiewe lae klem op bemarkingskommunikasie aan die kant van die meeste vervaardigingsfirmas. Die algemeenste

bemarkingskommunikasie-middele wat aangewend word, sluit in verkoopspromosie en persoonlike verkope ingevolge hul onderskeie belangrikheid, wat albei na promosiereklame verwys, gevolg deur televisie advertensies. Vervaardigingsfirmas in Eritrea is nie geneig om baie op hul bemarkingskommunikasie bedrywighede uit te gee nie in vergelyking met hul totale jaarlikse omset. Belangrik ook is dat die totale bemarkingskommunikasie-uitgawe oorwegend toegeken word aan promosiereklame aktiwiteite. Hierdie bevinding dui daarop dat meer klem gelê word op kort termynsukses ten koste van lang termyn handelsmerk-ontwikkeling, handelsmerk- en maatskappybeeldbou of -behoud. Verder hanteer die meeste vervaardigingsfirmas die verskillende kommunikasie elemente soos feitlik afsonderlike aktiwiteite, eerder as geïntegreerde werktuie wat saam 'n gemeenskaplike doel kan bereik. Laastens sluit die studie af deur kommentaar teenoor individuele firmas te lewer dat hulle die mag sorgvuldig moet oorweeg wat kommunikasie aan hulle bied, en te vermy om deur die middele negatief beïnvloed te word. Staatsamptenare in Eritrea behoort te oorweeg om die huidige algemene bemarkingsmomentum en spesifiek bemarkingskommunikasie in die land te stu.

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CHAPTER 1

BACKGROUND

1.1 Introduction

Marketing communications relate to the promotion of both the organisation and its offerings. It recognises the increasing role the organisation plays in the marketing process and the impact that organisational factors could exercise on the mind of customers (Fill, 1995). In terms of the general perception of all of the marketing mix elements that a firm may employ, it is perhaps 'promotion' that is the most prominent 'P' in the '4 Ps,' namely product, price, place and promotion. In fact, to many people promotion equals marketing (Shimp, 2003).

As Shimp (2003) noted, perhaps no area of marketing has seen more dramatic changes over the years than marketing communications. As a result, marketers face challenges in designing, implementing, and evaluating marketing communication programmes, which are markedly different from those faced by marketers a decade ago. One of the most important of these changes is the increase in the number and diversity of communication options available to marketers to reach consumers. Among the various communication options, marketers have various communication tools including personal selling, advertising, sales promotion, direct marketing, public relations, sponsorship, exhibitions, packaging, point-of-sale, and the Internet at their disposal to achieve their specific objectives (Smith et al, 1998).

According to authors Belch & Belch (1998:9), Koekemoer (1998:9) and Strydom, Jooste & Cant (2000:350:352) these communication options are often grouped into broad communication types or media types. The conventional media tools, which involve 'renting' space on television, newspapers, posters, radio etc., are referred to as 'above-the-line' promotional techniques. Other marketing communications techniques, such as sales promotion, sponsorship and exhibitions do not involve the commissioning of space or air-time in or on conventional media. These techniques are referred to as below-the-line techniques. Each of these tools has certain strength(s) as well as weaknesses, which should be considered when selecting the relevant marketing communication strategy. Moreover, each tool varies in its cost and in its effectiveness in particular situations or context and should be evaluated not only on its

overall effectiveness, but also on its cost effectiveness to ensure that the marketer obtains the most for his/her marketing budget. For these reasons an appropriate mix should be created for better results to meet the communication objective of any given marketing communication strategy. This involves an appropriate selection from the range of tools that are available for use as part of the marketing communication mix. Thus a varying emphasis is put on each element according to the type of product or service, characteristics of consumers, and company resources.

Each element of the communication mix should also be integrated with other tools of the communication mix so that a unified message is consistently reinforced. For instance, some major advertising campaigns are supported by public relations (PR) activity, and many advertisements have press launches — not for the product, but for the advertisement itself. Thus publicity and advertising collaborate to create a bigger impact in a cost-effective way (Smith, 1998). In today's cluttered and confusing marketplace, the need for integrated marketing communications has never been seen to be greater (Shimp, 2003). There are simply too many products, too many brands, and too many marketers for the customer to keep a clear head or to understand, unless the image and benefits of the promoted product or service are clear and concise. The key is to have one clear marketing programme and one clear, concise promotion programme in which all elements are co-ordinated and communicating the same message.

The environment in which the marketer operates is also a substantial determinant factor where marketing communication activities operate effectively. For instance: economic development influences the attitudes of firms towards the marketing concept in general and the effective use of marketing communications tools specifically. Results of the study by Appiah-Adu (1998) for example revealed that foreign firms perform more marketing activities and perceive all marketing components as important determinants of performance in comparison with their domestic counterparts in developing countries. As a person from a less developed country — and upon arriving in South Africa in August 2003 — the author was struck by the emergence and level of development of the marketing communications industry in South Africa. This seemed to support the phenomenal potential of

marketing communications for an over-all company marketing success while its existence is hardly felt in some less developed countries, such as Eritrea.

Marketing practitioners and academics are aware that more systematic research is required to reveal the true use and integration of marketing communication tools in less developed countries, such as Eritrea, since most of the text books and researches' attentions thus far have been devoted to the application of marketing communications in developed markets, such as the United States (USA), Europe (EU), Australia, and South Africa (SA) as well. However, a communication mix that works effectively within developed markets/countries is likely to be quite different from the appropriate mix that would be successful in developing markets. This is likely because of marketing dimensions of product reliability, assessment and understanding the customer are linked to conventional economic development aspects, such as the level of affluence, technology, education, competition, and communications infrastructure, while the responsiveness dimensions are attributed to socio-cultural influences concerning the value of time (Malhotra et al, 1994).

Despite the dramatically increasing importance of marketing communications, no studies have been undertaken to analyse its potential in less developed countries market context. It would consequently seem useful to examine how companies in the small market of a less developed sub-Saharan county, Eritrea, communicate their products to consumers/prospects. Therefore, this study will examine the overall awareness of marketers for the role marketing communication, how they communicate with their customers/prospective customers, which communication mix or element is favoured and suitable, and to what extent the use of these elements by Eritrean manufacturers is an integrated whole.

1.2 Aims and Significance of the Study

The aim of this study is to gain a better understanding of marketing communications in a less developed Sub-Saharan country; Eritrean. Statistics on the magnitude of the marketing communication expenditure in the USA and South Africa for example are relatively impressive. It is indeed surprising that so little attention has been given to advertising and sales promotions in markets of less developed countries, such as Eritrea.

The study is partially justified by results of a study by Tecleghiorgis et al (2000) that indicated a poor concern of Eritrean manufacturing firms for marketing. According to this study, although 95 per cent of the firms investigated had a separate marketing department, only 5 per cent of them carried out sales promotion on their own. In most firms, the marketing managers exerted little effort to critically evaluate the causes for the decline in sales. Most of the firms had a small budget for marketing-related activities. Public institutional support related to the market information was too limited to induce firms to change their behaviour. Similarly, private institutions that supply marketing services to the firms have not yet well established in Eritrea.

As Drucker (1958) noted, marketing should benefit all firms around the world including those in developing nations, but poor economic development and other environmental conditions may weaken the implementation of the marketing concept which is built on the basis of Western know-how. Therefore, it is an important task investigating how firms in such poor economies devote their attention to promotion in general, which communication mix works well and which factors most probably influence such different forms. Further ground for the study is that this is probably the first to assess the practice of marketing communications by firms based in such less developed markets.

1.3 Statement of the Problem

Research efforts of the early 1980s indicated that marketing activities were not adequately performed in most developing nations (Appiah-Adu, 1997). By the late 1980s, signs of improved marketing practice were beginning to emerge, with research indicating an increase in the performance of marketing activities in a buyers' market instead of a sellers' economy (Akaah and Riordan, 1988; Dadzie *et al.*, 1988). In recent years, increased attention has focused on marketing practices in sub-Saharan African developing nations (Appiah-Adu, 1997; Dadzie *et al.*, 1988; Okoroafo and Torkornoo, 1995). This emerging body of empirical evidence indicates that there is an increase in the performance of marketing activities in these less developed markets (e.g. Dadzie *et al.*, 1988). However, according to results from a research by Winston and Dadzie (2002) marketing is still a fairly new know-how for many sub-Saharan African countries, such as Eritrea.

Despite the increasing role of marketing communications in company marketing success, this has not yet been explored and little, if any, research has been done on this topic in less developed countries like Eritrea. Traditionally, advanced Western economies have been the focus of studies of marketing management in general and advertising and promotion in specific whereas little has been done to examine the use of the marketing communications tools in less developed economies such as Eritrea where the traditional selling, as well as buying behaviour practice, are dominated by “seller’s market” (Baker and Abou-Ismael, 1993).

As research by Appiah-Adu (1997) revealed that less developed countries based firms tend to spend very little on advertising and promotion in relation to company turnover, when compared to companies abroad. Advertising expenditure as percentage of GDP, ad spends per capita, the availability of media vehicles as well as the existence of advertising and promotion agency services do not enjoy high profiles. For example, a study by Tecleghiorgis et al (2000) suggested poor market-oriented policies by manufacturing firms in Eritrea.

It is true that customers in industrialised countries are sophisticated selectors of products and services, though many in less developed markets are also catching up fast. As companies operate in such markets amongst extremely fierce competition, the bargaining power of customers is very high. Therefore, a communication mix that works effectively with such sophisticated customers who have the ability to give more deliberate thought to their purchase choice, is likely to be quite different from the appropriate mix that would be most frequently used in markets where goods are produced for customers who have no choice but to buy these because of a lack of alternatives. Thus despite marketing in general and marketing communications in specific are still beneficial to firms in less developed markets as well, marketers in such context might be reluctant to use the tools effectively and efficiently due to their positions over the customer and or other hindering factors in their efforts. Investigating such situation generated a great deal of interest among academics and practitioners. Furthermore, there is little evidence of the occurrence of the exact nature of marketing communications in different marketing context. Therefore, further investigation is needed of the overall use and integration of the marketing

communications elements and the overall awareness to the increasing role of marketing communications by marketers in such poor marketing contexts.

Bearing in mind the above problem, Eritrea provides the opportunity to study the overall awareness of marketers to advertising and promotion as a key marketing success factor, the use and integration of marketing communication tools within an economy in the early stages of development and in a process of change from almost central planning to a free market. This provides the opportunity to make note of the proposition as to whether an economy's stage of market development has any impact or not on the communication mix that works effectively within developed countries would be likely to be quite different from the appropriate mix that is successful in developed countries.

1.4 Research Questions

Marketing communication is a critical aspect of a company's overall marketing mission and a major determinant of its success. As a result, the marketing communications component of the marketing mix has dramatically increased in importance during the past decade. Moreover, the basic reason for integrated marketing communication is that marketing communication has been the only sustainable competitive advantage of marketing organisations in the 1990s and will remain so in the twenty first century (Shimp, 2003). The following questions arise:

- What is the awareness of marketers in Eritrea to the increasing role of marketing communication in today's cluttered environment?
- Which marketing communication disciplines or modes do manufacturers in Eritrea regard as favourable for creating end-user acceptance? Thus the question arises as to which marketing communications tools mix, above- or below-the-line, do Eritrean manufacturers most commonly use?
- How concerned are these companies with the new philosophy of IMC (Integrated Marketing Communications) for more sound results of marketing communications activities?
- What is the composition and size of the marketing communications budgets of these companies?

1.5 Hypothesis

Dadzie (1989) stated in his study that the applicability of marketing concept in less developed markets has been questioned due to such environmental conditions as frequent shortage of goods, state control of marketing activities, poor competitive intensity, poor technological know-how, poor education, and poor communication infrastructure, unlike the buyers' market that prevails in most industrialised Western countries. Moreover, the paucity of marketing training and practice in many African countries led to the rise of top executives from non-marketing educational training, especially liberal arts and engineering degrees or backgrounds (Winston & Dadzie, 2002). Therefore, one could obviously expect that the environmental conditions for implementing marketing programmes in less developed, traditional business environment where perhaps the "seller's market" still exist are quite different from the prevalent conditions in industrialised economies. Thus the communication mix that works effectively in developed markets is likely to be quite different from the appropriate mix in less developed markets.

Generally the lower the level of economic development and the lower the disposable income, the less the scope the marketer has in his promotion mix. The implication is that the richer a country becomes the greater the likelihood of performance of marketing activities by firms (Appiah-Adu, 1997). As the use of the promotional mix elements is concerned, according to Kinsey (1988), personal selling, followed by public relations (PR) and sales promotion (all below-the-line promotions), receive the greatest emphasis in less developed markets for all goods. This is largely because of the emphasis on bargaining by the majority of consumers, many products are still being introduced, and tools such as public relations are also very useful to reach very influential people. As far as advertising is concerned, its use is likely to be poor. This may be attributed to several factors including scarcity, many products are unbranded, low literacy levels, poor media availability, and absence of technical skills... etc. Furthermore, the supporting infrastructure is likely to be much poorer, so that advertising agencies and media are extremely limited, and branding is none existent. In most cases, advertising is also the most expensive tool as compared to the cheap, easily accessed, and more easily measured results in the case of below-the-line promotions. In such situations, one could well expect tools with high personal interaction to have a high value.

Furthermore, Malhotra (1994) found that unlike in developed countries, the majority of developing countries are still plagued with limited or unreliable communication networks that boost the relative importance of direct personal contact between the customer and marketer. Hence personal contact is relatively more important in establishing accessibility in developing countries.

These views suggest that the following hypothesis:

- Manufacturing firms in the less developed market environments of Eritrea, place high emphasis on tools that boost the relative importance of direct personal and/or face-to-face interaction; below-the-line promotions.

1.6 Objective of the study

The ultimate objective of the study is to assess the overall marketing communication activities by Eritrean manufacturers. The specific objectives include:

- to determine the level of awareness of marketers in the manufacturing industry to the increasing importance of marketing communication as a critical aspect of a company's overall marketing success;
- to identify the most frequently used marketing communication strategy by Eritrean manufacturers and the factors influencing the frequent/infrequent use of these tools;
- to determine how much emphasis these manufacturers place on coordinating and integrating the different marketing communications tools.
- to investigate the way in which traditional media advertising and below-the-line promotion campaigns are planned, budgeted, implemented, and handled, either together or separately, by in-house agencies, advertising agencies or specialist agencies.

1.7 Definitions

The following are definitions of the most relevant terms:

Marketing: - 'the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual [customer] and organisational objectives' (Anon, 1985, p.1).

Marketing Strategy: - A set of conscious decisions a marketer makes in determining who is going to be offered a particular product or service, referred to collectively as the target market, and how the chosen market will be reached via a specific marketing communication medium. The target market is a well-defined set of existing and or potential customers the marketer aims to satisfy with a particular product offering (a product or service). In reaching and influencing the chosen target the marketer uses what is known as the 'marketing mix.' (Koekemoer 1998:1)

Marketing Communications: - The process of communicating with customers or customer(s). It entails a two-way process of informing and reporting. On the one hand, the marketer conveys information about his/her product or service with a view not only to inform the consumer(s), but also to persuade or remind him/her to adopt a favourable attitude towards the product or service. On the other hand the customer(s) convey(s) information to the marketer. (Koekemoer 1998:1)

One should emphasise that communication between the marketer and the consumer is essential for several reasons, namely:

- to keep abreast of the host of products and services offered on the market on a day-to-day basis
- to inform and remind the consumer or customers of the variety of products and services offered and
- to persuade consumer/customers to choose the marketer's product or service above that of the competitors.

To achieve their marketing goals, marketers use several marketing communication elements. These include:

Above-the-line advertising:- the conventional media tools, which involve 'renting' space on television, newspapers, posters, radio etc., are referred to as 'above-the-line' promotional techniques Belch & Belch (1998:9), Koekemoer (1998:9) and Strydom, Jooste & Cant (2000:350-352). (See Table B-2 of appendix B)

Below-the-line promotions:- will be taken to mean all non-media promotions including personal selling, sales promotion, direct marketing, public relations, and sponsorship. The various elements of the marketing communication mix, as classified

under the categories above-the-line advertising, below-the-line promotions and stand-alone items by Belch & Belch (1998:9), Koekemoer (1998:9) and Strydom, Jooste & Cant (2000:350-352) is presented in Table B-2 of appendix B to this thesis. The table is aimed at providing a holistic overview of the different marketing communication tools.

Advertising -: 'Advertising is any paid form of non-personal presentation and promotion of ideas, goods and services through mass media such as newspapers, magazines, television or radio by an identified sponsor.' (Kotler and Armstrong, 2004).

Promotion: It refers to any incentive used by a manufacturer to induce the trade (wholesalers, retailers, or other channel members) and/or consumers to buy a product/service and to encourage the sales force to aggressively sell it. Practitioners sometimes use the word sales promotion to distinguish it from the promotion as the fourth 'P' of the marketing mix. (Shimp, 2003)

Integrated Marketing Communications (IMC):- IMC is the process of developing and implementing various forms of persuasive communication programmes with customers and prospect over time. The goal of IMC is to influence or directly affect the behaviour of the selected communication audience. IMC concedes all source of contacts that a customer or prospect have with the product or service as potential delivery channel for future messages. Furthermore, IMC makes use of all forms of communication which are relevant to the customer and prospects, and to which they might be receptive. In sum, the IMC process starts with the customer or prospect, and then works back to determine and define the forms and methods through which persuasive communication programmes should be developed. (Shimp, 2003)

Less-Developed Counties/Economies (LDCs):- The term Less-developed economy generally means a political entity, normally a nation-state, characterised by certain social and economic conditions. Most notable among these conditions are an agrarian economy; a dual economy; low rate of economic growth; rapidly growing population; low levels of per capita income, literacy, and labour productivity; poor infrastructures; and a lack of capital (Kaynak, 1982). Other characteristics are unsatisfactory amounts and types of food intake, high infant mortality rates, low life

expectancy, and paucity of public facilities. It should be noted that developed and developing represent the two points of a continuum rather than a dichotomy (Malhotra et al, 1994). The term less-developed is used here by general convention, although poor, low-income, Third World, and developing have also been used.

1.8 Research Design/Methodology

The lack of secondary data that sufficiently address the identified information gaps necessitates an empirical data collection effort amongst companies that manufacture and market products in Eritrea. Data were obtained from a seven-page questionnaire addressed personally to at least 41 marketing managers, sales managers, general managers, managing directors, and others responsible for marketing communication activities at Eritrean-owned manufacturing companies, in November 2004 - December 2004. The primary aim of the primary data collection effort was to collect information from Eritrean based manufacturing companies to gain a better understanding of the application of marketing communications and marketers' concern for marketing communication as the primary marketing success determinant. In general the method of investigation could be classified according to the two categories of literature study and empirical research.

Literature Study: This thesis is based on an extensive examination of existing academic research in the field of marketing and marketing communications. The main focus fell on South African and USA literatures, and also included numerous other international publications. The literature sources include books, journal articles, magazine articles, the Internet, unpublished theses and dissertations and other relevant sources. It was found that not many Eritrean or other less developed countries' literature sources were available in this field of study.

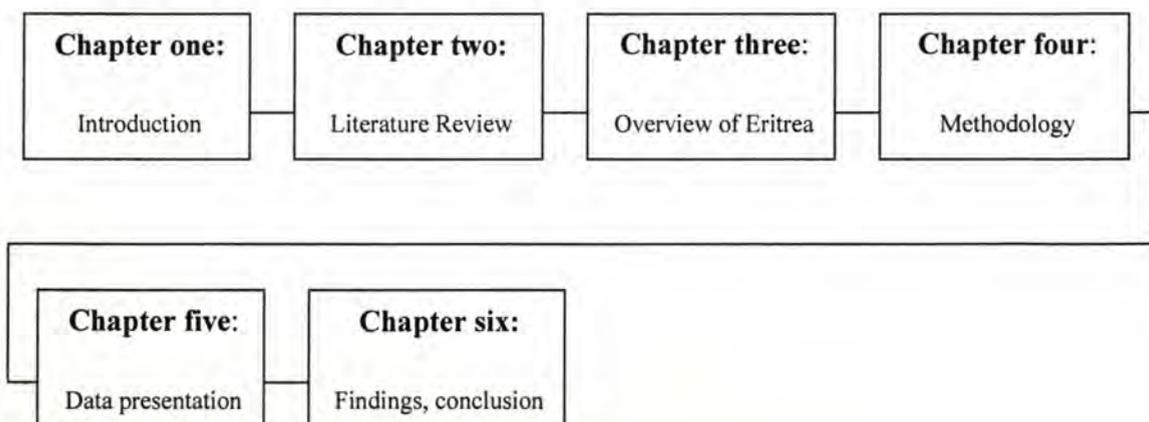
Empirical Research: The empirical research was conducted in the Eritrean manufacturing industry. Forty-five companies were randomly selected to participate in the survey. The empirical study consisted of the completion of a self-administrated type of questionnaire by company personnel responsible for company marketing communications activities. The base for the selection of the Eritrean manufacturing industry was that Eritrea is one of the less developed countries with an old, but small in size, manufacturing industry. This helped to take a sample that sufficiently

represented the target population with the limited resources available for this study work.

1.9 Report Structure

As may be seen from the figure below, the contents of this thesis will consist of six chapters. In the first chapter, an introduction to the study will be given, the statement of the problem will be placed in perspective, and the objectives of the study will be identified. In chapter two, an overview of marketing communications from literature and previous research that are mostly based on the Western marketing know-how will be provided. The third chapter will be devoted to an overview of marketing and the marketing communications in less developed or developing economies with possible reference to the country of study, Eritrea. The review will also include the economic, political, and social background of the country, the overall view of its manufacturing sector, and other related areas of interest will be discussed. Chapter four will describe the methodology that will be used throughout the thesis. In chapter five, the collected data from the case study will be presented and analysed. Finally, in chapter six, the findings and conclusion will be put forth. This final chapter will provide a summary of the research results, followed by conclusions and recommendations for marketing communications strategies in the Eritrean manufacturing industry, and recommend some direction for possible future research.

Figure 1.1 Outline of the final report



1.10 Conclusion

This study is important because it aims to investigate the overall awareness of marketers regarding the increasing role of marketing communication in less developed markets. It focuses on how wisely these marketers use and integrate the alternative marketing communications tools and what mix tends to work well as well as the reasons behind such a different mix. The purpose of Chapter 1 was to give an overview of the research as well as an outline of the topics covered in the forthcoming chapters.

CHAPTER 2

MARKETING COMMUNICATIONS

2.1 Introduction

The topic of marketing communications has come a long way since Henry Ford, founder of the Ford Motor Company, allegedly made the statement “you can paint it any colour you like, as long as it is back,” in 1908 (cited in Jantzen 2002:6). Since then a power shift has occurred in the marketplace where the power of deciding what would be produced gradually slipped away from large corporations and into the hands of consumers.

As Shimp (2003) stated, perhaps no area of marketing has seen more dramatic changes over the years than marketing communications. As a result, the challenges presently faced by marketers in designing, implementing, and evaluating marketing communication programmes are markedly different from those faced by marketers 20 or 30 years ago. One of the most important of these changes is the increase in the number and diversity of communication options available to marketers to reach consumers. In recent years, the marketing communication environment has experienced: 1) the fragmentation of traditional advertising media, as well as 2) the emergence of new, non-traditional media, promotion, and other communication alternatives (Koekemoer, 2004 and Shimp 2003). In terms of media fragmentation, television has seen the rise of new network, cable, satellite, and independent stations that have diminished the share of the traditional “big three” television networks and magazines have seen a proliferation of narrowly targeted titles. In terms of the emergence of new media, ways to reach consumers and create brand value that have grown in importance in recent years include, among others, sports and other event sponsorship; in-store advertising; “mini-billboards” in out-of-home locations; product placement in television and movies; and interactive electronic media (web sites, banner ads, etc.). In such fast changing environments, therefore, marketers misuse or fail to properly mix these alternative elements for effective communications.

This chapter aims at discussing the concept of marketing communications in terms of its various elements. To gain an insight into the nature of the concept of marketing communications, however, it would be helpful to shortly highlight how it fits into the

big picture of marketing and its increasing role within the marketing mix. Thereafter, marketing communications will be defined and discussed in more detail in the subsequent sections.

2.2 The Increasing Role of Marketing Communications in the Marketing Mix

A widely used approach today breaks the marketing process down into the four major areas – product, place (or distribution channels), price, and promotion referred to as 4Ps. Although the ‘4Ps’ characterisation has led to the widespread use of the term, ‘promotion,’ for describing communications with prospect and customers, most marketing practitioners as well as many educators prefer the term ‘marketing communications’. The marketing mix framework was particularly useful in the early days of the marketing concept when physical products represented a larger portion of the economy. Today, with marketing more integrated into organisations and with a wider variety of products and markets, some authors have attempted to extend its usefulness by proposing a fifth P, such as packaging, people, process, etc. However, the marketing mix most commonly remains based on the 4Ps (Internet Centre for Management and Business Administration, Inc, 2002-2004). Despite its limitations and perhaps because of its simplicity, the use of this framework remains strong and many marketing textbooks have been organised around it. Table 2.1 below presents a comprehensive list of the instruments of the marketing mix that could be utilised by each element of the mix.

2.1 Instruments of the marketing mix

Product	Price	Place (Distribution)	Promotion (Marketing Communications)
Benefits	List price	Channels	Advertising
Features	Discounts	Logistics	Public relations
Options	Credit terms	Inventory	Sponsorship
Quality	Payment periods	Transport	Sales promotion
Design	Incentives	Assortments	Direct marketing
Branding		Locations	Point-of-purchase
Packaging			Exhibitions
Services			Trade fairs
Warranties			

Source: De Pelsmacker et al, 2001, p.3

According to recent research and literatures, the importance of the marketing communications component of the marketing mix has increased dramatically in recent decades. Du Plessis (2003:1) argued that marketing communications is the most visible element of the marketing mix. Furthermore, authors such as Kotler and Armstrong (2004) and Dibb et al (1993) emphasised the key role of promotion in the marketing mix. Shimp (2003: 3) not only supported such arguments, but also manifested the increasing important role of marketing communication in the marketing mix.

Various authors identified specific factors to which the changes in marketing could be attributed. These factors relate to both saturated domestic and global competition becoming increasingly intense today; national and international economies are volatile; increases in the income gap between poor and rich consumers and households; the environmental imperative and socially responsible marketing; enormous advertising clutter; stupefying technological developments; people living increasingly under time constraints; the marketplace provides so many option to consumers that shoppers are intermittently confused, excited and bored; and finally, companies routinely downsize while seeking other ways to profit from their investments. These are among the responsible factors for changes in marketing (Fred van Raaij, et al 2001 and Shimp, 1997: 10). These changes in turn give rise to an increase in marketing communications activities as it is the most visible element of the marketing mix (Shimp, 2003). More and more products and services are seen today as being at “parity,” having arrived at the maturity stage of their life cycle. As a result, points-of-difference to distinguish brands related to inherent qualities of the product or service have become harder to come by. By transcending these inherent qualities, marketing communications could provide information to create points of difference that otherwise would not be possible. Today’s customer is deluged with print, broadcast, and electronic information. For example Kotler (2003: 19) estimated that we confront 2 (two) billion Web pages, 18, 000 magazines, and 60,000 new books each year. In a cluttered, complex market place, marketing communication can allow brands to stand out and help consumers appreciate their comparative advantages. In these and other ways, marketing communications allow marketers to transcend the physical nature of their products or the technical specifications of their services to imbue products or services with additional meaning and value.

2.3 Marketing Communications Defined

According to Koekemoer (1998:1) the *process of communicating with consumers or customers* is called marketing communications. Burnett and Moriary (1998) defined marketing communications as the “*process of effectively communicating product information or ideas to target audiences*”. Furthermore, according to Shimp (2003:3), marketing communications, taking together both marketing and communication, represents “*the collection of all elements in a brand’s marketing mix that facilitate exchanges by targeting the brand to a group of customers, positioning the brand as somehow distinct from competitive brands, and sharing the brand’s meaning – its point of difference – with the brand’s target audience.*”

As may be noted from the definitions, communicating a message to a target audience is the activity at the heart of marketing communication. The target audience is the group of people who receive the message and have the potential to respond to the message. The target audience could be a narrow section of the target market, or it could be broader than the whole target market by including other stakeholders, such as employees or the government (Koekemoer, 1998).

A variety of tools may be utilised to communicate information to the target audience. These tools are used to implement the objectives of the marketing communication strategy and constitute what is known as the marketing communications mix. Each tool varies in its cost and in its effectiveness in particular situations, and should be evaluated not only on its overall effectiveness, but also on its cost effectiveness to ensure that the marketer gets the most for his marketing budget. The tools include above-the-line advertising (television, radio, print, outdoor and cinema), below-the-line promotions (personal selling, sales promotion, direct marketing, public relations and sponsorship), and on-line advertising. A detailed explanation of the various elements of the marketing communications mix mentioned will be provided later in this chapter. Before discussing these marketing communication elements; however, a better understanding is required on how marketing communication works. Consequently a basic understanding of a marketing communication objectives (roles) and strategy is required.

2.4 Communication Plan and Strategy

A strategic communication plan is one of the key elements in marketing communications (Integrated Marketing Communications). It allows marketers to build a synchronised communication strategy that reaches every market segment with a single, unified message. The objectives of any promotional strategy could be drawn from an appropriate mixture of the roles of promotion; to increase sales, maintain or improve market share, create or improve brand recognition, create a favourable climate for future sales, inform and educate the market, create a competitive advantage relative to competitor's product or market position and to improve promotional efficiency (Tri-Media, 2004).

There are no perfect outlines to fit every marketing communications manager's needs in designing the communication strategy. Many different authors describe various steps in designing a communication strategy. Authors such as Rowley (1998), Czinkota and Ronkainen (2001), and Koekemoer (2004) discuss a step-wise process that may be used in order to carefully plan a successful integrated marketing communication. These authors explain the same process, but various aspects of it. The model of the marketing communications decision-making process given by Shimp (2003) comprehensively offers a conceptualisation of the various types of brand-level marketing communications decisions and the outcomes desired from those decisions. Therefore, this theory presented in *Figure 2.1* below, is more relevant to this work and has been chosen as a good background in this study.

The model consists of a set of fundamental decisions (relating to positioning, targeting, setting objectives, and budgeting), a set of implementation decisions (involving the mixture, or integration, of communications elements and the choice of messages, media, and momentum), and programme evaluation (measuring marketing communications results, providing feedback, and taking corrective action).

2.4.1. Making Brand –Level Marketing Communications Decisions

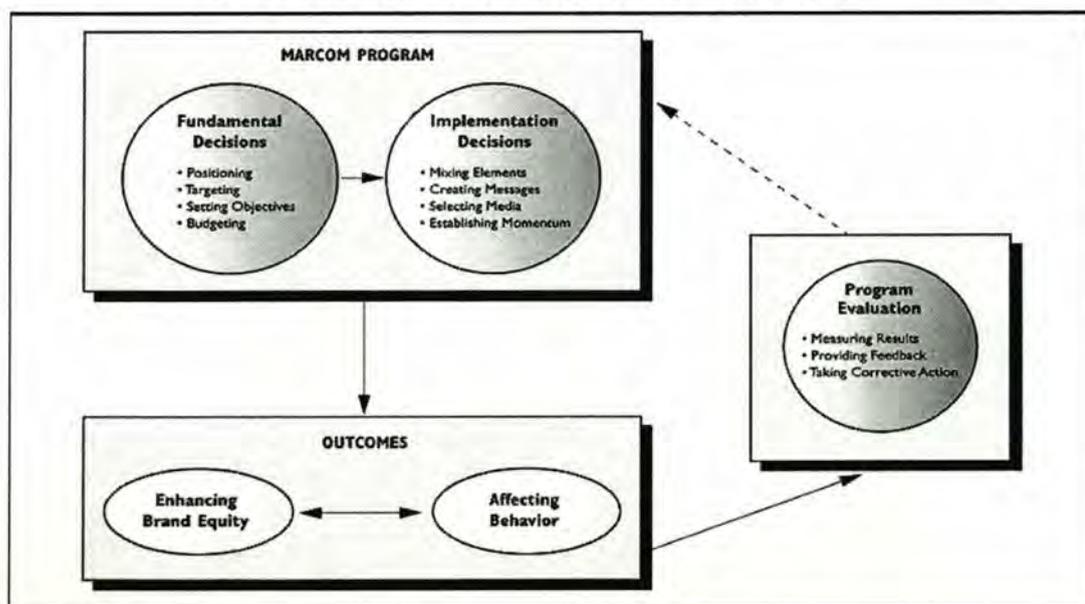
The stages in the marketing communications plan and strategies supporting the realisation of promotional objectives suggested by the model provided by Shimp (2003) are shortly discussed hereafter.

2.4.1.1 Fundamental Marketing Communication Decisions

Positioning: According to Shimp (2003) a brand's positioning represents the key feature, benefit, or image that it stands for in the target audience's collective mind. Brand communications and the marketing team in general should decide on a brand positioning statement, which is the central idea that encapsulates a brand's meaning and distinctiveness vis-à-vis competitive brands in the product category.

Targeting: The next stage is to characterise the target audience. This target audience may include the complete market segment for the product or the organisation, or a specific promotional strategy may be targeted more narrowly at a niche within the broader segment. This allows marketing communicators to deliver messages more precisely and to prevent wasted coverage to people falling outside the intended audience. Accordingly, the messages and channels may be selected, although with caution not to alienate other groups in the market with the message associated with a niche strategy. It should be obvious that positioning and targeting decisions go hand in hand: positioning decisions are made with respect to intended targets, and targeting decisions are based on a clear idea of how brands are to be distinguished from competitive offerings (Shimp, 2003: 26).

Figure 2.1 Making Brand-Level Marketing Communications Decisions and Achieving Desired Outcomes



Source: Shimp (2003:24)

Determining communication objectives: The objectives of the communication strategy are derived from the objectives of the promotional strategy. Communication objectives typically refer to how the communication should affect the mind of the target audience that is, generated awareness, attitudes, interest and trial (Rowley, 1998:6). According to Rowley, the most used from the four known models, is the AIDA model, which includes four stages. These are: attention, where the customer becomes aware of the product; interest, where an interest in the product develops; desire, where the customer has developed a sense of wanting the product, and finally action, where a purchase is made. When designing communication strategies it is important to identify whether the objective is to draw attention, develop interest, stimulate desire or provoke action. Objectives should be S.M.A.R.T: Specific, Measurable, Actionable, Realistic and Time Specific (Shimp, 2003). In addition, establishing clear objectives is necessary to give a focus to the organisation. Clear objectives also give direction to the following creative efforts.

Budgeting: Lamons (2004) stated "The greatest ideas in the world are worthless unless you can get the funding to put them in action." For successful marketing, therefore, marketing communication people should obtain their "fair budget" that would enable them to achieve the communication objective(s). The calculation of a promotional budget has different potential approaches. In establishing the promotional budget considerations it should be noted what is affordable and the budget should be set as a percentage of sales. Furthermore, the budget could be set on the basis of seeking to achieve, "share-of-voice" parity with competitors and set as the result of an analysis of the desired objectives and tasks required to achieve those objectives (Rowley, 1998). Companies consequently use different budgeting procedures in allocating funds to marketing communication managers and other organisational units. At one extreme is top-down budgeting (TD), in which senior management decides how much each subunit receives. At the other extreme is bottom-up budgeting (BU), in which managers of subunits (such as at the product category level) determine how much is needed to achieve their objectives, and these amounts are then combined to establish a total marketing budget. However, most budgeting practices involve a combination of both. Thus research has shown that a combination of budgeting methods is used more often than the extreme methods (TD and BU). (Shimp, 2003)

2.4.1.2 Marketing Communications Implementing Decisions

The fundamental decisions just described are conceptual and strategic in nature. Comparatively, the implementation decisions are practical and tactical. Here is where the proverbial rubber hits the road (Shimp 2003:28). Initially, the implementation decision is to choose how best to integrate, or mix, the various communication elements to achieve objectives towards the targeted market and within budget constraints.

Mixing Elements: Shimp (2003:28) stated that a fundamental issue confronting all companies is deciding exactly how to allocate resources among the various marketing communications tools, extensively discussed in the subsequent section. When establishing an appropriate promotional mix, it is about a selection of strategies from more than one of the communication tools (elements). There is no optimum mixture between advertising and promotion (sales promotion) as yet (Shimp, 2003). This is because advertising and promotion are somewhat interchangeable – both tools may accomplish some of the same objectives, and so the two produce a synergistic effect. Rowley (1998) proposes issues to be taken under consideration, such as the available budget, the marketing message, the complexity of the product or service, distribution of the product, the stage in the product life-cycle, and competition. Furthermore, the communication mix is composed differently depending on the focus of promotional activities. It could be focused directly on end users, also known as pull strategy, or focused on intermediates, recognised as push strategy. The appropriate channels of communication are very different and the decision to use push or pull strategy determines the focus on business-to-business marketing or end user consumer marketing.

Creating Messages: A second implementation decision is the creation of messages in the form of advertisements, publicity releases, promotions, package designs, and any other form of marketing communications message. A message that is consistent with its communication objectives is important in each communication strategy (Rowley, 1998). Moreover, the Unique Selling Proposition (USP) is the unique set of benefits, which the producer believes are provided by the product, and often strongly reflects the products message. In addition, promotion that focuses on brand or corporate image or identity from the basis of the marketing message. Furthermore, the message consistency between different campaigns should be taken under consideration in order to promote a consistent

image through all of its separate campaigns. In order to achieve a consistent message the content; what to say, the structure; how to say it logically and symbolically are all significant factors. In addition, the format and the source that should say it and who should act as the spokesperson, are all of major importance.

Selecting Media: All marketing communications messages require an instrument, or medium, for transmission. As Shimp (2003:29) stated, though the term media is typically applied to advertising (television, magazines, radio, Internet, etc.) the concept of media is relevant to all marketing communications tools. According to Rowley (1998), communication channels (media) may be divided into personal and non-personal communications. Personal communication channels are those in which two or more people communicate with one another. Word of mouth is the primary way of communication, although other media, such as e-mail, are growing in significance. Personal communication channels may be divided into three types:

- Advocate channels, such as exhibitions, where company sales people are able to interact with customers, often supplemented by leaflets, posters and possibly videos and samples.
- Expert channels, such as independent experts.
- Social channels and consultants, such as friends, professional colleagues and professional networks.

Non-personal communication channels occur through some other medium other than person-to-person. These include:

- The press, including national and regional newspapers and magazines, and most significantly for the information industry, trade, professional and technical journals.
- Television, including satellite and cable television. This medium is expensive, and thus only an option for major advertisers.
- Radio offers a wide range of competitively priced promotional options. This medium usually has less potential impact than television due to the lack of visual image.
- Posters may be placed in many different environments from billboards at the

roadside to railway stations and other public places.

- Leaflets and publicity are important “takeaways” and act as a reminder of products and contact points.

Establishing Momentum: Shimp (2003) stated that developing an advertising message, personal sales presentation, or publicity release are insufficient. The effectiveness of each of these message forms requires both a sufficient amount of effort and continuity of that effort. This is the meaning of momentum as it related to marketing communication. Critical to the concept of momentum is the need to sustain an effort, rather than starting advertising for a while, discontinuing it for a period, reinstating the advertising, stopping it again, and so forth.

2.4.1.3 Marketing Communications Outcomes and Programme Evaluation

Referring back to our conceptual framework for marketing communications decision (Figure 2.1), it can be seen that the outcomes from a marketing communications programme are twofold: enhancing brand equity and affecting behaviour. The figure also displays a double-headed arrow between these outcomes, which signifies that each outcome influences the other.

After marketing communications objectives are set, elements selected and mixed, messages and media chosen, and programmes implemented and possibly sustained, programme evaluation should take place. When measuring promotional results it could be difficult to differentiate between the effect of promotion and the other elements of the marketing mix. However, it is important to observe the effects of promotion, by observing traditional indicators such as sales figures, market share, and stock price and non-traditional metrics, such as brand valuation scorecards, customer satisfaction and customer retention levels and any measures of reputation available (Lamons, 2004). It is essential to measure the results of all marketing communication programmes. Failure to achieve targeted results prompts corrective action shown by the dashed arrows in Figure 2.1.

2.5 The Marketing Communications Mix

Marketers have numerous communication tools at their disposal to achieve their specific objectives. Each of these tools has certain strength(s) as well as weakness, which should be considered when selecting the relevant marketing communication strategy. An appropriate mix should be created for better results and to meet the communication objective of any given marketing communication strategy. This involves an appropriate selection from the range of tools that are available for use as part of the marketing communication mix. The promotional or communication mix which forms part of a company's overall marketing communication mix consists of tools including advertising, sales promotion, personal selling, direct marketing, public relations, sponsorship, point-of-purchase, and the Internet (Kotler and Armstrong, 2004; Shimp, 2003:4; Hawkins, Best and Coney, 1998:19; Lamb, Hair and McDaniel, 1998; Lambin 2000). It is important to bear in mind a wide range of communication tools are not generally included in the marketing communication mix, as they are controlled by other functional and line managers (Smith et al., 1998).

Authors including Duncan (2002), Wells et al (2000), Middleton and Clarke (2001), Smith et al (1998) extend the list of the elements of marketing communications above by further including all or most of the following components: trade shows/exhibitions, packaging, specialities, licensing, word of mouth, and corporate identity. The major components of the marketing communication will be discussed in this section, namely advertising, personal selling, sales promotion, point-of-purchase, direct marketing, public relations, sponsorship, and the Internet. This is because these are the most commonly used communication tools and are widely recognised and used by scholars, as Morris (1992) argued.

2.5.1 Advertising

The Institute of Practitioners in Advertising (IPA), the body that represents advertising agencies in the United Kingdom, defines advertising as:

"The means of providing the most persuasive possible selling message to the right prospects at the lowest possible cost".

Kotler and Armstrong (2004) provide an alternative definition to the above:

"Advertising is any paid form of non-personal presentation and promotion of ideas, goods and services through mass media such as newspapers, magazines, television or radio by an identified sponsor".

A similar definition is provided by Lamb, Hair and McDaniel (1998:461). The communication tool is a unilateral one for non-personal mass communication designed to create a favourable attitude (Lambin, 2000:620). Some observers are of the opinion that the above help buyers to learn and remember brands and their benefits by repeating the message and building associations between brands, logos, images, and benefits – a form of classical conditioning (Smith, 1998). Advertisements are usually placed in traditional media, such as television, radio, newspapers, magazines, books, direct mail, billboards, and travelling tickets. The TV advertisements by the cell phone service providers, Vodacom and MTN, in South Africa are good examples of advertising. Traditionally, advertising has been the most recognised form of marketing communications because of its high visibility (Du Plessis, 2003:5). Advertising is capable of amplified expression with the help of special effects, such as colour and sound. It is able to reach huge audiences with simple messages that allow receivers to understand what a product is, what its primary function is and how it relates to all the others similar products. This is the main function of advertising, to communicate with specific audiences with the prime objective to build awareness of a product/service or an organisation (Fill, 1995). A limitation of advertising is that it is impersonal. Consumers are thus not compelled to pay any direct attention to its message. Koekemoer (2004:196) categorised advertising media into major four types, namely print, electronic/broadcast, out-of-home and digital interactive media. These advertising media and their respective strengths and weaknesses are shown in Table B-1 of Appendix B.

2.5.2 Personal Selling

Personal selling is a situation in which two people communicate in an attempt to influence each other in a purchase situation (Lamb, Hair and McDaniel, 1998:463). Personal selling as a promotional tool is especially effective at a later stage in the buying process. This tool is suitable for building up consumer preferences, conviction, and action. Compared to advertising, personal selling is capable of building up consumer preferences, conviction, and action. It is also capable of building and cultivating some form of relationship between the customer and the company because of this personal

interaction. As a result the customer often feels obliged to respond to offers made through personal selling efforts (Kotler, 1997: 625). Firms also use personal selling to gather information on customers (Lambin, 2000:620).

Some markets, particularly industrial markets, depend on personal selling more than others – winning an order for, say, a heavy industrial machine cannot be done by advertising, direct mail or telesales (telephone selling) and this kind of selling requires top level sales professional (Olander and Sehlin, 2000).

2.5.3 Sales Promotions

Sales promotion consists of all marketing activities - other than personal selling, advertising, and public relations - that stimulate consumer purchasing and dealer effectiveness (Du Plessis, 2003:195, and Lamb, Hair and McDaniel, 1998:463). Middleton and Clarke (2001), define sales promotion as “short-term incentives offered as inducement to purchase, including temporary product augmentation, which covers sales force and distribution network as well as consumers.” More or less a similar definition is given by Shimp (2003:469).

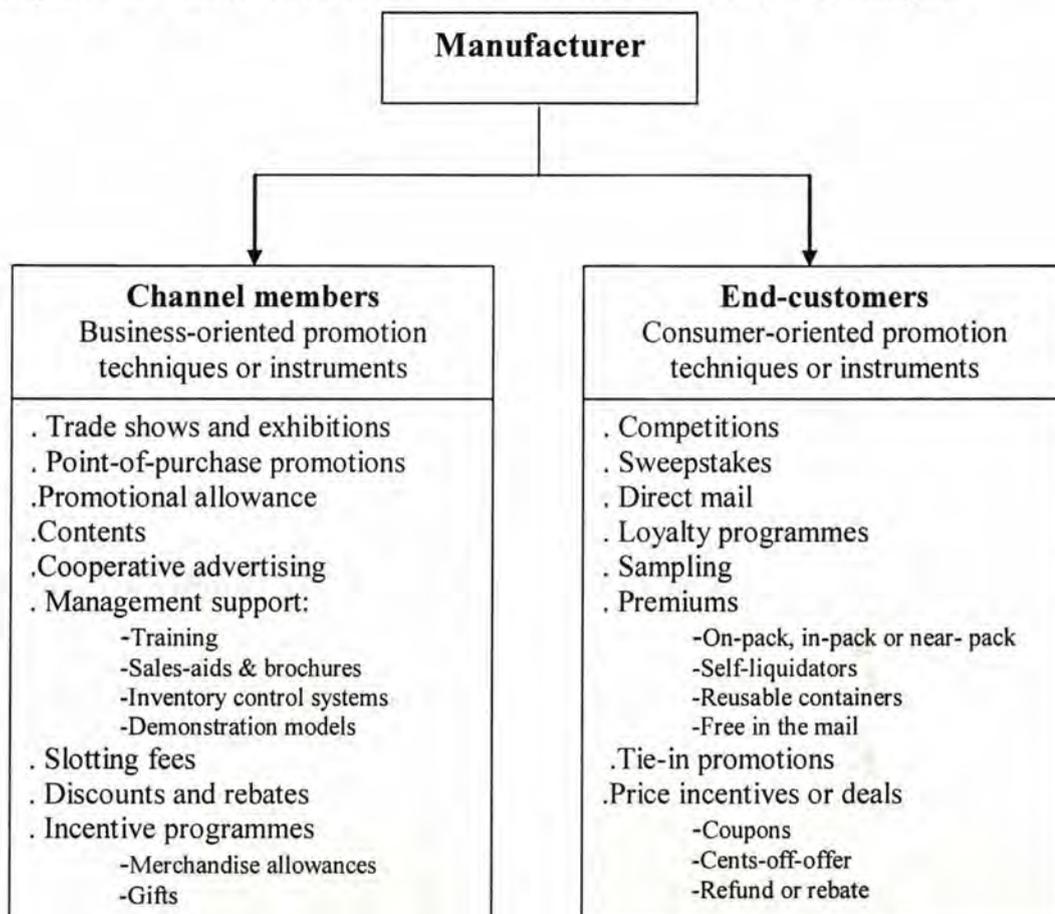
Under the broad heading Sales Promotion there are three main categories, each with its own set of techniques or implementation tools (Shimp, 2003 and Smith, 1998). These three categories are:

- Customer/consumer-oriented sales promotions to pull customers into stores (e.g., premiums, gifts, prizes and competitions);
- Trade/business promotions to push product into distributions (e.g., special terms, point-of-sale materials and free pens, diaries, competition prizes); and
- Sales force-oriented sales promotions to motivate sales teams.

Sales promotions are action oriented, particularly as they often tempt the buyer to buy or at least try a product or service. These kinds of promotions often provide the final shove that moves a customer towards buying a particular product or service. Effective sales promotion could creatively build the brand franchise while achieving many other objectives, such as increasing sales, cementing loyalty, building databases, generating publicity and more (Smith, 1998). Sales promotion tools – outlined in Figure 2.2 next – have distinct advantages. They offer a unique communication platform to the company,

because they could convey specific information or rewards when they are used as incentives. Consumers often interpret coupons or premiums as invitations to act immediately (Kotler, 1997: 624-625).

Figure 2.2 Different Push and Pull Sales-Promotion Techniques



Source: Cook, 2003, p. 211

2.5.4 Point-of-purchase

There was a time when below-the-line point-of-sale (POS) materials were considered relevant only to cosmetics, perfumery, confectionery or other impulse purchases. Today merchandising techniques apply to a broader spectrum of marketers, from customer to industrial. Although vast budgets may be spent on above-the-line advertising to gain the customer’s attention or change an attitude, fewer resources are sometimes allocated to the crucial moment in the buying process – the point in the buying cycle where the

customer is physically in front of the product or service and is about to make decision whether to buy or pass by – the point of sale (Smith, 1998).

Point-of-purchase communication takes place at the immediate location where the purchase decision is made. Items used for point-of-purchase communications include various types of signs, mobiles, plaques, banners, shelf talkers, mechanical mannequins, lights, mirrors, plastic reproductions of products, checkout units, full-line merchandises, wall posters, and other various materials. These objects are usually classified into permanent and temporary point-of-purchase, and in-store media (Shimp, 2003: 200-201).

2.5.5 Direct marketing communications

Direct marketing is also referred to as direct response advertising. This form of communication is an interactive system of marketing, which uses one or more advertising media to affect a measurable response and/or transaction at any location (Shimp, 1997: 386). The purpose of direct marketing is to establish a direct relationship with a customer. Indirect marketing communication usually uses intermediaries in the channel of distribution.

Direct marketing may appear in many forms – direct mail and other media, catalogue selling, fairs and exhibitions, telemarketing, direct selling or electronic marketing, door-to-door selling, direct response advertising (TV, radio, cinema, web and press that solicit an immediate response, e.g. "phone now" or "fill in the coupon" and the like (Lambin, 2000:620). All these forms offer the same benefits to marketers, for instance that the message is mostly directed to one specific person and is thus non-publicised. When the customer is addressed the message is mostly customised to his or her personal circumstances. The information conveyed in the message is up-to-date, because it is delivered immediately without delay and could thus be adapted to any short-term developments. This promotional medium is interactive. Therefore, the response is tailored to the specific customer (Kotler, 1997:625). Finally, direct marketing should not be used solely as a tactic, e.g. a one-off mail short designed to win an initial sale. It could and should be used on a more strategic basis by integrating it with other marketing communication tools and in the longer term by developing a database (Smith, 1998).

2.5.6 Public Relations

Public relations is the component of marketing communications that is uniquely suited to fostering goodwill between a company and its public (Shimp, 1997: 554). This public primarily includes consumers, employees, suppliers, stockholders, government, the general public, labour groups, and citizen action groups. The aim of this communications tool is less to sell and more to gain moral support from public opinion for the firm's economic activities (Lambin, 2000: 620).

Public relations and publicity offer unique advantages. The most visible result of an organisation's public relations activities is publicity (Koekemoer, 2004). They are in a position to reach those consumers who avoid other forms of marketing communication, such as television or magazine ads. Public relations also have the ability to dramatise the product or company, similar to advertisements. In addition to this, public relations and publicity have high credibility, because readers readily perceive news stories and features to be more authentic and credible than advertisements (Kotler, 1997:625). However, in most instances, public relations form an integral part of a company's marketing communication mix, and as such press releases are planned in detail before they are issued (Lamb, Hair and McDaniel, 1998: 518-522).

2.5.7 Sponsorship marketing

Sponsorship is promotion via association of a product or service with an entity, event or activity (such as sports teams, music concerts or cultural programmes) in the expectation of secondary exposure via attribution to the sponsor during associated media coverage and is closely related to public relations (Backer, 1994). Companies use this kind of involvement for creating publicity and positive press releases. Event and issue/cause sponsorships have the additional advantage that they create their own publicity (Lamb, Hair and McDaniel, 1998: 518-519). Sponsorships involve investments in events or causes for the purpose of achieving various corporate objectives: increasing sales volume, enhancing a company's reputation or a brand's image, increasing a brand's awareness and so on (Shimp, 2003: 569). Nicholls, Roslow and Dublisch (1999: 365) support this view. They state that spot- event sponsorship provides opportunities to companies for promotional activities, such as advertising, publicity, premiums, and selling.

2.5.8 The Internet

Middleton and Clarke (2001) include websites and links to other sites as part of the Internet. To sell directly to the customer through the Internet, and providing in customer-initiated needs is known as E-commerce (Duncan, 2002). A website is something of a mix between direct selling (it can engage the visitor in a dialogue) and advertising (it can be designed to generate awareness, explain/ demonstrate the product, and provide information – without interactive involvement). It is able to play a cost-effective role in the communication mix, in the early stages of the buying process – need recognition, developing of product specifications and supplier search, but may also be useful as the buying process progresses toward evaluation and selection, particularly as there are no middle parties to disrupt the communication process involved in the final transaction. A website is also cost-effective in providing feedback on product/service performance and may typically be viewed as complementary to the direct selling activity by marketers, and as supplementary to advertising (Berthon et al., 1998).

There are a number of important strengths of the Internet when applied to marketing communications. A good summary of the advantages to the marketer is that the medium “combines mass media’s reach with the personalisation inherent in two-way dialogue.” In this way it could be said that the Internet combines the advantages of both advertising and direct marketing. While the nature of the Internet offers a number of opportunities for marketing communication, it also creates a number of difficulties. The interactive nature causes a loss of control over elements of marketing communications. Coupled with low barriers to entry, causing massive clutter on the medium, it would be a big challenge to stand out and be noticed on this medium. In addition, despite the tracking potential of the medium, there are currently still relatively few methods for evaluating the effectiveness of communications (De Pelsmacker et al, 2001).

The overall purpose of each tool is to try to inform and persuade the customer by conveying a message. Based on their particular strengths and weaknesses, some tools may be more effective in achieving certain objectives than others. It is important for the marketer to understand these individual strengths and weaknesses (outlined in Table 4 of Appendix B) so as to use the right tool in the right situation. Moreover, as we will see in the next chapter of this study, context – especially the economic development of a market – is important in the effectiveness of these tools. Next, these marketing

communications tools will be broadly categorised. This categorisation would mainly permit responding to this study's research questions.

2.6 Marketing Communications Tools Broadly Categorised

Communication options are often grouped into broad communication types or media types. One commonly used grouping refers to traditional advertising, such as press, radio, television, cinema and outdoor advertising; all commonly termed 'above-the-line advertising,' traditionally dominated the marketing communications industry in the early stages. Various alternative marketing communication methods, such as direct mail, pamphlets, point-of-sale/purchase material, competitions, giveaways, samples and coupons are all commonly termed 'below-the-line promotions.' On-line advertising gradually started to feature more prominently at the end of the 20th century (Tustin, DH. 2002). This third category is named stand-alone marketing communications elements that include the new media such as the Internet, World Wide Web, virtual Marketing, commercial online and the mobile phone (Koekemoer, 2004:515). The various elements of the marketing communication mix — classified under the categories above-the-line advertising, below-the-line promotions and stand-alone items — by Belch & Belch (1998:9), Koekemoer (1998:9) and Strydom, Jooste & Cant (2000:350) are shown in Table B-2 of Appendix B. The aim of the table is to provide a holistic overview of the different marketing communications tools previously discussed.

As stated by Chris Arnold (2004) agencies traditionally were either above-the-line or below-the-line. Above-the-line was originally commission based - TV, radio, posters, press, etc. The terms 'below-the-line' promotion or communications refers to forms of non-media communication, even non-media advertising. Examples of non-media 'promotions' are exhibitions, sponsorship activities, public relations and sales promotions, such as competitions, banded packs and price promotions. Many clients are now putting their money on below-the-line as it is closer to the sale and is more accountable (Shimp, 2004). Over the past years there has been greater pressure on marketing budgets and a greater demand on marketing management to achieve marketing communications objectives more efficiently. Hence marketers have been searching for a more cost-effective way to communicate with their target markets than conventional media advertising. A move to below the line promotion is one result of

this. Consequently, with the move of more clients' budgets to below-the-line promotion, above-the-line agencies have to be more flexible.

To conclude: In a sense every marketing communication activity is a form of promotion, that is in one way or another attempting to promote the interest of the brand, product range and/or company. What differentiates 'above the line' activity from 'below the line activity' is a somewhat arbitrary division. There is no universally accepted definition of either. Below the line activity is loosely classed as non-media advertising. Basically, if an advertisement is submitted to a publication and a commission is paid to the advertising agency to feature the piece, then this is deemed to be 'above the line' communication. If no commission has been paid, for example in the case of a public relations press release, a trade exhibition or a sponsored sports event, this is referred to as 'below the line' activity. This distinction is accepted by most and is the distinction adopted here for this study.

2.7 *The New Marketing Paradigms: Integrated Marketing Communications (IMC)*

Current marketing philosophy holds that integration, not only increasing the activities, is absolutely imperative for success. Integrated Marketing Communications (IMC) is the philosophy and practice of carefully coordinating a brand's sundry marketing communication elements. IMC, also referred to as 'The New Marketing Paradigm', is an emerging concept; of course, good marketing communicators have in fact practiced it for decades (Hutton, 1996). Hutton further declared that even in the academic community, contrary to what has been reported by the advertising trade press, an IMC programme has already existed for a decade. However, it is only in recent times, that IMC has received close scrutiny as to its nature and its involvement in professional and academic circles (Duncan and Everett, 1993; Phelps et al, 1996; Schultz, 1996a). In general IMC is supposed to harness the synergy created by combining various promotional tools, consequently delivering promotional messages with more intensity and/or more cost-effectively (Blench and Blench 1998; Arens, 1996, Duncan and Everett, 1993; Kotler, 1996; and Schulz, 1993).

The first definition of integrated marketing communications (IMC) was written in the late 1980s. Grönroos (2001: 265-266) claimed that the notion of IMC emerged as an

approach to understanding how a holistic communications message could be developed and managed and he defines IMC as follows:

IMC is a strategy that integrates traditional media advertising, direct marketing, public relations, and other distinct marketing communication media as well as communications aspects of the delivery and assumption of goods and services and of customer services and other customer encounters. Thus, IMC has a long-term perspective.

The other distinct marketing communication media mentioned by Grönroos are explained in more detail in definition of IMC by Lamb, Hair and McDaniel (1998: 471):

IMC is the method of carefully co-ordinating all promotional activities – media advertising, sales promotion, personal selling, Public Relations, as well as direct marketing, Packaging, and other forms of promotion – to produce a consistent, unified message that is customer focused.

The above definitions by Grönroos (2001: 266) and by Lamb, Hair and McDaniel (1998: 471) are somewhat very simplified. The definition given by Shimp (2003:8) is more comprehensive and elaborates on some important points of the process of IMC. He defined IMC as follows:

IMC is the process of developing and implementing various forms of persuasive communication programmes with customers and prospect over time. The goal of IMC is to influence or directly affect the behaviour of the selected communication audience. IMC concedes all source of contacts that a customer or prospect have with the product or service as potential delivery channel for future messages. Furthermore, IMC makes use of all forms of communication which are relevant to the customer and prospects, and to which they might be receptive. In sum, the IMC process starts with the customer or prospect, and then works back to determine and define the forms and methods through which persuasive communication programmes should be developed.

As per the definitions given above, IMC is both a concept and a process and the degree of integration within each dimension could well greatly vary. As mentioned before, the basic concept of IMC is synergism. Integrated communications that tune groups, goals,

messages and means of communication in such a way that they complement and reinforce each other mean that the overall effort yields more than the sum of the parts (Mooij, 1994: 347). The most successful combinations are those in which the consumer receives one message from various sources (Tynan, 1994). Therefore, it may be deduced from the above definitions that IMC is a long-termed view of influencing customers through a co-ordinated strategic use of the marketing communication elements available to marketers, discussed in previous sections of this Chapter. Under the concept of IMC, a company's marketing communication activities are ideally carefully coordinated to deliver a clear, consistent, and compelling message about the organisation and its products. Otherwise not integrated communication activities may result in different messages being disseminated through different media, as Smith warned (1998). This in turn dilutes the message impact, splinters the image and sometimes generates a great deal of confusion in the buyer's mind. A strategic plan to integrate the communication tools increases the communications' effectiveness and can also create competitive advantage.

Shimp (2003) further noted that numerous factors may cause marketers to integrate their marketing communications. As media fragment, advertisers need more sophisticated and cost-effective strategies to reach their consumers. Furthermore, there is a growing sophistication and expectation of brand image consistency by consumers as they adopt a broader worldview. Other factors — such as the advertising agency mergers and acquisitions of more specialised communication shops, increasing the cost of traditional advertising media, more use of sales promotion techniques that reduce prices and commercial message clutter — encourage IMC.

If we observe the results of some empirical researches, although research on consumer goods-oriented IMC is less established, Change et al. (1991 cited in Fam 2001: 206) found that consumers attend more to integrated communication than a normal brand advertisement. In the retail sector, Fam (2001) compared closing retailers' perceptions of three popular promotion tool combinations between Australia and Hong Kong. The author found that direct mail with sales promotion was the most popular combination in Australia and Hong Kong. A study on how New Zealand's small businesses view IMC by Fam (2001) found that a relatively low proportion could be considered to have adopted IMC, although a greater proportion of respondents believe that this approach

was important. In a South African case, a study by the Bureau of Marketing Research (BMR) clearly revealed that most brand-owned companies combine press, radio and television mainly with consumer promotions. Another study by McArthur and Griffin (1997 cited in Olander & Sehlin, 2000) showed that IMC was a subject that received major attention by business firms.

The result of the above findings of several studies tells us that the marketer who succeeds in the new environment will be the one who coordinates the communication mix tightly that the customer can look from [advertising] medium to medium, from programme event to programme event, and instantly see that the brand is speaking in one voice. It is also evident that among the various tools, sales promotion is mostly used in combination with one or more of the rest. Despite the inevitability of IMC, many companies, however, treat the communication elements as virtually separate activities, rather than integrated tools that work together to achieve a common goal. In the past the lack of integration was more prevalent than currently. Many brands still suffer from poorly integrated marketing communication programmes (Shimp, 2003). The next section will discuss the doubt on how exactly to allocate resources among the various marketing communications tools with some more emphasis on traditional media advertising and promotion.

2.8 Preferred Marketing Communication Activities: Above-the-line Advertising vs. Below-the-line Promotion

Despite the increased shift toward Integrated Marketing Communications (IMC), a fundamental issue confronting all companies is, however, deciding exactly how to allocate resources among the various marketing communications tools – advertising, sales promotion, events, and so on.

One way to determine the frequent usage of a marketing tool is by the relative budget amount allocated to that specific element. Therefore, the advertising vs. promotion budget allocation is defined as the relative budget amount allocated to advertising compared to the budget amount allocated to sales promotions (consumer and trade). This variable captures the relative emphasis on long-term brand-building activities (advertising) compared to short-term sales incentives (sales promotions) in the brand's marketing communications mix (Zenor et al., 1998 cited in Low and Mohr, 2000). Though these are simple descriptions, they have certain implications for sales and profit.

As a broad generalisation, above-the-line advertising normally achieves modest (although sometimes profitable) sales increases. Below-the-line expenditures on promotions may achieve large (but generally unprofitable and temporary) boosts in sales. This happens specifically because advertising focuses on the repetition of purchases, and it is the depth of such repetition that boosts brands (Shimp, 2003:155). It should also be remembered that advertising focuses on both the short and long term, whereas the effects of promotions are felt virtually exclusively in the short term (Clown, and Baack, 2004).

Despite their differing implications on profit and sales, no optimum mixture of expenditures between advertising and promotions has been developed as yet. The move from above-the-line advertising has been proved by many researches. In South Africa the composition of marketing communications expenditure clearly favours higher advertising expenditure. The ratio of advertising/promotion share of the total marketing communication expenditure was 64.5/35.5 (Tustin, 2002:132). The study also revealed that the most common marketing communication elements used to market consumer products and services by manufacturers include television, radio and press (all above-the-line). Despite the dominant share of advertising in the marketing communications expenditure, a continuous shift towards below-the-line is prevalent.

In the United States, the proportion of the average promotional budget devoted to sales promotion relative to advertising for manufacturers of consumer products has increased dramatically in the last twenty years (Huff, Alden and Tietje, 1999). In 2001 for example, the ratio of advertising/promotion in US was 46/54 (Tustin, 2002:132).

Therefore, the massive (and slowly increasing) amount of money spent on sales promotions is indirect but powerful evidence of the gradual shift of emphasis in business planning away from long-term objectives. This is a matter that has serious implications for marketing practice in the present and the future. This is the reason why researchers warn marketing practitioners to carefully manage their marketing communication budget to avoid the “short-termism” trap when spending on promotions and 35/65 ratio is regarded as the critical point at which company sales/profit may be deteriorated because of too high promotional spending (Tustin, 2002: 77). The ‘short-term solution’ refers to spending excessive amounts on promotions to create quick sales while failing to invest sufficiently in advertising to build a brand’s long-term equity. This is to say that

excessive promotions may rob a brand's future. There is no way of determining the optimum mixture mathematically. However, an appropriate mixture involves spending enough on promotions to ensure sufficient sales volume in the short term while simultaneously spending enough on advertising to ensure the growth or preservation of a product/brand's equity position. (Shimp, 2003)

2.9 Conclusion

An overview has been gained of the marketing communications plan and strategy, how marketing communications fit into the big picture of the marketing mix, and the communication tools to meet the communication objectives of any communication strategy. Moreover, it was discussed how these available marketing communication tools are broadly categorised, the increasing need for integrating these tools, and the doubt on how exactly to allocated resources among these various tools with more emphasis on traditional advertising termed as "above-the-line" and promotion which refers to all "below-the-line."

One should note that this discussion was based on the marketing principle as well as research findings which thus far devoted their attention to the application of marketing communications in developed markets. It should be remembered that although marketing should benefit all firms around the world — including those in less developed countries — the emphasis placed in developing countries on overall marketing orientation, level of marketing communications practice as well as the choice of which communication mix element, is to a great extent diminished by environmental, competitive, institutional and legal constraints. Moreover, it is influenced by the market, the industry and product category. Consequently the next chapter in turn will deal with the practice of marketing in general marketing communications in specific in less developed countries with reference to the subject of the study, Eritrea. It will also provide an overview of the country, Eritrea, and its manufacturing industry.

CHAPTER 3

OVERVIEW OF ERITREA AND MARKETING IN LESS DEVELOPED COUNTRIES

3.1 Introduction

The previous chapter introduced the concept of marketing in general and marketing communications specifically, gleaned from textbooks and research findings which are based on Western marketing know-how. However, there has been a longstanding and unresolved debate in the marketing literature about marketing as a managerial practice applicable in all economies, especially the developing countries. Dating back to the early theoretical works of scholars such as Drucker (1958) and Emlen (1958), proponents espoused marketing as a more effective way to uplift the economies of developing nations. More recently other scholars have continued to debate this issue by examining marketing applications to social issues and concluded that marketing could be applied at a macro level and have suggested that such applications should be based on an adaptation to local conditions (e.g. Akaah et al., 1988). To large extent, however, this issue has not yet been addressed fully at the micro level: namely the manner in which practitioners implement such Western-origin concepts as core marketing concepts in local organisations in Africa (Dadzie et al., 2002). An emerging consensus suggests that Western marketing practices are applicable in developing countries if they are adapted to the unique local conditions (Akaah et al., 1988). A more recent study by Winston and Dadzie (2002) for example concluded that the applicability of market orientation in Nigeria, Kenya and other sub-Saharan African nations is not different from that posited in USA and other industrialised countries. Nevertheless, similar organisational and environmental influences, including the presence of private enterprises, the level of competitive intensity, presence of foreign firms, and the negative effect of a seller's market condition, all influence the emphasis on marketing orientation in such less developed countries.

As one component of the marketing mix, there is no doubt that marketers' marketing communications activities are also determined by such environmental and organisational factors in poor countries. Although marketing objectives and functions remain the same, the conditions in such less developed countries may influence the

way in which marketing in general and promotion in specific is used, causing it to be different (Kinsey, 1988). It may well be probable that marketing communications is the least developed aspect of less developed economies like Eritrea.

This chapter is thus aimed particularly at marketing, with an emphasis on marketing communications in less developed countries, and with specific reference to Eritrea. As discussed in Section 1.8, Eritrea was selected for this study. The reason for this selection was because its economy reflects the type of economy in transition to market economy, as reflected by the privatisation of more than 90 per cent of former public manufacturing enterprises since its independence. Moreover, it reflects the application of marketing under conditions of a low per capita income (less than \$160), intense state control, political instability, and a chronic incidence of a sellers' market in many product/service categories. These factors may help to replicate the finding of the survey to other poor sub-Saharan African countries. For the sake of clarity, this chapter also includes a profile of the country and its manufacturing industry. The main purpose of this chapter, however, is to review marketing in general and specifically the promotion component in less developed countries that may be helpful in drawing conclusions from the survey findings.

3.2 Short Profile of Eritrea

Eritrea is a young state, which gained its independence from Ethiopia in 1993, after a fierce war of independence that lasted for three decades. It is situated along the Red Sea coast on the north-eastern part of the African continent and covers a land area of approximately 124.000 sq. km which includes a group of 365 islands in the Red Sea. The country has about 1200 km long coastline along the Red Sea. This gives the country a strategic geopolitical position in the important region of the Red Sea with the world's busiest shipping lanes.

According to Media Fact Africa's report (2002) the estimated total population is 4,1 million of whom 18% were urban dwellers in 2001. Asmara, with an estimated population of 500.000 – 600.000 is the capital and largest city. Other major cities include Assab, Massawa, Keren, Barentu, Menderera, and Dkemhare. The population is ethnically diverse and composed of nine nationalities with their own languages and cultures. The largest ethnic groups are Tigriña and Tigre comprising more than 88

percent of the total population. Tigrigna and Tigre are widely spoken Semitic languages in the country. More than 70 percent of the population live in rural areas with cultivation, pastoralism, and, to some extent, rural handicraft as their means of subsistence. The country is endowed with abundant natural resources, ranging from marine resources, mineral resources, significant cultivable land for agriculture, a variety of agricultural products and a beautiful national landscape with sea resorts and historical sites that augur well for the tourist industry.

According to the World Factbook report (2005), the GDP is estimated at US\$667 million 2002, with GDP per capita of \$153. The United Nations Human Development Report has also classified Eritrea as one of the countries with low human development record. The literacy rate is estimated at 57%.

3.3 *The Manufacturing Sector of Eritrea*

According to reports of the World Bank (1994a) modern industrial enterprises in Eritrea began with the advent of Italian colonialism. In the 1950s, the country was well advanced compared with other sub-Saharan African countries. After 1974, the communist Ethiopian regime nationalised more than 40 of the most important manufacturing firms of Eritrea. Decision-making concerning these firms became highly centralised. Most decisions were taken by the Ministry of Industry, which was responsible for deciding on production plans, capital expenditure, profit margins and sales. Managers had only limited authority to take critical decisions at the firm level. All exports were channelled and marketed by the Ethiopian Import and Export Corporation. The decades of war and the implementation of inappropriate policies prior to 1991, therefore, resulted in a weakened economy and a deterioration of the human resource base.

After the Liberation, the government liberalised the marketing of exports. For public enterprises, central marketing organisations and centrally-planned production targets were disbanded. The political economic literature on Eritrea would generally confirm that Eritrea's shift from a control to a market economy after its independence would place it squarely as an economy in transition. The government is shifting its emphasis from centralised control to establishing rational development programmes through privatisation of government industries, foreign private investment and partnership

with international donors (U.S. Department of State, 2000). As a result, firms became responsible for the marketing of their own products, the determination of their composition, level and quality of their output and in setting price levels for their products with the exception of the food and beverage industries. Each public enterprise is still housed under a Public Sector Ministry, but has to deal directly with the markets on its own.

The Eritrean industrial sector at present consists mainly of light manufacturing industries, producing a variety of goods, including processed food, beverages, textiles, leather goods, chemical products, construction materials, glass, ceramics and metal products (World Bank, 1994a). The manufacturing industry may be categorised into four major sectors: food processing, beverages, clothing and textiles. At the end of 1993 there were a total of 835 industrial enterprises, of which 42 were public enterprises, while the rest belonged to the private sector. Of the registered private enterprises, 580 were considered to be operational. There was a distinct difference in scope between the public and private enterprises. Public enterprises were much larger with an average workforce of more than 250 employees. Private enterprises, in contrast, were mostly small, employing an average of six people (World Bank, 1994a).

Since 1993 the Eritrean government earnestly attempted to revitalise the manufacturing sector and assure its sustainability. The government has been shifting its emphasis from centralised control to establishing rational development programmes through privatisation of government industries, foreign private investment and partnership with international donors (U.S. Department of Commerce's Center, 2001). Many of the state-owned industries have been supported to sustain their commercial vitality and economical viability. According to Eritrea's Macroeconomic Policy the private sector would be encouraged to play a leading role in the manufacturing sector. The government privatised most of the formerly state-owned industries until recently. Political stability, a strategic location, a productive, inexpensive labour pool, and minimal corruption contribute to Eritrea's attractiveness to both private investors and multilateral lenders. However, the two-year war with Ethiopia choked the overall economic activity of the country, especially investment. The government is also either directly, or through the ruling party People's Front for

Democracy and Justice (PFDJ), deeply entangled in the economy of the country, controlling dozens of companies. At present there are approximately 2,000 manufacturing enterprises operating in the country, all privately run except a few state-owned manufacturing companies not yet privatised, or having been sold to private interests, but awaiting privatisation (UK Trade and Investment, 2001). Geographically Asmara, the capital city region, dominates the manufacturing industry. According to the World Bank's report in 2002, about 82.6 percent of the firms and 86.0 percent of the employment in the manufacturing sector are concentrated in this region and most firms have offices in Asmara (Cotton et al, 2002).

With regard to the macroeconomic and industrial policy and the educational system to support the manufacturing sector, the official macroeconomic strategy of the government is to establish an efficient, outward-looking, private sector-led market economy. Under the rule of Ethiopia and its centrally planned economic strategy, Eritrea had little autonomy or policy-making powers. For that reason, the government of Eritrea has given high priority to developing and managing its own macroeconomic policies. Until 1997 Eritrea found itself in a currency union with Ethiopia and used the Ethiopian Birr as its legal tender. In order to have greater autonomy in fiscal and monetary matters, the Eritrean government introduced its own currency, the Nacfa, in 1997. Major agreements have been signed between Eritrea and Ethiopia to facilitate bilateral trade. Historically, trade between Eritrea, Ethiopia and Sudan has been very important. Trade with Ethiopia was terminated in 1998 when the two countries again entered into bloody war as a result of border conflict. Trade with Sudan is restricted because of the countries' unstable bilateral relations.

According to Voordijk (1999) firms often lack general management skills because many skilled Eritreans left the country during the war and many Ethiopian managers left after the country became independent. Many skilled Eritreans are reluctant to return. As a result, enterprises lack qualified personnel in different fields. There is a shortage of skills in business planning, management and organisation, long-range planning, cost accounting and record-keeping. The financial sector in Eritrea is not yet able fully to support demands from the business sector. In general however, it is agreed that in the last few years, many sub-Saharan African countries — including

Eritrea — have embraced the free-market philosophy and are actively implementing market reforms in their national programmes (Winston & Dadzie, 2002).

3.4 Marketing Overview in Developing Countries

3.4.1 The Marketing Environment in Developing Countries

Although marketing objectives and functions remain the same, the conditions in developing countries, may cause the way in which marketing is used to be different (Appiah-Adu, 1997). For this reason, whoever uses marketing at whatever level and wherever in the world, should understand the marketing environment in which he/she is operating. Some marketing scholars have long argued about how to implement and to practice marketing philosophy in Africa and other developing countries' economies. The applicability of this managerial philosophy has been questioned because of environmental conditions, such as economic shortages, strong government control and negative attitude toward marketing activities in these less developed countries (Winston & Dadzie, 2002).

Regarding the economic environment of marketing, the emphasis is likely to be very different in different regions of the world. Winston and Dadzie (2002) noted that with very low national incomes (per capita incomes lower than \$400), most developing countries, especially in Africa, lack the foreign currency needed to purchase goods that need to be imported, because of a lack of domestic production capabilities. As a consequence, a sellers' market environment emerges in such circumstances. The typical excess supply of goods and services of advanced countries today, initially led to the acceptance of the marketing concept in many developing countries. However, chronic under-supply and demand are characteristic in many sectors of activity, as is the case in many product and service categories in Eritrea today.

Under sellers' market conditions, a firm tends to place less emphasis on marketing. Equally, the competitive environment is likely to be more monopolistic or oligopolistic in many sectors of activity in less developed countries. In Eritrea, for example, Eri-Soc is the sole producer of ovens and gas-cylinders amidst a highly unsatisfied demand in the country. In the service industry, NICE (National Insurance Corporation of Eritrea) being the only insurance company, underwrites all insurance policies in the country. However, as the level of competitive intensity increases, and

requiring firms to become closer to their customers, the monopolistic environment today is likely to negatively affect the future marketing orientation of firms in these counties (Deng, 1998).

A high degree of state control over marketing conditions is another major factor in less developed countries' market environments. Unlike their counterparts in Western industrialised economies, marketing practitioners in developing countries are often not free to make decisions based on market conditions. Thus the traditional marketing mix framework may be of little help to marketing managers because the government determines what distribution channels to use, what prices to charge, and the content of advertising messages (Akaah et al., 1988). Although recent trends toward market reform suggest a decline in state control, the sustainability of these trends is uncertain (Dadzie et al, 2002). Therefore, marketing practitioners still need to contend with a rather unpredictable Public Sector environment. Whether acting directly, for example policing controlled prices, owning retailing outlets, or indirectly, via legislation, licensing of dealers, or providing advice and research services, the influence of government cannot be ignored. This influence is more significant because, along with the other uncontrollable elements in the external environment of the organisation, there is more dynamism and instability than witnessed in the developed world. As a result of these environmental barriers, marketing implementation in less developed economies is restricted despite its benefits to all firms around the world.

As far as the socio-cultural environment is concerned, there are higher cultural, language, and individual differences in less developed countries than in their industrialised counterparts. Hofstede (1980), for example found that East Africans, West Africans, and South Africans scored higher than US citizens on collectivism and on the avoidance of uncertainty. This might be an indication that African societies place a relatively higher value on cultural norms.

In addition to the above external environmental factors, organisational factors — such as the availability of resources — marketers' educational background and familiarity with marketing negatively affect their attitudes toward marketing. According to Appiah-Adu (1997) marketing education receives little attention in academic circles. A focus on the traditional professions and conventional social science courses has

produced business managers who have little appreciation of the significance of marketing's role within the firm.

The environmental influence connected with the consumer side of marketing operates through such factors as income, time, mobility, knowledge, social relations, values, traditions, and habits. Consumers in developing countries are generally willing to devote more time to shop for most goods than their counterparts in developed countries. Furthermore, they are not able to make large purchases at frequent intervals. This is true in general because they only have small amounts of cash to spend, and it is particularly true of foods because of the lack of refrigeration. With limited means of transportation and because of the friendliness of the neighbourhood small stores, most of the consumers in Eritrea prefer to buy from stores within easy walking distance of around one kilometre radius. Some other factors could be added, but the same message would be repeated, namely that the overall pattern of the marketing system and its operation in developing countries is less advanced than that found in the industrialised countries, due to the environmental differences.

3.4.2 Market Structure in Less Developed Countries

As already noted, the demand and supply conditions in developing countries as a whole, are very different from those experienced in the advanced world. As mentioned previously, there is no excess in the supply of goods and services over demand, which led to the evolution and acceptance of the marketing concept. Neither have been enough corresponding socio-economic shifts, such as fewer people employed in agriculture, higher disposable income and greater social equality in developing countries, resulted in the market structure being very different from developed countries. A potentially high demand resulting from a growing population is reduced to low effective demand by low per capita income, poor health, low savings and cultural lifestyles. Demand may be further reduced by poor credit, high interest rates, inefficiency of small agricultural holdings, poor distribution and storage resulting in higher costs and purchasing in smaller units, and high spending by the state on the military (Kinsey, 1988).

Therefore, markets in developing countries tend to be fragmented, reflecting a scattered, relatively immobile population buying on a small scale, the nature of goods

produced, the size of production units and the size of retailing stores (small outlets and selling a narrow range of standardised products unlike Western-style supermarkets, hypermarkets and discount chain stores) and the degree of specialisation are all affected. Low levels of consumer expenditure, together with illiteracy, poor technology and low productivity, provide little incentive to develop large-scale diversified operations, while achievement motivation by management is also likely to be lower. In addition some products may also be still generally unacceptable to greater part of the general public, due to traditions. For example, in spite of its nutritional and health advantages, fish is not a familiar food item to Eritrean consumers (particularly the highlanders) as are other traditional animal products. The vast majority of Eritrean consumers have either never tasted or have not consumed much fish. Thus consumers have the tendency to be reluctant to eat a product that has not been a part of their traditional diet. Consequently fish producers are not willing to expand their enterprises in the face of such an uncertain market.

3.4.3 Product Promotion in Less Developed Countries

The marketing mix, as a result of differences in marketing environment, needs more careful consideration in a less developed country context. Environment variables include scarcity, culture, poor media availability, political stability, physical conditions, marketing infrastructures and legal systems that affect the way in which each marketing mix element is used and may well alter the balance of power between each mix element (Michella, Lyncha, and Alabdolib, 1998). Equally, internal factors such as finance or ability are likely to restrict marketers even more. Voordijk (1999) for example noted that lack of pricing, promotion or distribution skills is a serious problem for final consumer goods such as sweaters, shoes, and other leather products and even more so for intermediate product such as finished leather in Eritrea. Product policy is likely to be less sophisticated and dynamic than in the developed world. Promotion, the focus of this section, is likely to be more restricted, but its impact may be greater. Distribution is usually more important in the mix and affects other mix elements to a greater degree, but offers little room for manoeuvre (Kinsey, 1988). As mentioned above, the focus of this section is on promotion in less developed countries.

Marketing communications (the promotion element of the marketing mix) is always

the most visible marketing mix element and the overall objective of all communications – to communicate a message to a firm’s audience so as to achieve certain goals in any context – is the same. However, the possibilities for using it may be more restricted, whilst its impact is often greater in a developing country context (Kinsey, 1988). This is because firstly promotion is the most culture-bound element of the marketing mix and secondly the necessary infrastructure, which allows promotion to function in a developed country context, is often lacking. Culture, together with language and literacy levels, the hostility and receptivity of consumers to advertising, should all be taken into account as a stumbling block. In general, the implication is that the richer a country becomes the greater the likelihood of firms performing well in terms of marketing activities (Appiah-Adu, 1997). When it comes specifically to marketing communications – traditionally termed as promotion – the lower the level of economic development and the lower the disposable income, the less the scope the marketer has in his mix. In low-income economies, where a seller’s market is still normal practice, promotion is often perceived as unnecessary. Furthermore, the supporting infrastructure is likely to be much poorer, so that advertising/sales promotion agencies and media are extremely limited, branding non-existent, and packaging largely irrelevant. According to Malhotra et al (1994) communication tools that boost the relative importance of direct personal contacts, such as personal selling, may be the only communication mix elements which have any real value. However, it should be recalled that the availability, cost and output may be remarkably varied. Consequently communications in any one developing country could range from the primitive to the most sophisticated.

As Winston and Dadzie (2002) noted the marketer’s appreciation of marketing as a whole and specifically marketing communications in such environments is also poor. The internal constraints further include limited financial resources, while the marketer’s ability to use promotion and promotional tools may well be in doubt, resulting in a reduced scope for promotion activities. This is because – in addition to his apathy created by his strong position in a seller’s market – his education background tends to be non-business. Some generalisation could be made about each of the most commonly used and widely recognised marketing communication tools by scholars, but according to Morris (1992), advertising, personal selling, public relations

and sales promotion are the most useful marketing communication tools in less developed countries.

3.4.3.1 Advertising

In general it could be stated that the lower the level of economic development, the lower the level of advertising expenditure is likely to be (Kinsey, 1988). This is still valid, as the report by Initiative Future Worldwide Spheres Influence (2004) demonstrated. According to the report even South Africa, the new emerging economy from Africa, represents only 0,4 per cent of the world's advertising expenditure in 2004, showing that the expenditure by other African country is relatively insignificant. This remains true when the volume of advertising expenditure is set against GNP or per capita income. This may be attributed to several factors, including scarcity, many goods are unbranded, many languages mean that many translations are needed and thereby adding to the marketing cost, technical accuracy and perfect translations are unavailable, and literacy levels may put a limit on the actual audience.

Media availability is another major constraint to the use of advertising in developing countries. For instance, radio and television advertising is not an option at present, as these media are government owned and not yet well established in Eritrea (U.S. Department of State, 2000). Further detail of media availability in Eritrea will be provided later in this section. Furthermore it is more difficult to judge the impact of various types of media including posters, leaflets, and point of sale advertising and. For example, the literacy rate may be low, which is 57% in the case of Eritrea (World Factbook, 2004) but someone may read one newspaper to many others, thus increasing the audience, while numerous people may also gather round one television set.

There is often even a larger obstacle. This refers to the actual organisation for advertising within the firm. Before an assessment can be made of what sort of message, medium and so on is required, a thorough understanding of the market, the product, the distribution channels and the available media is necessary. But the indigenous marketer in his production-orientation (Winston and Dadzie, 2002) is likely to perceive advertising as a waste of money and superfluous in the typical marketing environment of scarcity, little competition and limited stocks. If there

should be more enlightened marketers, they are unlikely to have either the expertise or finance for the in-house organisational option. Not surprisingly advertising agencies tend to be less common than in developed countries.

The problems involved in executing an advertising campaign may be enormous in developing countries. However, as Harper (1975 p.222) noted, notwithstanding the cultural problem and frequent lack of appropriate infrastructure, it has been demonstrated that, with a small amount of advertising expenditure, a marketer is able to create a powerful position in the market place, which would not be possible in a more sophisticated environment. This is evident from the fact that it is normal to hear people talking about, or the younger ones poking fun at part of the content of an ad, especially with a humorous appeal, having been on air a day before in Asmara.

We could conclude that despite the unique purpose of developing brand and successful introduction of new products, and its ability to build an existing brand's long-term equity, the profile of advertising is relatively very low in least developed countries like Eritrea. Moreover, excessive amounts of the overall marketing communications budget are rather spent on below-the-line promotions. Until marketers' operating conditions change, they are unlikely to be convinced of the full value of advertising in developing markets. Nevertheless, its potential remains enormous.

3.4.3.1.1 Media Availability in Eritrea as a Less Developed Country

Access to media is a key requisite to the development marketing communications strategy. Taking all developing countries as a whole, media availability is likely to be poor, sporadic and applicable only to a limited number of people. The less developed the country, the smaller the range of and access to media (Kinsey, 1988).

In the case of Eritrea, the availability of media for commercial purposes is only at its early infancy stage. Commercial TV networks, radio and printed media, as well as the Internet, are not well established in the country. There are no privately owned TV or radio stations as yet. According to reports by both BBC News Online (2004) and Media Fact Africa (2002), the current media facts may be summarised as follow. ERI-TV having two channels, is a state-run TV which broadcasts in both 'Tigrigna' and Arabic; Voice of the Broad Masses of Eritrea (Dimtsi Hafash), a state-run radio,

operates two networks, programmes in 11 languages, and Radio Zara - state-run, FM network. Major newspapers include 'Hadas Eritrea' - government-owned, published six days a week in both languages of Tigrigna and Arabic, Eritrea Profile - government-owned twice weekly, in English, and 'Geled' – a weekly youth paper.

Other publications, such as publications by the Chamber of Commerce and the Trade and Development Bulletin, are not reflected by the abovementioned sources. The use of the Internet is growing fast since its start in 2000. Telephone and facsimile services are limited to major urban areas and mobile telephone services were introduced in May 2001 with their commercial launching in 2004. The Eritrean postal and telephone systems are not yet sufficiently developed to support direct marketing on any large scale. Billboards are also still usable and accessible in the country.

The above are the major media in the country. Though the expansion of these media was rapid at times, the introduction of new television and radio stations, satellite television, pay-television and a plethora of new local and foreign print titles has not yet shown much progress. In general it may be said the availability of media in the country has not yet improved in either size or quality to support commercial advertising on a large scale.

3.4.3.2 Below-the-line promotions

As discussed in Chapter 2, below-the-line promotion refers to short-term efforts directed at the consumer and/or retail to achieve the objective of an increase in sales. Being useful in highly competitive markets, below-the-line promotions are also often very valuable in markets where the customer is hard to reach because of media limitations, such as in the rural, less accessible part of developing countries. The major elements include sales promotion, personal selling, and public relations.

Sales promotion as a major element of the below-the-line promotions is often very valuable in markets where the consumer is hard to reach, such as in the rural, less accessible parts of developing countries. As in the case of developed world, an estimate of cost and effectiveness of sales promotion is a much easier matter than estimating the cost and effectiveness of an advertising campaign.

Personal selling is another major form of below-the-line promotion. Whereas personal selling is usually regarded as complementary to advertising, it is also more

suited to high-priced technically-complex products, mostly in the business-to-business marketing communications mix in the developed world (Smith et al, 2004) while this form of selling often receives the greatest emphasis in the promotional mix for all products in developing countries. Indeed it is the most common form of promotional communication. This is largely because of the emphasis on bargaining by the majority of consumers in developing countries and the fact that many new products are still being introduced. As Gupta, S. (2003) argued in her article, low literacy levels and limited media penetration make event sponsorship and other personal oriented communication activities an imperative exercise in less developed markets, such as India.

Public relations is often ranked second in importance after personal selling in the promotional mix, since this form of communications could be used very effectively to reach the most influential people, as Kinsey (1988) stated. The impact of reaching opinion leaders — such as politicians, radio, television or press commentators — through appropriate editors and journalists working for publication and broadcasting programmes, is likely to be much greater than it would be in a developed country.

Consequently promotional activities, including direct marketing and sponsorship marketing, are also commonly used and their effectiveness may be ranked next to the above-mentioned three promotional tools in less developed markets. Others methods, including point-of-purchase, packaging, word-of-mouth, labelling, and branding are some whose application cannot be ignored in such markets. In the short term, many marketers using poor promotion will be able to continue operating successfully in developing countries. However careful and effective promotion is still essential for long-term survival (Kinsey, 1988). On the macro level, it is important for a country in order to transform itself successfully that a market-orientation needs to arise from the practices of marketing, along with the establishment of marketing institutions, such as an advertising industry (Fogel, 1994).

3.5 Concluding Remarks

The concepts and techniques of marketing are applicable in developing countries, but a lack of adequate marketing knowledge and shortage of marketing expertise are perceived as barriers to the applicability of the discipline (Kaynak and Hudanah,

1987). In fact, several academics and practitioners of development have stated that the one main problem in economic development of Third World countries is that little attention has so far been paid to the shortcomings and opportunities of marketing. Clearly, marketing as carried out in developed countries with an emphasis on inducing new needs and wants may not be of prime concern in the poorer developing economies (Keegan, 1984). However, as the study by Akaah and Riordan's (1988) asserted, the marketing concept is applicable in the Third World too, despite the applicability of marketing concepts and techniques being dependent on both country and corporate specific factors.

Regarding specifically the promotional mix, Sadri and Williamson (1989) stated that promotional activities are generally difficult to carry out in many Third World nations, since dissemination of information to the public is rigidly monitored and the necessary infrastructure to allow promotion to function in a developed country context, is often lacking. Thus in such poor markets economies the promotion mix is likely to be more restricted, but its impact could well be greater, since the public may be more receptive in this regard. Internal or firm constraints include limited financial resources and the marketer's ability and attitude to use promotional tools.

In terms of the focus of this study — the use of the promotional mix elements — personal selling, followed by public relations (PR) and sales promotion (all below-the-line promotion) receive the greatest emphasis in less developed markets (Kinsey, 1988). This is largely because of the emphasis on bargaining by the majority of consumers, many new products are constantly being introduced, and public relations is very useful to reach very influential people. The use of advertising is, however, likely to be poor. It is likely that the production-orientation of indigenous marketers in less developed countries would cause them to perceive advertising as a waste of money and superfluous in the typical marketing environment of scarcity, little competition and limited stocks. However, as reforms take place and marketplaces shift towards a fierce competitive business environment where the need for branding and long term success arise, it is indispensable that emphasis should be placed on advertising and allocating a budget in this regard (Low and Mohr, 2000).

CHAPTER 4

METHODOLOGY

4.1 Introduction

Previous chapters related to the marketing communications theories and practice as discussed in text books and research findings. Essentially the purpose of this research is to understand marketing communications in its operational context in an underdeveloped country market, namely Eritrea. It is general knowledge that research is not a neutral term. There are different concepts of research, depending on the nature and purpose of the research itself. In the social sciences research could be defined as a systematic approach to a) “identify relationships of variables representing concepts (constructs) and or b) determining differences between or among groups in their standing on one or more variables of interest” (Isaac and Michael, 1997:2). This implies that research is a carefully prescribed process of collecting and analysing data in a way that is systematic, purposeful, and accountable.

This chapter covers the research methodology used for collecting data necessary to obtain answers to the research questions and to attain the objectives of the research. Furthermore, it attempts to locate the present study in a paradigmatic sense and attempts to show how this informs the methodological choice made. In order to do this a series of steps will be followed. The methodological issues followed in this study are presented in the discussion to follow in the subsequent sections of this chapter.

4.2 Purpose of the Research

Research may be classified into three basic purposes, exploratory, descriptive and explanatory (Yin, 1994).

- An exploratory state is a research that is designed to allow an investigator to just “look around” with respect to some phenomenon, with the aim being to develop suggestive ideas. The research should be as flexible as possible and conducted in such a way as to provide guidance for procedures to be employed during the next stage.

- The objective of a descriptive stage is to develop careful descriptions of patterns that were suspected in the exploratory research. The purpose may be to develop inter-subjective descriptions (i.e. empirical generalisations). Once such generalisations begin to emerge, they are thus worth explaining, which of course leads to theory development in the long run.
- The purpose of an explanatory stage is to develop explicit theory that could be used to explain the empirical generalisations that evolved from the second stage (Reynolds and Paul Davidson, 1971). This provides a cycle then of: (1) theory construction; (2) theory testing (attempt to fortify with empirical research); and (3) theory reformulation (back to step one). Explanatory research is a causal research used to explain a certain set of events and to indicate how the relevant investigation may apply to other investigations (Yin, 1994).

Based on the purpose and the research questions involved, the overall purpose of this study is to explore, describe and to a certain degree to explain. The researcher is exploring what his purpose may bring up, describing what is brought up with the research questions and to explain what conclusions are drawn (i.e. answer to the research questions).

4.3 Research Approach: Quantitative and Qualitative Methods

According to Yin (1994), there are two different methodological approaches in social sciences, namely qualitative and quantitative. Both approaches have their strengths and weaknesses and neither one of the approaches may be regarded as better than the other. The best research method to use in a study depends on that study's research problem and the accompanying research questions. The general picture that qualitative methods could sketch makes it possible to obtain an additional understanding of social processes and relations. One typical characteristic of qualitative studies is that it is founded to a large extent on description, that is, on the involved person's own descriptions, emotions and reactions. A quantitative research is generally considered to be the only approach that provides an objective truth, because it converts information into numbers. The method is generally used when the researcher conducts a wide investigation that contains many units. The researcher should maintain a distance to the investigated object in order to reach a satisfying degree of objectivity.

A quantitative method was used in conducting the empirical study for this research, since it represented the alternative that best suited the research questions. It was found that observing in detail the way that a representative number of companies were allocating their resource to, and integrate the different communication tools in their communication mix, would be helpful to answer the research questions of this study better than undertaking a more detailed investigation of few companies by means of qualitative research. For this reason, 45 medium and large scale manufacturing companies based in Eritrea were randomly selected.

4.4 Research Strategy

According to Yin (1994) there are five primary research strategies in the social sciences. These include experimental, surveys, archival analysis, histories, and case studies. Which one of these five strategies is most suited for a study, depends on the type of research questions, the degree of control the researcher has over the study, and whether the study has its focus on contemporary events. Table 4.1 on the next page shows relevant situations for the different research strategies.

An experiment is not appropriate in this study because the intention here is not to investigate cause/effect relations, for which an experiment is often used. Another reason for not selecting any experiment is that it demands control over behavioural events, which is not possible in a study like this one. Archival analysis is based on secondary data. No secondary data concerning the manufacturing processes of companies, their budget allocation and integration of communication tools in their marketing communications activities were used. Therefore, archival analysis is not appropriate in this study as a research strategy. History is not suitable as a method of data collection, since it lacks a focus on contemporary events, on which the spotlight in this thesis falls. According to Yin (1994), a case study approach should be used when how or why questions are being posed about a contemporary set of events over which the researcher has little, if any control.

Survey research is the most widely frequently used research design in the social sciences (Babbies, 2001). It may be used for descriptive, explanatory, and exploratory purposes. It also represents a more appropriate type of research to study the selected area in detail. Furthermore, the character of this thesis is to study many variables on a number of unities (companies), which a survey approach enables best. Finally, another reason for selecting

surveys as a research strategy is because the researcher is able to conduct the survey on a representative sample size, in a fair time because the population size is small, namely around 92 companies, and geographically concentrated around the same region. About 82.6 per cent of the firms in the manufacturing sector in Eritrea are concentrated around the Asmara region. For these reasons, the survey strategy was the most suitable research strategy for this study.

Table 4.1 Relevant Situations for Different Research Strategies

Strategy	Form of Research Question	Requires Control over Behavioural Events	Focuses on Contemporary Events
Experiment	How, why?	YES	YES
Survey	Who, What, Where, How Many, How Much?	NO	YES
Archival Analysis	Who, What, Where, How Many, How Much?	NO	YES/NO
History	How Many?	NO	NO
Case Study	How, Why?	NO	YES

Source: Adopted from Yin (1994), p.6.

4.5 Survey Methodology: Primary Data Collection Process

The lack of secondary data sufficiently addressing the identified information gaps necessitates an empirical data collection effort amongst companies that manufacture and market products in Eritrea. More specifically, the primary aim of the primary data collection effort is to accumulate information from Eritrean based manufacturing companies to gain a better understanding of the management of marketing communication in general, the marketing communications strategies commonly apply, and marketers' concern for marketing communication as the primary marketing success determinant. The survey methodology applied in collecting new data on the various marketing communications issues is the main focus of this section, as well as this chapter. The structure of the survey methodology followed in collecting primary data will be provided hereafter.

4.5.1 Defining and Sampling of the Population

The population being studied is defined as all medium and large scale companies that manufacture and market their own product(s) in Eritrea. However, to study the entire target population was not feasible, mainly because of cost and time constraints. As an alternative,

some sampling of the population was applied. Ultimately, manufacturing companies with employees numbering 50 and above who market product(s) of their own were classified as sample units, while the marketing/sales managers of these companies were the sample element of the study. The reason for this selection of respondents was that it is believed that these persons were the most suitable respondents and had the greatest knowledge within the selected area. In summary, for the purpose of this study the following terms are used:

Sample Unit: medium and large manufacturing enterprises, according to World Bank's classification, with employee of 50 and more, which manufacture and market product(s) of their own.

Sample Element: marketing/sales managers or any other person in charge of marketing communication activities in the event of the former not being available in any respective company.

Time: 8 November 2004 to 4 January 2005

Size: Eritrea.

4.5.2 Sample Selection

In deciding on the method of sampling, one could opt for either a probability or non-probability sampling procedure. With a probability sampling procedure each element in the population has a known, non-zero probability of being included in the sample (Martins et al 1996:256-258). Following this procedure the sampling design strategy of this study is one of a stratified random sample. An up-to-date list of the population was provided by the Ministry of Industry and Trade and compared with the information also obtained from the National Eritrean Chamber of Commerce. The list was refined to include changes after its last update.

The importance of the Asmara region was immediately apparent. This confirmed the World Bank's report in 2002, that about 82.6 percent of the firms and 86.0 percent of the employment in the manufacturing sector are concentrated in this region and most firms have offices in Asmara (Cotton et al, 2002). In deriving the sample, companies were randomly selected from the finally properly refined and cross-checked list.

4.5.3 Determining Sample Sizes

This step involved the specification of the number of sample elements to be included in the final sample. In 2000, the report of the Ministry of Trade and Industry showed a total number of 222 registered firms, of which 90 employed 50 or more people. The ultimate number of the latter, obtained from the new updated information provided by Ministry of Trade and Industry and refined as discussed above, amounted to 91. The sample size was then estimated to be 46 (at least 50%). However, as will be discussed in the latter sections the ultimate number of usable questionnaires properly completed, were 41.

4.5.4 Data Collection Methods

There are a number of different ways during research investigation to quantify. Methods include face-to-face interviews, telephone surveys, mail distribution, electronic surveys, follow-up mailings and questionnaires. With the increasing access to the Internet, respondents are nowadays also able to complete the survey in the comfort of their own environment and in their own time. Should they feel like it, they are able to stop and start the survey at their own convenience. Seeing that not all firms had access to the Internet, and that the most recent electronic mail addresses of the marketing, brand or product managers were not available, the choice of conducting on-line research was not obvious. For this reason, therefore, the traditional way of quantitative marketing research (collecting of primary data from a large number of individuals with the intention of projecting the results to the wider population) was conducted in a face-to-face interaction and via telephone and personal follow ups. Thus a copy of the questionnaire was delivered personally to each respective sample unit in each sample element. This was to help respondents to complete the questionnaire in their own time and, should they feel like it, they would be able to ask for the assistance of the research assistant at their own convenience. The face-to-face interaction also helped to secure the desired response rate.

In order to obtain measurable replies to the questions through the use of questionnaires, it is highly important to devise very detailed questionnaires, and to formulate the questions in precise and concrete terms. The questionnaire designed and used in this survey is shown in Appendix A. The questionnaire was also accompanied by carefully designed guidelines and clear instructions. As mentioned above, the questionnaire was handed over to sample units as early as possible by research workers hired during the survey to give the respondents

enough time to deal with the survey after they expressed their willingness to participate in the survey.

4.6 Data Generating Techniques

In order to generate relevant information, appropriate data gathering sources were identified. One main source identified the most marketing or sales managers or persons who are in charge of marketing activities of each sample unit. Permission to contact and use these persons for research purposes was obtained from the head of each organisation. The letter requesting this permission is included in Appendix A. The main data generation techniques used in this research was a self-administrated questionnaire in order to obtain as much information as possible from the relevant source.

4.7 Research Instrument: The Questionnaire

According to Denscombe (1998), there are many types of questionnaires. To qualify as a research questionnaire it should:

- be designed to collect information that could be used subsequently as data for analysis. The purpose of a research questionnaire is not to change people's attitudes or provide them with information, but rather to discover things.
- consist of a written list of questions. An identical set of questions allows for precision and consistency in terms of the wording of the question; and
- gather information by asking people directly about the points concerned with the research.

The questionnaire for this study was self-administrated and anonymous. The decision to use a questionnaire rather than interviews in this instance was taken for logistical reason. It would have been difficult to visit forty-five companies located throughout the country and meet with one person in each of these companies. In order to obtain as much information as possible the researcher wished to include all manufacturing companies in Eritrea in the survey. However, the number of the target population of the study was too large for one researcher to cover within a limited time. In order to ensure honesty and reliability the questionnaire was anonymous, the purpose of the study was clearly explained and respondents were given ample time to fill out and return the questionnaire. The

questionnaire contained clear instructions for completing the questions and was accompanied by an introductory letter. The questions were structured so that they would cover all vital information pertaining to the research.

In formatting the questions, the questionnaire was spread out and attempted to be uncluttered to avoid misinterpretation of the questions. The questions were relevant to the knowledge and experience of the respondents as they were all involved in marketing communications activities. The instructions on the questionnaire were carefully designed, as they were intended for self-administration. The covering letter indicated the purpose of the research and that the questionnaire was anonymous (Appendix A). Great care was taken with the wording of the questions to ensure that they were completely unambiguous to avoid any vagueness. Respondents were requested to answer all questions on the questionnaire as much as they were able to do. The questions generally probed respondents' opinions in terms of marketing communication activities they use or apply, the reason why they choose these activities, their intention to strategically integrate the marketing communication tools, their budget approach and the methods they use.

Furthermore, the questionnaire was also reviewed by a statistician from the Center for Statistical Consultation of the University of Stellenbosch for its validity, so that the data collected would be easily captured and processed in a computer, using some of commonly used statistical programme packages, such as SPSS (Statistical Package for the Social Sciences) and SAS (Statistical Analysis System).

4.8 Pilot Study to test the Questionnaire

The term, 'pilot study', is used in two different ways in social science research. It may refer to so-called feasibility studies which are "small scale version(s), or trial run(s), done in preparation for the major study" (Polit et al., 2001: 467). A pilot study may also be the pre-testing or 'trying out' of a particular research instrument (Baker 1994: 182-3). One of the advantages of conducting a pilot study is that it may give advance warning about where the main research project could fail, where research protocols may not be followed, or whether proposed methods or instruments are inappropriate or too complicated. In the words of De Vaus (1993: 54): "Do not take the risk, pilot test first."

Given the potential length of a questionnaire as the major instrument, it is often recommended that a pilot study be conducted to test for any weakness in the design and

instrumentation. For this reason, a pilot test was conducted with sample elements selected from the sample frame and done in the same way as the data collection methodology was outlined. The questionnaire was distributed to four randomly selected respondents; Red-Sea Bottlers Share Company, Asmara Dairy, Barocko Eritrea Garments & Sports Wear Factory PLC, and Asmara Soap Factory. After the return of the pilot test questionnaires, some respondents were telephonically contacted to verify some responses and to provide feedback on possible confusing questions. Moreover, the principal reviewed the questionnaire together with an experienced marketing professional working in an advertising agency in Eritrea. Any misunderstandings regarding question difficulty, meanings of words, layout, etc, revealed from the results of these reviews were adjusted and finally the questionnaire was re-designed accordingly.

4.9 Fieldwork

As mentioned in previous chapters, the total sample size was 45. Accordingly, the number of research workers was three people including the principal in the ratio of 1:15. The fieldwork for the survey (data collection) was largely confined to the management of these three research assistants, including the principal's participation as an enumerator.

The task of each research worker mainly entailed:

- contacting the selected sample units and recording the contact details of the sample elements (marketing/sales managers or any other person in charge of marketing communications activities)
- disseminating the sample elements with the intention of explaining the objective of the survey, to encourage their participation, and handing over the questionnaire
- assist respondents when filling in the questionnaire, if the need should arise
- receiving completed questionnaires, and checking returned questionnaires for completeness, comprehensibility and accuracy and
- telephonic follow-up of incomplete and uncertain responses

4.10 Responses

As explained in section 4.5.4 above, the nature of face-to-face interaction together with an immediate substitution of sample elements if they were found to be unwilling to participate in the survey, largely contributed to a full complement of 45 respondents out of 50 questionnaires distributed. Though the initial aim of receiving at least 46 usable responses was not achieved, the response rate obtained, namely 45 responses from which 41 were usable (45 percent), was considered reasonable. Therefore, it could be assumed that the responses are fairly representative of the population (91 companies).

4.11 Data Analysis

Data analysis is about making sense of the thick or dense descriptions of the data collected. Through the analysis of questionnaires, data content was reduced, interpreted and conclusions were finally drawn and verified. The way in which the data are analysed is very important for any research study. In terms of this study it will be involve the analysis of the questionnaires completed by respondents, as well as the review of any relevant documentation and informal discussions with concerned people. These multiple sources of evidence (i.e. triangulation) add to a study's validity (Yin, 1994).

The data entry function was carefully managed under the direct supervision of a statistician/data analyst from the Department of Statistics, University of Stellenbosch. Data was entered in the computer using the MS Excel Programming Language. This was selected to enable better control of data entry and easy transfer to the statistical software, SPSS, SAS and Statistica. The data were properly coded and transferred to SPSS, with which the analysis was done. To ensure consistency and quality, frequency analysis was done and some inconsistencies were corrected. Tables and graphs were generated and analysed.

As a first step in the analysis of the data, some descriptive analyses were conducted. Being probabilistic in nature, some creditable inferences (estimates) about the population, based on the outcome of the survey, were made possible. As a complementary approach to the latter, the analyses also included proof of the hypothesis stated in section 1.5. It should be noted here that every step in the analysis of the data using the statistical programme was done under the direct supervision, guidance, and consultancy of the same statistician mentioned above. For more detailed information on the outcomes, please see Chapter 5, dedicated to data presentation and analysis.

4.12 Conclusion

This chapter explained the methodology used in the primary data collection process of the research survey and attempted to capture the data collection techniques and data analysis process as reliably and authentically as possible. The transformation process of data into more understandable results is the topic of the next chapter.

CHAPTER 5

DATA PRESENTATION AND ANALYSIS

5.1 Introduction

In this chapter, the empirical data collected is analysed. As the first step of the analysis of the data for the survey, some descriptive analyses were conducted. Being probabilistic in nature, some worthy inference (estimates) about the population, based on the outcome of the survey, were made possible. As a complementary approach to the latter, the analysis also included some hypothesis testing. It should be noted that inferential analysis and hypothesis testing would not have been possible if the survey was done on the basis of a non-probabilistic nature of sampling methodology.

5.2 Descriptive Analysis

As a first step in the analysis of the data, some descriptive analysis was conducted. This form of analysis provided a useful evaluation of the data obtained from the questionnaire (see Appendix A) applied for the study. Variables were descriptively analysed for the survey.

5.2.1 Profile of Respondents

Table 5.1 below summarises data generated via Questions 1 and 2 of the questionnaire (see Appendix A) applied concerning the profile of respondents who participated in this study.

Of the 41 respondents for this study, almost 62% are in the age range of 25 to 44. The remaining 44% were in the second age range of 45-65. No respondents aged below 25 or older than 65 were found in the sample. This indicates that the respondents for this survey were people who are in the adult age. Regarding gender, despite female administrators, managers, professional and technical workers constituting approximately 19.7% of the national total (UNIDO, 2003); only 7.3% of the respondents for this survey were female.

In terms of the job position of the respondents, despite the trial of approaching the most knowledgeable persons for marketing communication activities — especially marketing managers of the respective firm — revealed that only 22% of the respondents were marketing managers. Sales managers account for 31.7% of the list. A small percentage of accountants and finance heads (12.2%) also participated in the survey. Interestingly, 34.1% were general

managers, highlighting the lack of professionals and/or the overall centralised management system in most companies in Eritrea. This also agrees with the finding that in less developed countries, by and large the owners, a family member or relative who is also the manager, would make the major policy decisions on marketing and other management issues, and a so-called professional manager would then implement them (Kaynak, 1982).

Table 5.1 Respondent Profile

Characteristics	Frequency	%
Age:		
25-44	23	56.2
45-65	18	43.8
Gender:		
Male	38	92.7
Female	3	7.3
Job position:		
Marketing Manager	9	22.0
Sales Manager/sales person	13	31.7
Accountants & Finance Heads	5	12.2
General Manager	14	34.1
Education		
Bachelor's Degree	19	46.3
Master's Degree	4	9.8
College certificate/diploma	3	7.3
High school graduate	9	22.0
University diploma/certificate below Bachelor	6	14.6
Target marketing		
Consumer	37	90.2
Industry	2	4.9
Industry and Consumer	2	4.9

Regarding the educational background of the respondents, the list included a majority of university graduates with Bachelor's and Masters Degree totalling 56.1%. This varies from a study by UNIDO (2003) which found that only about 3.5% of employees working in medium and large scale enterprises have received any university education. However, as the subsequent response to specialisation revealed, most of them are non-marketing professionals with a dominant background from engineering. This could be a good indication of the production-orientation by manufacturers in the country.

The last category of Table 5.1 shows the market segment to which most marketing communication efforts of the manufacturers are directed. (See Question 2 of the questionnaire attached as Appendix A). It is clear that most (90.2%) market their products solely in the consumer market segment. Only 4.9% target their marketing communication activities to industry, or to both industry and consumers.

5.2.2 Concern of Marketers for the Increasing Role of Marketing Communications.

As discussed in Chapter 2, the role of marketing communications is increasing in today's marketing. Thus the importance of marketing communications has grown in recent years for reasons such as more products are seen being at "parity," having arrived at a mature stage of their life cycle. As a result, point-of-difference to distinguish brands related to inherent qualities of the product has become harder to come by. By transcending these inherent qualities, marketing communications can provide information to create points-of-difference that otherwise would not be possible. Therefore, Question 3 was asked to examine how marketers in the less developed country of Eritrea view or are aware of this increasing role regardless of whether they utilise it or not.

Table 5.2 Awareness of Marketers to the Role of Marketing Communications

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	24	58.5	58.5	58.5
	Strongly Agree	8	19.5	19.5	78.0
	Disagree	9	22.0	22.0	100.0
	Total	41	100.0	100.0	

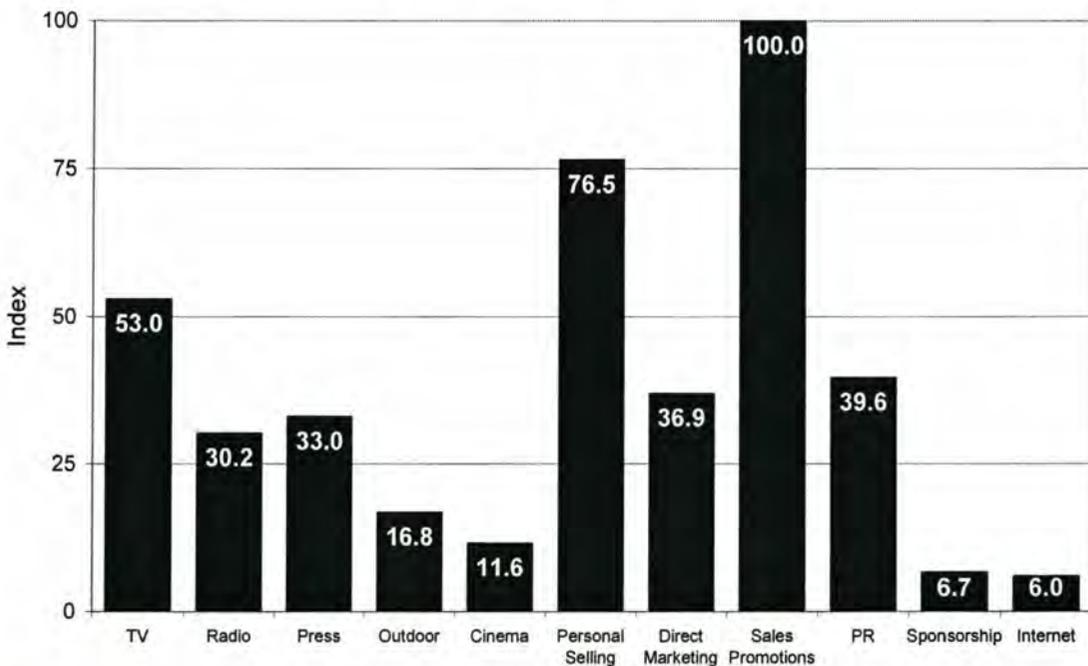
The responses were summarised, as shown in Table 5.2 above. Interestingly, most (78%) are aware, either strongly, or they simply "agree" with the value of marketing communications. Only 22% disagreed on the above. This gives weight to the notion that despite their marketing knowledge, the environment in which this applies may well be important.

5.2.3 Individual Marketing Communications Usage

The index method was used to uncover the most important marketing communication activities used in the marketing of products by marketers in the manufacturing industry. Figure 5.1 shows the marketing communication activities in order of importance for the manufacturing industry in Eritrea. The importance of each marketing communication

activity is measured in terms of indices. Weighting was applied to calculate the indices on the basis of the rating of the various marketing communication activities (See Question 5 in the questionnaire attached as Appendix A). Respondents were instructed to rate the five main marketing communication activities. A rating of one indicated the most important marketing activity used to market products. Consequently a rating of one was allocated five, a rating of two weighted four, a rating of three weighed three, and etcetera. The weighted total of each activity was calculated by multiplying the incidence of each activity by the respective weights. The activity with the highest weight total was equated with 100 and the indices for the other n^{th} activities were calculated in accordance with the above.

Figure 5.1 Most Important Marketing Communication Activities Used to Market Products (Index=100)

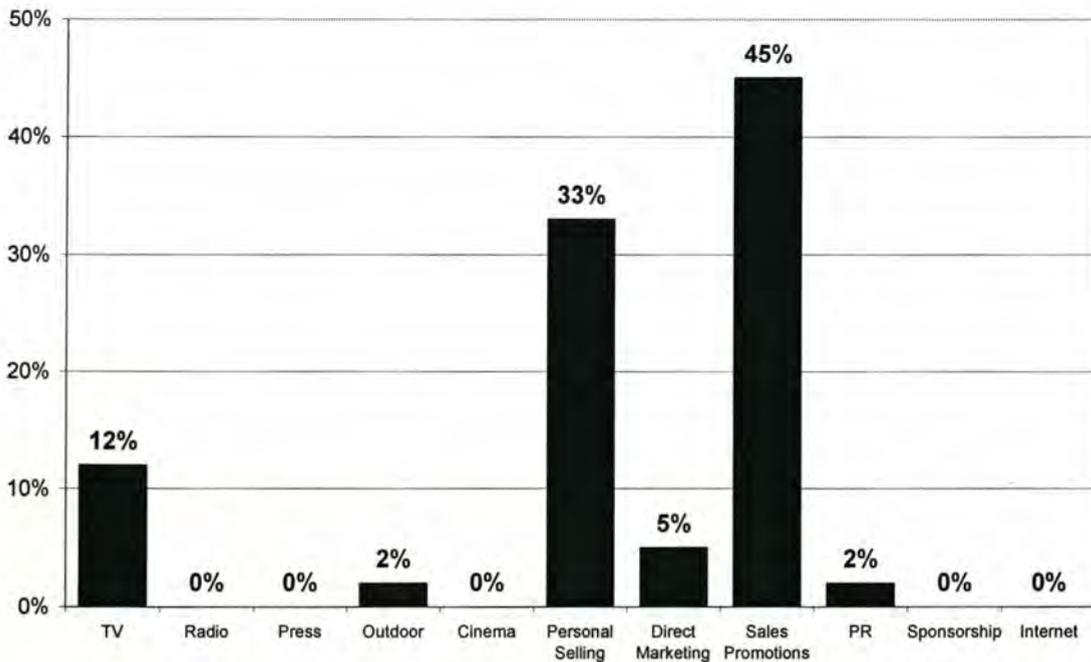


The following analysis would be made from the results emanating from the index method and reflected in Figure 5.1. The most important marketing communication medium was sales promotions. This marketing tool/medium (index = 100) was regarded as a most important marketing communication tool for marketers in the manufacturing industry in Eritrea. The second most important marketing communication medium was personal selling with an index value of 76,5. Please note that these two tools are both amongst so-called below-the-line marketing communication activities. Subsequently, television (index = 53) among the so-called above-the-line marketing communication activity topped the list of the

rest. Public relations and direct marketing, both amongst below-the-line promotional tools with an index of 39,6 and 36,9, were next in the list. Press and radio were also rated among the important tools, following TV, amongst above-the-line advertising tools. The marketing communication medium including outdoor, cinema, sponsorship and Internet, was rated amongst the least marketing communication tools for marketing products. The main reason for this could be that, as may be noted from Chapter 3, the existence of such a medium has not yet been established to support marketers' activity in the country.

One major drawback of the index method is its inability to reflect the outcome of the responses in numeric and percentage terms. Information based on these results provides an opportunity for additional analysis. Consequently Figure 5.2 reflects the percentage of respondents in terms of their most preferred marketing communication activity (rating 1). It should be noted that the figure only reflects the outcome of the first rated activity as respondents were instructed to at least rate one activity.

Figure 5.2 Most Important/Preferred Marketing Communication Activity



It is clear from Figure 5.2 that almost 45% of the respondents ranked below-the-line sales promotion as the most important activity. The most prominent, which still is from below-the-line, is personal selling. 33% of the respondents rated personal selling as their second

most preferred marketing communication activity. Of those respondents who ranked above-the-line advertising as highest priority, 12% rated TV advertising as their most preferred tool, whereas only 2% preferred the outdoor method. None rated radio, press or cinema. The same held true for sponsorship and the Internet. Direct marketing and public relations were ranked as most important by 5% and 2% of the respondents respectively. Interestingly, the results of both methods, the index and percentage, supported each other. In both cases, sales promotions, personal selling, both from below-the-line, and above-the-line TV advertising were ranked as the first, second and third important activities respectively. Direct marketing and public relations (PR) followed, though their ranking was juxtaposed in the two situations. This finding suggests the dominant use of below-the-line promotion activities by Eritrean marketers.

5.2.4 Factors Determine the Choice of the Marketing Communication

Element(s) Favoured

In the results displayed in Table 5.3, respondents indicated a number of reasons for their promotional tool choice. From Table 5.3, the most important reason (34,1%) was the success with which the tool has worked well before. The second most important reason was, however, the direct approach or more personal nature of the medium with 17.1% of respondents rating this as the most important factor for their choice. Other factors included a lack of resources (12,2%), better market reach (9,8%), more cost effective medium (9.8%) and a lack of alternative media (7,3%) among the prominent reasons for a communication medium choice. These responses illustrated that manufacturers generally favoured tools that had worked previously well and tools with a more personal (face-to-face) nature of communication.

Table 5.3 Factors Affecting Individual Promotional Tool Choice

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Direct Approach/more personal	7	17.1	17.1	17.1
	Government Legislation	2	4.9	4.9	22.0
	Lack of alternative Media	3	7.3	7.3	29.3
	Long-term Orientation	2	4.9	4.9	34.1
	Lack of Resources	5	12.2	12.2	46.3
	More Cost Effective Medium	4	9.8	9.8	56.1
	Secures better market Reach	4	9.8	9.8	65.9
	Successfulness	14	34.1	34.1	100.0
	Total	41	100.0	100.0	

5.2.5 Insignificant Marketing Communication Activities

To examine the reasons for insignificant marketing communication activity by marketers in less developed countries, respondents were asked whether they thought their activities were less significant and if so, what reasons would lead to such a view. Some 70,7% of the respondents believed that their activities are insignificant in relation to what they were supposed to be.

As illustrated in Table 5.4, the most important reason (34,5%), for less intensive marketing communications, as per the response given by respondents, was the poor competitive intensity in the country. This is not a surprising result, as an economy in transition with an oligopolistic nature of competition, is still prominent in Eritrea. This obviously largely contributes to the reluctance by marketers to use marketing communication as a success factor. The second most rated reason (31%) was the lack of marketing skilled staff. This result confirms the non-marketing academic background of most respondents who participated in the survey, despite the intention and efforts of the researcher to reach most knowledgeable marketing persons in each sample unit. Moreover, a research by Teclegiougis et al (2000) indicated a poor concern of manufacturing firms for marketing. According to Teclegiorgis et al (2000), although 77 per cent of the general managers of firms in the manufacturing industry were university graduates, only 15 per cent had business-related managerial experience. Of those respondents who thought that their marketing communication activities were insignificant, 27,6% rated the size of the market as the reason for this. The small population size and nature of the dual economy, together with low consumer disposable income in less developed small countries like Eritrea, may contribute to such conditions. The poor availability of alternative media and absence of proper agents were ranked fourth and fifth in their importance in terms of less intensive promotional activities.

Table 5.4 Drivers for Insignificant Marketing Communication Activities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Absence of proper Agents	1	3.4	3.4	3.4
	Absence of skilled Staff	9	31.0	31.0	34.5
	Less competitive Intensity	10	34.5	34.5	69.0
	Size of the Market	8	27.6	27.6	96.6
	We are export oriented	1	3.4	3.4	100.0
	Total	29	100.0	100.0	

5.2.6 Profile of Integrated Marketing Communication

In today's cluttered marketing environment, not only the wise and intensive use of individual marketing communication tools, but also the integration of these tools, is important. The most successful communicators are those where the consumer receives one message from various sources that complement and reinforce each other, so that the overall effort yields more than the sum of the parts (Shipm, 2003).

Table 5.5 Intention to Integrate

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Do not Integrate	22	53.7	53.7	53.7
	Integrate	19	46.3	46.3	100.0
	Total	41	100.0	100.0	

The overall intention of marketers to strategically integrate the marketing communications tools available at their disposal was gauged. Question 8 in the questionnaire (see Appendix A) was used to systematically test respondents' intention to integrate those tools. A respondent who ticked in any of the cells was assumed to be strategically intending to integrate marketing communication activities for better results. As Table 5.5 above depicts, a relatively low proportion (46,3%) could also be considered to have adopted to a greater or lesser extent the Integrated Marketing Communications (IMC) concept.

5.2.7 Determination of the Communication Budget

One way to determine the frequent usage of a marketing tool is by means of the relative budget amount allocated to that specific element. As part of the study the size of marketing communication expenditure relative to company turnover and the share of each marketing communications element as categorised into above- and below-the-line was investigated. This section will also include an investigation of the way in which traditional media advertising and below-the-line promotion campaigns are planned, budgeted, implemented, and handled, either together or separately, by in-house agencies, advertising agencies or specialist agencies.

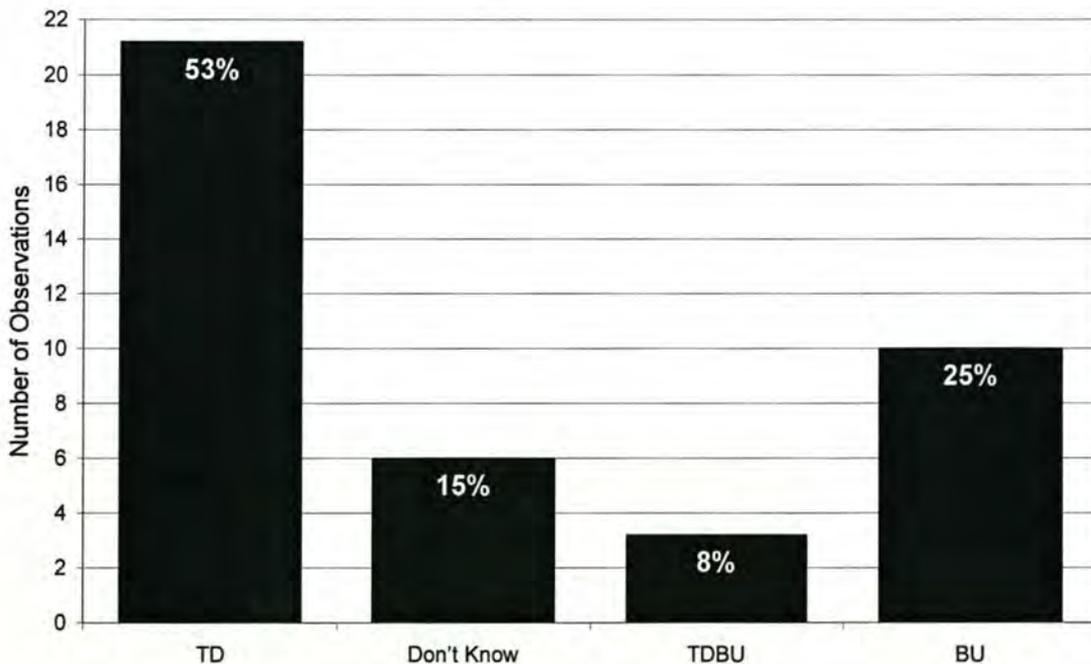
5.2.7.1 Budget Approaches (Integrated vs. Separate)

Question 9 of the questionnaire (see Appendix A) addressed whether a combined or separate budget was prepared for advertising and promotion as the first step towards the examination of budgeting approaches preferred by marketers. The result from this question revealed, except for one missing response, that all used a combined budget for both advertising and promotion. No effort was devoted to strategically allocate marketing communications funds between activities, advertising and promotions.

5.2.7.2 Decision Making Strategy for Marketing Communications Budget

As discussed in more detail in Chapter 2, a number of different decision-making strategies can be distinguished in the marketing communication budget literature. Most commonly identified strategies include: Top-Down (TD), Bottom-Up (BU) or Top-Down/Bottom-Up (TDBU), which is a combination of the first two. Figure 5.3 reflects the outcome of the research results.

Figure 5.3 Preferred Decision-making Strategies for Marketing Communication Budgets



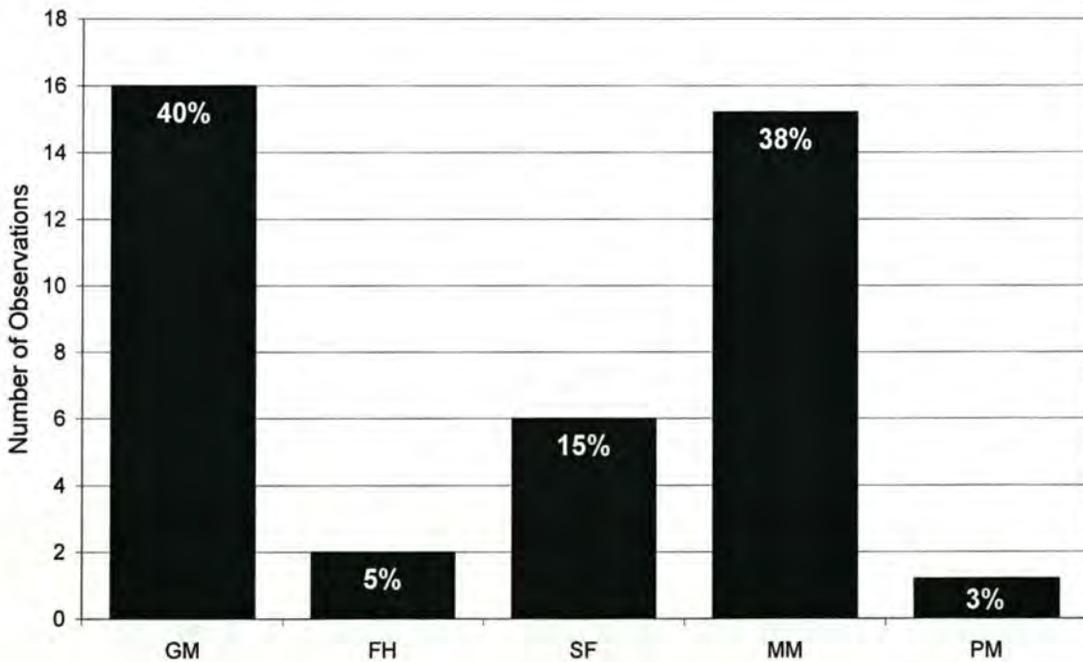
It reveals that a full of 53% of respondents establish their overall marketing communications expenditure prior to allocating funds to separate components of the marketing

communication mix (Top-Down). Only 25% of respondents use the Bottom-Up strategy, whereas very few (8%) use the balanced decision-making strategy by combining top-down and bottom-up. Of the total respondents 15% are not aware of what strategy they use.

5.2.7.3 Persons Involved in the Communication Budget

In Figure 5.4 data are presented relating to who actually determines the budget for marketing communication campaigns. The extensive involvement of top management in marketing communication policy was apparent. Thus 40% of respondents declared that general managers were responsible for marketing communication budgets, whereas 38% answered that the marketing manager was responsible for determining the budget for marketing communication activities. It may have been the case that only in small firms where top managers were involved in marketing communication campaigns, since they should closely monitor how the strategy was being implemented at lower levels (Bonoma, 1985).

Figure 5.4 Persons Responsible for Marketing Communications Budget Determination

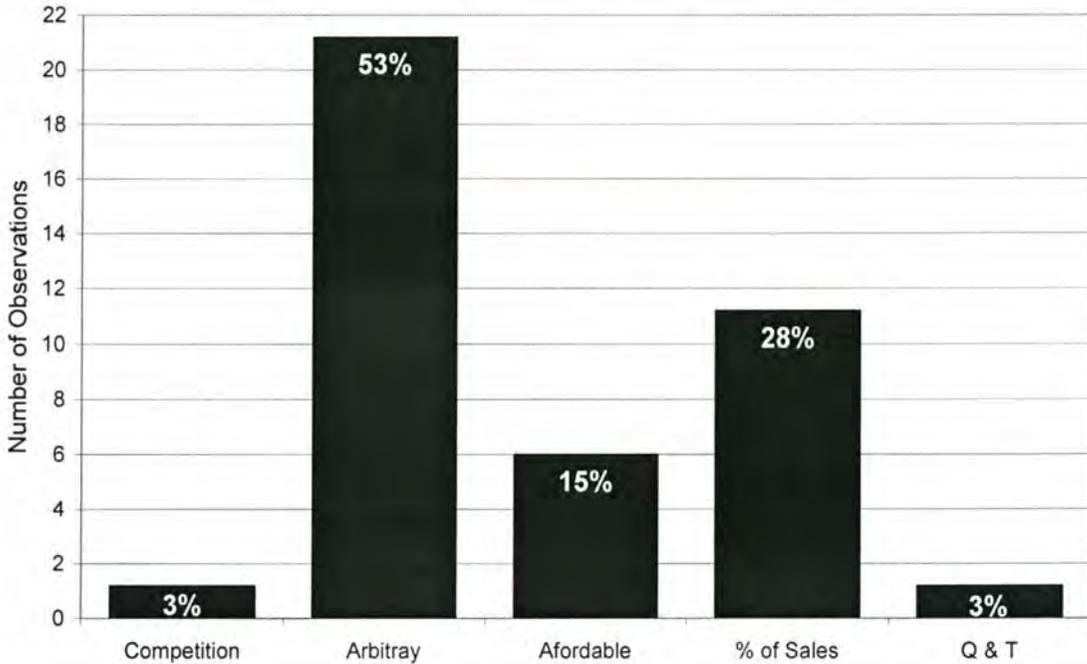


5.2.7.4 Marketing Communication Budgeting Method

The descriptive analysis in this section relates to the preferred method of budgeting for marketing communication activities as applied by marketers from the manufacturing

industry. The outcome of this finding is presented in Figure 5.5. From the figure it would be noted that most companies (53%) compile their annual marketing communication budget arbitrarily. Thus they use nothing but a rule of thumb to compile their annual budgets. The percentage of sales method is the second most popular budgeting method (28%).

Figure 5.5: Marketing Communication Budgeting Methods applied



Only 15% of respondents declared their use of the affordable method. The competitive parity, and objective and task methods are least (3% each) used methods. It seems that manufacturing companies tend to use simple rules and do not devote much concern to the more sophisticated methods.

5.2.7.5 Marketing Communication Budget as Part of the Annual Company Sales

As part of the investigation of the study, an attempt was made to answer the question: how much do Eritrean manufacturing companies spend on marketing communication as a percentage of their annual sales? The size of expenditure on marketing communications was measured in terms of company turnover.

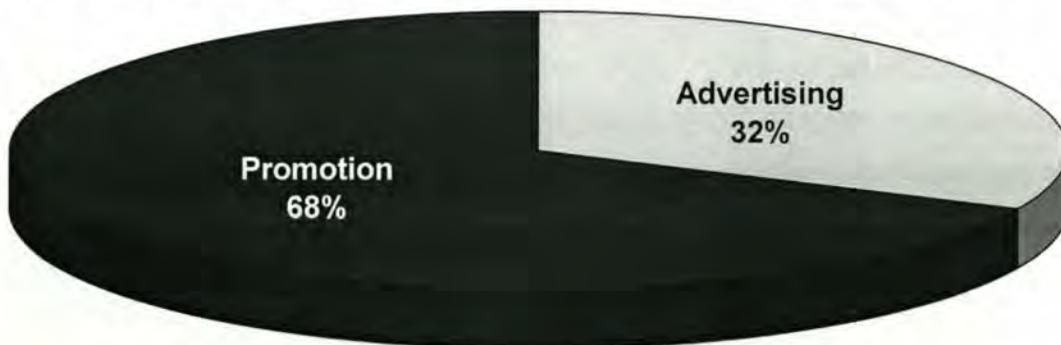
Table 5.6 Company Expenditure on Marketing Communication Activities

	N	Minimum	Maximum	Mean	Standard Deviation
Expenditure	41	.1	4.0	1.253	.8665
Valid N	41				

The finding appearing in Table 5.6 shows that marketing communications share approximately 1,3% of companies' total annual sales. Though there may not be an absolute measure to determine whether this is low or high, this may be compared to the South African case which was 3,06% in 2001 for the manufacturing sector (Tustin, 2002) It could consequently be accepted that Eritrean manufacturers spend less on marketing communications.

5.2.7.6 Composition of Marketing Communication Expenditure

It is important to determine how much money goes to each category of the marketing communication elements (above-the-line and below-the-line). The proportion of the total expenditure spent on each category is presented in Figure 5.7 below. It is important here to note that if some money from the overall marketing communication expenditure was not spent on above-the-line, it is assumed that it was spent on below-the-line promotion. The sum of the money spent on both categories should total 100% of the total marketing communication expenditure.

Figure 5.7 Composition of Marketing Communication Expenditure

As shown in Figure 5.6, the outcome of the survey shows that the share of below-the-line promotion is higher (68%) by far. Advertising share of the total marketing communication expenditure represents only 32% of company turnover.

Important to notice is that the outcome of the survey shows higher expenditure on below-the-line promotional activities. The ratio of advertising/promotion according to this result is 32/68 whereas the opposite is true in South Africa where the ratio of advertising/promotion shares of marketing communication expenditure was 64.5/35.5 in 2001. In the US, the equal split in the composition of above-the-line advertising and below-the-line promotional expenditure is slightly skewed towards the latter.

5.2.7.7 Structural Change in Marketing Communications Strategies

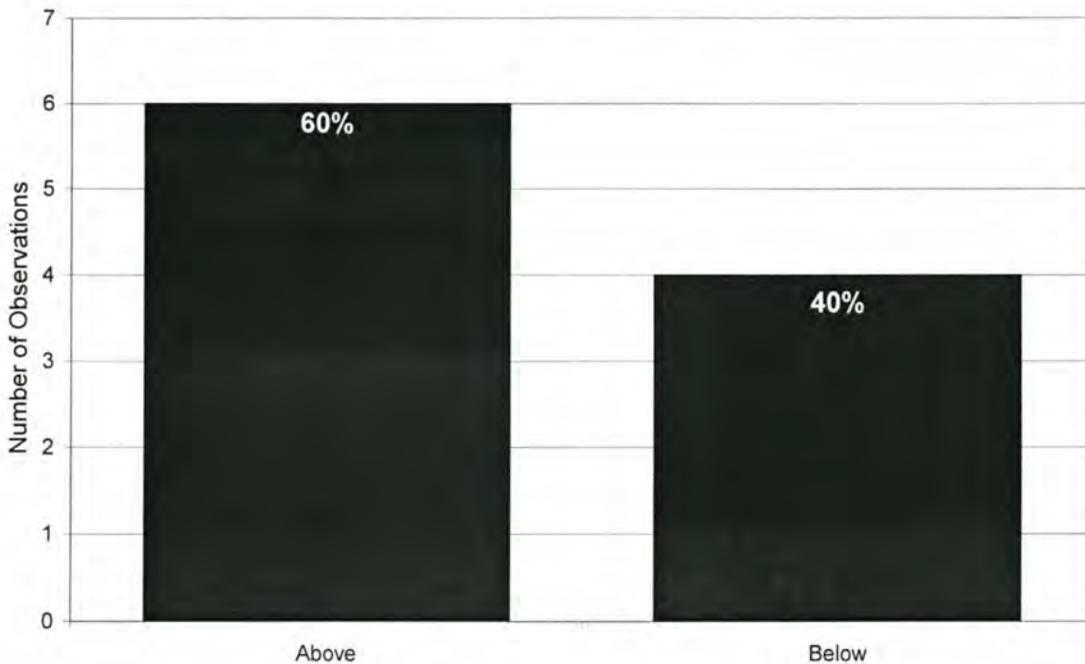
From the discussion in Chapter 2 it was clear that the amount of the total marketing communication budget devoted to below-the-line promotions gradually increased over time. To test whether this notable structural change was also true in the Eritrean manufacturing industry, respondents were asked to specify any change experienced in the composition of their marketing communications budget over the past three or more years. (See Question 7 of the questionnaire in Appendix A). As illustrated in table 5.8, only 24,4 % of respondents experienced changes in the composition of their marketing communication budget over the past three or more years.

Table 5.7 Structural Change in Marketing Communication Expenditure

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	31	75.6	75.6	75.6
	Yes	10	24.4	24.4	100.0
Total		41	100.0	100.0	

Figure 5.7 shows the percentage of respondents' who experienced any changes in the composition of their marketing communication budget, either in favour of above-the-line advertising or below-the-line promotion during the past three or more years. The figure is only applicable to the number of respondents who indicated that they have experienced a change in the composition of their budget in Figure 5.7.

Figure 5.8 Percentage of Respondents Experienced Change in the Composition of their Marketing communication Budgets



It is clear from Figure 5.7 that most manufacturing companies (60%) experienced some structural changes in favour of above-the-line advertising. This trend contrasts with the previous discussion about the move towards below-the-line, based on literature and researches emanating from the Western marketing sector. The result from this research implies that money is removed from short-term below-the-line promotional activities and diverted to long-term brand building activities, such as above-the-line advertising.

5.2.7.8 Support for Marketing Communication Campaign

The researcher also attempted to test respondents' overall intentions to conduct research and to seek for professional help for effective marketing communication campaign at both pre- and post- implementation stages. The outcome of the survey revealed important findings in terms of the specific type of research support devoted to above-the-line advertising and below-the-line promotional campaigns. (See Question 20, Appendix A). The finding revealed that very few companies conducted any research on above-the-line advertising, while almost no research is used to support below-the-line promotional campaigns.

Table 5.8 Handling Advertising Campaigns

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Agency	23	56.0	56.0	56.0
Own	18	44.0	44.0	100.0
Total	41	100.0	100.0	

As shown in Table 5.8 above, more than half (56%) of respondents declared that their advertising activities are mainly handled by advertising or speciality agency, and only 17.1% of them declared that they outsource their promotional activities. (See Table 5.9). Thus most companies (82.9%) handle their promotional (below-the-line) activities on their own.

Table 5.9 Handling Promotional Campaigns

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Agency	7	17.1	17.1	17.1
Own	34	82.9	82.9	100.0
Total	41	100.0	100.0	

This result confirms that enterprises are weak in marketing techniques, especially in advertising and sales promotion, and there is a lack of institutional support to help enterprises in developing the necessary marketing and sales promotion strategies and schemes, collection, analysis and dissemination of market information in Eritrea. This was also reported by UNIDO (2003). Moreover, many firms as yet do not have the culture of using the service provided by marketing supporting institutions, especially advertising/promotion agencies, despite their weakness in marketing techniques. They continue handling this on their own. However, according to Mr. Ghetaun (personal communication, 10 December 2005) in most cases the advertisements appearing in Asmara are no more than an ordinary video display whereas, he further stated, effective advertising requires careful planning, creative work, designing an effective execution and research on both post- and after execution.

So far in this section statistical techniques were used to describe, display and summarise the outcome for the survey data. In the next section inferences will be made about the population, for selected variables, on the basis of the observations in this section.

5.3 Inferential Analysis

It is important to note from the discussions in the previous section that the focus of analysis was purely descriptive with the goal being to organise and describe data obtained from the sample of observation. Building on this source, the next section makes some inferences about the population on the basis of what was observed from the sample statistics (e.g., mean, proportion) in order to estimate the corresponding population parameter. The fundamental idea that serves as the foundation of statistical inference is the notion of generalisation (Newton and Rudestam, 1999).

Although the outcomes of the sample statistics are very useful, it is obviously quite unlikely that the population parameter would exactly equal the (single) number given by the estimate. Hence an interval estimates are used to express the belief that the interval contains the population parameter with certain confidence. Thus, even though the best possible single value to use is a point of estimate, a major weakness of a point estimate is that it does not express any degree of uncertainty. The specific type of interval estimate used for inference about the population is the confidence interval. This interval, as defined by Harnett and Horrell (1998), is an interval estimate that includes a statement about how likely it is that the interval would contain the population parameter.

In the sections to follow, estimates will be made for the population means (μ) and population proportion (π) of a selected variable studied in the survey. For the purpose of inferential analysis, some steps need to be followed to conduct population estimates. At the first stage, the selection of marketing communication variables for the survey for which population estimates were required were identified. Secondly, the sample statistics which were largely determined by the way in which the selected sample variables were measured in the survey questionnaire were specified. Thus it is clear that the questions/responses were structured according to different measurement scales. For example, Questions 3, 4 and 5 generated nominal data. In the previous section the responses obtained from these questions were analysed in terms of percentages/proportions. On the other hand, some questions/responses generated ratio data which allowed for analyses in terms of averages.

Thirdly, the outcome of the research results obtained from the survey for each of the selected marketing communication variables for which a population estimate was required were recorded. The building-up process and the interval estimates are summarised in Table 5.10.

The selection of the marketing communication variables reflected in Table 5.10 (column 1) was based on their importance in terms of the stated study objectives. The table shows the type of sample statistics (proportions/averages) generated from the responses obtained from the respective questions in the questionnaire. The third column shows the survey findings or point estimates for each selected variable. The interval estimates for the selected population parameters are shown in the fourth column of Table 5.10.

Table 5.10 Selected Variables, Resultant Sample Statistics and Estimates used as Basis for calculating Population Estimates

Variables/Population Parameters	Sample Statistic	Point estimate (Survey result)	Interval estimates
Awareness Agree or strongly agree	Proportions	78%	$65.3\% \leq \pi \leq 90.7\%$
Most commonly used tool Sales promotion Personal selling TV advertising	Proportions Proportions Proportions	45% 33% 12%	$29.8\% \leq \pi \leq 60.2\%$ $18.6\% \leq \pi \leq 47.4\%$ $2.1\% \leq \pi \leq 21.9\%$
Factors affecting individual tool choice Successfulness Direct approach/more personal Lack of resources	Proportions Proportions Proportions	34.1% 17.1% 12.2%	$19.6\% \leq \pi \leq 48.6\%$ $5.6\% \leq \pi \leq 28.6\%$ $2.2\% \leq \pi \leq 22.2\%$
Drivers for insignificant activities Less competitive intensity Absence of skilled staff Size of the market	Proportions Proportions Proportions	34.5% 31.0% 27.6%	$17.2\% \leq \pi \leq 51.8\%$ $14.2\% \leq \pi \leq 47.8\%$ $11.3\% \leq \pi \leq 43.9\%$
Intention to Integrate Integrate Do not integrate	Proportions Proportions	46.3% 53.7%	$41.0\% \leq \pi \leq 61.6\%$ $38.4\% \leq \pi \leq 69.0\%$
Size of expenditure in terms of company turnover Total marketing communication expenditure	Averages	1.25	$0.98 \leq \mu \leq 1.51$
Budget composition Below-the-line promotions	Averages	68%	$62.53 \leq \mu \leq 73.47$

Table 5.10 includes all information required to proceed with the inferential analysis and some interval estimates calculated for each of the population parameters under consideration. These estimates aim to predict that the population parameter in question would be somewhere within a given interval on either side of the point estimate.

From the results in Table 5.10, it may be concluded with 95% confidence that:

- at least 65,3% of manufacturing companies in Eritrea agree with the increasing critical role of marketing communications in the overall marketing success.

- marketing communications tools sales promotion, personal selling, and TV advertisement are most important tools used by at least 29,8%, 18,6%, and 2,1% of manufacturing companies in Eritrea respectively.
- successfulness that the tool has worked well before is used by over two-third (48,6%) of Eritrean manufacturing companies as the most important factor for a promotional tool choice.
- less competitive intensity, lack of skilled staff, and the size of the market are the most important factors for insignificant marketing communication activities for at least 17,2%, 14,2%, and 11,3%, in their respective order, relating to manufacturing companies with less intensive marketing communication activities.
- up to 69% of manufacturing companies in Eritrea do not intend to strategically integrate to harness the synergy created by combining various promotional tools.
- marketing communication expenditure by manufacturing companies in Eritrea represents at most 1,51% of company turnover.
- no less than 62,53% and no more than 73,47% of the total marketing communication expenditure of manufacturing companies that market products in Eritrea are devoted to below-the-line promotions.

Before arriving at final conclusions on the outcome of the sample data and the population estimate, one important objective needs to be addressed. This is to establish whether or not the results of the study support the hypothesis in Chapter 1, Section 1.5.

5.4 Hypothesis Testing

In addition to estimating the interval within which a population parameter is likely to fall for selected variables in the previous section, it is worthy to conclude whether the stated hypothesis of the research (see section 1.5) is supported.

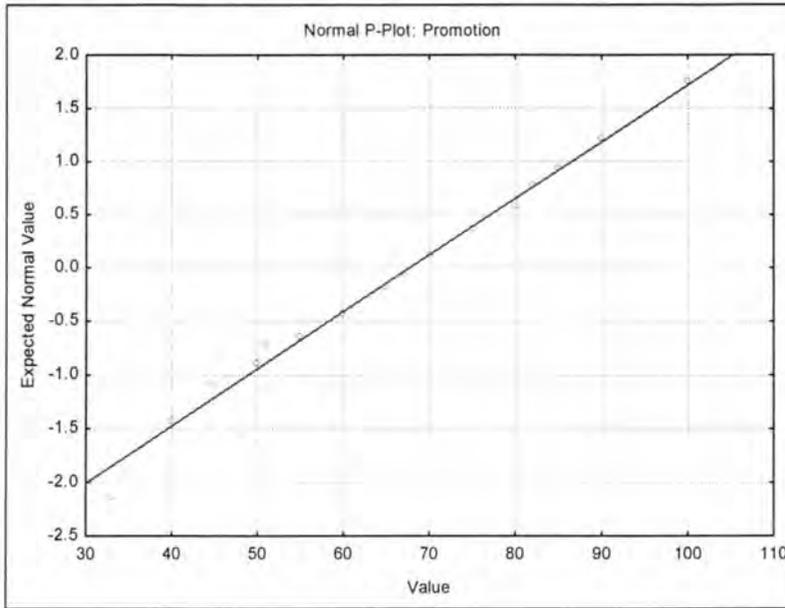
Whereas interval estimates come to some informed guesses about the value of population parameters based on the sample data and a relevant sampling distribution, hypothesis testing aims to examine whether a particular proposition concerning the population is likely to be true or not. In short, a hypothesis is a statement regarding a population that may or may not hold true (Martins et al 1996:322).

In the statement (hypothesis) for the study, it was claimed that below-the-line promotional tools with a tendency of more personal approach and/or face-to-face contact, are most commonly used or favoured in Eritrea. One way to determine the frequent usage of a marketing tool is by the relative budget amount allocated to that specific element (Shimp, 2003). Therefore, the claim by the hypothesis in Chapter I is similar to the claim that more than 50% of the total marketing communication expenditure is spent on below-the-line promotion. In addition to the interval estimated for the expenditure devoted to below-the-line promotions calculated previously (see Table 5.10) a one-sample t-test has been performed here with the objective to see whether the percentage is significantly higher than 50%.

5.4.1 One-sample t-test

The one-sample t-test is used to compare the mean of a variable with a known or hypothesised value. In other words, the one-sample t-test procedure tests whether the mean of a single variable differs from a specified constant. The interest here is to test whether the average share of below-the-line promotions of the total marketing communications expenditure differs from 50%. Since the sample is not too small ($n > 30$) and as shown in Figure 5.9, the data were derived from a population with a normal distribution, a parametric test is used.

Figure 5.9 Normal P-Plot: Below-the-line Promotions



After entering the data carefully into the data editor of SPSS, the results that are useful to perform the analysis are shown in Tables 5.11 & 5.12. Table 5.11 reflects statistics for the variable, below-the-line promotions. These include the mean, standard deviation and standard error.

Table 5.11 One-Sample Statistics

	N	Mean	Standard Deviation	Standard Error Mean
Promotion	41	67.68	17.858	2.789

The next table, Table 5.12 contains information about the t-test.

Table 5.12 One-Sample Test

		Test Value = 50				
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Promotion	6.340	40	.000	17.683	12.05	23.32

The t-value is 6.340 and the p-value is zero to several digits (less than 0.01). Since the p-value is less than 0.01, the difference between the mean 68% and the test value 50% is significantly different. Therefore, it may be stated that the percentage of marketing communication expenditure devoted to below-the-line promotions is significantly higher than 50%. It could be concluded that manufacturing companies in Eritrea strongly favour below-the-line promotions over above-the-line advertising.

5.5 Concluding Remarks

This chapter provided an analysis of the outcome of the research findings obtained for the survey. The analyses were based on the responses obtained from 41 manufacturing companies based and marketing their products in Eritrea. At first, a descriptive analysis was provided for the survey data. From the research findings it was evident that marketers were aware of the role of marketing communications in overall marketing success regardless of their intention to apply the principle. It is also clear from the discussion that below-the-line promotion tools; sales promotions and personal selling, according to their importance, followed by TV advertisement from above-the-line are most commonly used marketing communication tools by manufacturing companies in Eritrea.

Relatively a very low part of company turnover is devoted to marketing communications activities. Furthermore, the expenditure devoted to marketing communications is by far and large directed to below-the-line promotions. This may be attributed partly to the tool has worked well before notion or successfulness, ability to direct or personal approach, and lack of resources for higher cost medium of above-the-line advertising to much cheaper medium of below-the-line promotions. The tendency for some less intensive activity by marketers may also be attributed mostly to a less competitive intensity in the market followed by lack of skilled marketing professionals in manufacturing companies in the country.

Concerning the intention to combine the various communication instruments in such a way that a synergetic effect is reached, most manufacturing firms do not strategically intend to integrate these tools for better results. Building on the results of the analyses in this chapter, the next chapter elaborates the conclusions on the findings and recommendations on the basis of these findings.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

The study presented information on the attitude toward and use of marketing communication tools by marketers in the manufacturing industry of a less developed country, Eritrea. A word of caution here is that one has to note, as the study by Winston and Dadzie (2002) witnessed, that the applicability of market orientation in Eritrea and other less developed sub-Saharan African nations is not different from that posed in the industrialised countries. But the emphasis on marketing in general, and marketing communications specifically, differs under different environmental conditions, such as greater or lesser competitive conditions. Thus the environmental conditions for implementing marketing communication programmes in less developed countries are quite different from the prevalent conditions in developed countries. For this reason, it is critical to understand how marketers in a less developed country, Eritrea, appreciate the role of marketing communications and use the major tools in their marketing efforts. In the section to follow, the research findings are evaluated in light of the study objectives.

From its findings the study suggests that most marketers in the manufacturing industry appreciate the increasing role of marketing communications in the marketing mix. However, as the literature suggested, poor economic development and other marketing environmental conditions may weaken the implementation of and marketers' emphasis on marketing communications as a major marketing success factor in Eritrea. To this end a tendency for relatively less marketing communications activity amongst most manufacturing companies was observed. The reasons given for such tendency was partly attributed in the first instance to the less competitive intensity in most product categories in the country. A lack of skilled marketing professionals was also among the important reasons to which the insignificant activity may also be attributed. As foreseen in Chapter 1, the study supported the supposition that little attention has been given to advertising and sales promotions, unlike the situation in countries such as South Africa and the US where statistics on the magnitude of the marketing communications expenditure are relatively impressive.

Concerning the most commonly used marketing communication tools, both sales promotions and personal selling from below-the-line, are the most commonly used tools

in Eritrea. Advertising on TV from above-the-line follows the list as the third most commonly used marketing communications activity. The most important reason given for making a choice among the communication tools referred to the success of the tool in previous campaigns, and secondly that the direct or personal approach and/or face-to-face contact nature was important, followed by the cost effectiveness of the medium.

Regarding the new marketing paradigms of Integrated Marketing Communications (IMC), only less than half of the manufacturing companies tend to strategically combine any two or more of the communication elements in their campaigns. This finding reflects that marketers in this market have not yet devoted any significant attention to such new marketing communications paradigms. In this regard, therefore, it may be concluded that not sufficient emphasis is placed on the strategic coordination and integration of the different marketing communication activities to benefit from the synergic effect that come about as the consumer receives one message from various sources that complement and reinforce each other.

Regarding formalised internal decision making - including planning, budgeting, implementing, and handling of marketing communication campaigns - the survey findings revealed that none of the respondents intended to strategically allocate the marketing communications budget between traditional advertising (above-the-line) and promotional (below-the-line) activities. Most manufacturing firms first determine the overall marketing communication expenditure prior to allocating funds to the individual components of the marketing communication mix (top-down budgeting approach). As far as the marketing communications budget method is concerned, the majority of companies still compile their budget arbitrarily. While more than three-fourths of the respondents indicated that they handle below-the-line promotional campaigns in their own marketing departments, a relatively considerable number (39 per cent) of respondents indicated their use of advertising agencies for their above-the-line advertising campaigns. The outcome of the survey also revealed that only a few companies conduct research to pre- and/or post-test above-the-line advertising campaigns, whereas almost no one does so to support below-the-line campaigns. These findings indicate that manufacturing firms in Eritrea do not devote sufficient efforts to formalise internal decision making structures and they may also lack institutional support in their marketing efforts.

In addition, the survey also attempted to approximate the size of the marketing communication expenditure in terms of company turnover for Eritrean manufacturers. From the findings it was evident that expenditure on marketing communications represents about 1,3 per cent of company turnover. This shows that when compared to companies in South Africa and other more developed countries of the West, manufacturers in Eritrea, tend to spend relatively less on advertising and promotion in terms of company turnover. Probably one of the most important findings concerning the overall objective of the study showed that the composition of marketing communications budgets tends to positively lean towards below-the-line promotions expenditure. The total marketing communications expenditure is predominantly allocated to below-the-line promotional activities. This finding – together with findings on the individual marketing communication tools usage discussed previously – indicate that Eritrean manufacturing firms tend to place a greater emphasis on tools that boost the importance of personal contact or face-to-face interaction. As hypothesised, medium and large manufacturing companies strongly favour below-the-line promotions over above-the-line advertising in Eritrea. This finding may be negative in terms of establishing or building powerful brands and enhancing brand image and building brand equity in the long run. Thus manufacturing companies in Eritrea are stimulating short-term sales or market shares at the expense of long-term brand development, and brand and company image building. As Shimp (2003) stated, such behaviour implicitly fails to consider that advertising is not merely a current expense (as the term is used in accounting balance) but is rather an investment.

Another important finding from the survey provided information for marketing practitioners and academics in terms of previous unanswered questions concerning the relationship of the economic development and the use of major marketing communication tools as broadly categorised between above-the-line advertising and below-the-line promotions. As it is evident from the previously discussed results on the relative expenditure on each category and individual element's usage, manufacturing firms in Eritrea place more emphasis on marketing communication activities with more personal approach and/or face-to-face contact, below-the-line promotions. This finding clearly complements what Malhotra (1994) found on service marketing is also true for physical product. Thus, unlike developed countries, less developed countries are generally less affluent financially and technologically, customers in such markets also generally have a

lower educational level and resist optimising something they do not understand. Pressure from customers and competition is often minimal. Poor countries are still weighed down by limited or unreliable communication networks that boost the relative importance of direct personal contacts between supplier and customer.

On the basis of the finding of the survey, the following points, on both firm and macro level, may be conveyed:

Although it seems marketers in this emerging nation are aware of the role of marketing communications, there are still difficulties with regard to their implementation and consequently more emphasis is placed on short-term success. Nevertheless, long-term brand development and image building, together with customer care, are likely to assume an important role in the medium to long term. This will happen particularly as competition increases as a result of the entry of more firms into the market and as fierce competition from imported products is likely to increase in the future. Therefore, manufacturing firms in Eritrea should give careful consideration to the power of marketing communications in their overall marketing efforts. The commercial success of a product in both domestic and export markets is closely linked, in addition to product quality and conformity with standards, with proper marketing techniques. It is recommended that manufacturing enterprises in Eritrea should pay greater attention to marketing techniques in areas, such as advertising and promotion, market research and intelligence. Specifically as far as the objective of this study is concerned, it is important to be informed as to the full range of marketing communication tools, to be cognisant of all the tools which could be employed for commercial purposes in the country, careful consideration of the power that each tool offers, and avoiding being blind-sided by any of the tools. Indigenous marketers should be careful not to be blind-sided by stimulating short term sales or markets shares at the expense of long-term of marketing success. It is interesting to note here that “short-term solution” refers to spending excessive amounts on below-the-line promotions to create quick sales, while failing to invest sufficiently in above-the-line advertising to build a brand’s or product’s long-term equity. As Shimp (2003) stated, excessive promotions can rob a brand/product’s future. A short-term solution that creates a long-term problem is no solution. Therefore, though it is impossible to determine mathematically, a satisfactory mixture considering the differing purposes of each marketing communication element, should involve a sufficiently high

expenditure on promotion to ensure sufficient sales volume in the short-term, while simultaneously spending enough on advertising to ensure the growth or preservation of a product's or brand's equity position.

On the other hand, at macro level, most of the manufacturing enterprises in Eritrea are weak in marketing techniques e.g. in the areas of advertising and promotion, market research and intelligence as stated a previously. Moreover, individual manufacturing enterprises lack financial resources and technical expertise for promotional activities in domestic, as well as export markets. Limited institutional support is provided by the Eritrean National Chamber of Commerce and by the Ministry of Trade and Industry in the form of consultation, workshops, publishing magazines in which enterprises can publish their ads, organising trade shows and the like. Therefore, a need should be recognised for improved institutional support to develop marketing and sales promotion strategies and schemes, to collect and analyse market information in domestic and export markets and to make necessary business contacts by incurring promotional expenditures. It is indispensable to provide short-term training in specific priority areas, such as marketing communications and strengthening the existence and performance of marketing supporting institutions from both the private and public sector. Overall, government officials in Eritrea need to consider enhancing the current momentum of marketing and marketing communications in the country. Several academics and development practitioners have stated that the one main problem in the economic development of Third World countries is that little attention has so far been paid to the shortcomings and opportunities of marketing.

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APPENDIX A:

SUPPORTING LETTER

To: *(Company name & address)*

Subject: Support for research attempt

Ato Tsegazeab, a staff member of our college is currently pursuing his postgraduate studies at the University of Stellenbosch, South Africa. Currently he is working on his master's thesis on Marketing Communications. The intended study is to examine the current practice of Marketing Communications (promotion) by Eritrean manufacturers and then be able to recommend suitable strategies for successful marketing in the Eritrean context.

To support this attempt then, he needs information from manufacturing companies operating across the country. Your company therefore has been randomly selected for inclusion in the study. We express our hope that you will provide the required information as much as possible by filling the detailed questionnaire. We guarantee that all information provided will be treated in the strictest confidence. Under no circumstances will the names or individual responses of the participants be divulged.

Attached please find the questionnaire to be completed by your company. We, the college dean and the principal, would like to encourage collaboration with all interested parties in your organization in order to provide with accurate and as much information as possible. We are aware that the questionnaire will take some time to complete. We therefore judge it reasonable for a respondent to complete the questionnaire in ten days time. As the principal has only very short time to stay in Eritrea, your cooperation is highly appreciated. For any query, please do not hesitate to contact Ato Tsegazeab either by e-mail (14151316@sun.ac.za or tsegai@asmara.uoa.edu.er) or by telephone (161926 Ext 248). Finally, you can either return the questionnaire by mail (Tsegay, P.O. Box 3464 Asmara) or simply hand it back to the person who originally submitted it to you.

We highly value your participation.

Regards

Dr. Stifanos Hailemariam.....

Dean, College of Business and Economics.....

University of Asmara

- 3) ‘Today, Marketing Communications (the promotion component in the 4Ps of the marketing mix) is a critical aspect of a company’s overall marketing mission and a major determinant of its success.’ Do you agree with this statement? (please tick one)

Strongly disagree	Disagree	Agree	Strongly agree

- 4) Please rate the five most important marketing communication activities used to market your product(s) during the past financial year (2003/2004) (1=most important, 2=second, 3=third, 4=fourth and 5=fifth)

Marketing Communication Activity	Rate Five
a) Television	
b) Radio	
c) Press (newspaper, magazines)	
d) Outdoor (e.g., billboards)	
e) Cinema	
f) Personal Selling	
g) Direct marketing (e.g., postal, e-mail)	
h) Internal sales promotion directed at sales force	
i) Sales promotions aimed at consumer	
j) Sales promotions aimed at trade (Channels)	
k) Public relations	
l) Sponsorship	
m) Internet	
n) Other (specify)	

- 5) What is/are the main reason(s) for choosing the marketing communication activity you indicated in question 4 above? Rate three most important (1=most important...) (**Factors influencing individual promotional tool choice**)

Reason	Rate one or more
a) More cost effective medium	
b) Direct approach/more personal	
c) Short-term result oriented	

d) Long-term oriented	
e) Lack of resources	
f) Successfulness (worked well before, best response,)	
g) Secures better target market reach	
h) Following competitors	
i) Lack of alternative commercial media	
g) Government legislation (e.g., ban on cigarette, alcoholic beverage advertisement)	
k) Other (specify)	

6) If you think your marketing communications activity (advertising, consumer and trade promotion, public relations, ...,etc) was insignificant in , what can be the reason? Please rank as many as you can with 1= most important.

Reason	Rate one or more
a) Less competitive intensity	
b) Absence of alternative commercial media	
c) Absence of proper agents (advertising, promotion, public relations,...) in the country	
d) We are too small to advertise	
e) Size of the market	
f) We are export oriented	
g) Absence of skilled staff	
h) Government legislation (e.g., ban on cigarette, alcoholic beverage advertisement)	
i) Other (specify)	

C. Marketing Communication System

7) Which marketing communication system best describes your company's efforts to market product/service. Tick one.

a) Centralised marketing system (all advertising and promotion activities are channelled through the advertising department)	
b) Product management system (all advertising and promotion activities are the responsibility of the product/brand manager)	
c) Company has its own in-house agency which handles advertising and promotion activities	
d) Private or specialist advertising agencies are contracted to handle advertising and promotional activities	
e) Other, specify _____	

D. Profile and the use IMC

- 8) Which, if any, of the following marketing communication (MC) disciplines are combined when marketing your product/service? [e.g. if block (a1) is 'ticked' this means that television and direct marketing activities are combined]

MC discipline	(1) Direct Marketing		(2) Sales Promotions		(3) Public Relations		(4) Sponsorship		(5) Personal selling		(6) point-of- purchase	
a) Television	a1		a2		a3		a4		a5		a6	
b) Radio	b1		b2		b3		b4		b5		b6	
c) Press	c1		c2		c3		c4		c5		c6	
d) Outdoor	d1		d2		d3		d4		d5		d6	
e) Cinema	e1		e2		e3		e4		e5		e6	

E. Approaches to Marketing Communication Budget

- 9) Indicate whether your company has a separate or integrated/combined budget for advertising and promotion activities. (choose one)

a) our company has an integrated/combined budget for advertising and promotion	
b) our company has a separate budget for advertising and promotion	

- 10) Which budget approach best describes your company's construction of your overall marketing communications (Advertising and Promotions) budget?

Budget Approach	Tick one
a) Top-down approach (First establish overall expenditure for marketing communication and then allocate funds to separate components of the marketing communication mix)	
b) Bottom-up approach (Separate budget is constructed for each marketing discipline and then added together to constitute the overall budget)	
c) Top-down and bottom-up approach (combination of both)	
d) Don't know	

11) Who is mainly responsible for marketing communications budgeting in your company?

	Tick one
a) Sales force	
b) Promotion manager	
c) Product/brand manager	
d) Marketing Manager	
d) Other, specify:	

12) Which marketing communication budget method/s was/were used by your company when constructing your last annual marketing communication budget (2003)?

Method	Tick one
a) Percentage-of-sales method (Setting budget at a certain percentage of current or forecasted sales)	
b) Objective-and-task method (the budget is set so that marketing objective could be attained)	
c) Affordable Method (Set budget at the level what the company can afford)	
d) Competitive-Parity Method (budget set to match competitor's outlays)	
e) Arbitrary (no rule of thumb is used to set the budget)	
f) Other, specify:	

13) Which of the list product/market factors mainly determined your marketing communication budget appropriations during the preceding financial year (2003/2004)? Rate 3 most important factors (1=most important)

Product/Market Factors	Rate 3
a) Competitive intensity	
b) Seasonality of product/service sales	
c) Market growth rate	
d) Market share	
e) Availability of commercial media	
f) Availability of advertising/promotion agencies	
g) Product differentiation (unique position of our product)	
h) Other, specify	

F. Marketing Communication Expenditure

NB: for questions in this section, if you don't have the exact figure, please give your best estimate

- 14) What percentage does your total marketing communications (advertising and promotion) expenditure represent of your company's sales?

_____ % of sales

- 15) What percentage of total marketing communication expenditure was spent on above-the-line advertising (television, radio, press, outdoor and cinema) during the past financial year (2003)?

(a)* _____ % of total marketing communication expenditure

- 16) What percentage of total marketing communication expenditure was spent on below-the-line promotion (direct marketing, sales promotions, public relations, Internet, other) during the past financial year (2003)?

(b)* _____ % of total marketing communication expenditure

*Questions 15(a) and 16(b) must add up to 100%

- 17) Over the past three or more years, was there a significant shift in the composition of your marketing communication mix (above- and below-the-line marketing communication)? **Tick one**

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
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- 18) If yes to question 17, please indicate the shift in marketing communication expenditure below.

	Tick one
a) More of marketing communication spent was directed to above-the-line advertising	<input type="checkbox"/>
b) More of marketing communication spent was directed to below-the-line promotions	<input type="checkbox"/>

19) If YES to 17, what impact did the shift in marketing communication have to your company sales/profit? **Tick one.**

	Tick one
a) Sales/profit increased	
b) Sales/profit decreased	
c) No effect on sales/profit	

E. Support for Marketing Communications

20) Does your company use any form of research to pre-test or post-test your advertising and/or promotion campaigns?

	Advertising	Promotion	
YES		YES	
NO		NO	

21) Who mainly handles your advertising and promotion activities? (Tick one or more)

	Advertising	Promotion
a) Own company		
b) Advertising/promotion agency		
c) Special advertising/promotion agency		
d) Other, specify: _____		

G. Most suitable marketing communications element

22) On the basis your experience, which of the following marketing communication elements do you regard well suited to creating customer/consumer acceptance in the Eritrean market? (1=most suitable, 2=second, 3=third, 4=fourth and 5=fifth)

Marketing Communication Element	Rate five
a) Television	
b) Radio	
c) Press (newspaper, magazines)	
d) Outdoor	
e) Cinema	
f) Direct Marketing	
g) Personal Selling	
h) Sales Promotions (directed at sales force, customer, trade)	
i) Public relations	
j) Sponsorship	
k) Internet	
l) Other (specify)	

Company Interviewed _____

Name of interviewer/Research assistant _____

Date _____

THANK YOU FOR YOUR COOPERATION!

APPENDIX B:**Table B-1 Strength and Weakness of Advertising Media**

MEDIA	STRENGTHS	WEAKNESS
PRINT MEDIA		
Newspapers	<ul style="list-style-type: none"> -Provide illustration and explanations -Suitable for high frequency -Adaptable to change -Relatively cheap per reader -Geographically selective -Buyers use it as <ul style="list-style-type: none"> - A guide as good news medium -High coverage 	<ul style="list-style-type: none"> -Poor reproduction -Short lifespan -Is read selectively -Reaches a general audience -Many advertisers and little chance of dominating -Clutter -Low attention getting
Magazines	<ul style="list-style-type: none"> -Good reproduction -Longer lifespan -Reaches specific market segments -Usually loyal readers -National coverage -Good image creator 	<ul style="list-style-type: none"> -Limited flexibility due to long lead time -Many advertisers and little chance of dominating -Not geographically selective -Short time to convey the message
ELECTRONIC/BROADCAST MEDIA		
Radio	<ul style="list-style-type: none"> -Is a personal medium -Geographically selective in regional services; national coverage with certain transmissions -Can reach specific audiences at certain times -No literacy necessary -Listening sometimes habitual -Offers theatre of the mind -Low cost 	<ul style="list-style-type: none"> -Limited availability -No reference back to message -No illustration possible, audio only -Only short message -Is a background medium demanding attention - low attention getting
television	<ul style="list-style-type: none"> -Involves most of the senses -Viewer is unlikely to ignore the message -Good for demonstrations -Programming allows for a degree of psychographic targeting -Wide coverage -Prestige value -Can involve the entire family -High impact 	<ul style="list-style-type: none"> -Limited availability of quality time -No reference back to message -Relatively expensive medium -Reaches a general audience -Relatively lengthy preparation -Repetition can irritate the viewer -Only national -High production and fighting costs

Table B-1 (Continued)

OUT-OF-HOME MEDIA		
Out-of-home	<ul style="list-style-type: none"> -Cost per passer-by is low -Suitable for high frequency -Geographically selective -Offers support and serves as a reminder of other advertisements -Large product presentation -High impact 	<ul style="list-style-type: none"> -Necessarily a short message -Reaches the general passer-by -Relatively limited space available -High production cost -Local restrictions
Cinema	<ul style="list-style-type: none"> -Involves most of the senses -Viewer can't ignore the message -Good for demonstrations -Geographically selective -Individual films provide a high level of psychographic targeting -Viewer receives message in a relaxed atmosphere -High-quality reproduction -Reaches A income and 16 to 24 year-old audience -Very high impact 	<ul style="list-style-type: none"> -Relatively expensive medium -Limited message -Relatively lengthy preparation -Expensive to produce

Source: Koekemoer et al, 2004, p.197-200

Table B-2: Marketing Communications Elements

Marketing Communication Tools				
A. Above-the-line Advertising elements	A1. <i>Electronic/broadcast media</i>	A1.1 Television A1.2 Radio		
	A2. <i>Print</i>	A2.1 Newspapers A2.2 Magazines		
	A3. <i>Out-of-home media</i>	A3.2 Outdoor	E.g. Billboards – hoardings, signs and poster sites. These include bus shelters, business, trains, sports stadium signs and scored board advertisements, aerial signs (hot air balloons), public waste paper bins	
		A3.2 Cinema		
B. Below-the-line promotion elements	B1. <i>Personal selling</i>			
	B2. <i>Sales promotion</i>	B2.1 Internal sales promotion		
		B2.2 Trade sales promotions	E.g. Trade allowances or trade deals , Cooperative (or co-op) advertising, Vendor support programmes (VSPs), Trade contests and incentives, Point-of-purchase (POP) displays and materials, Training programmes and sales meetings, Speciality advertising, Trade shows, etc.	
		B2.3 Consumer or end-user sales promotions.	E.g. Sampling, Couponing, Premiums, Price-offs, Bonus packs, Refunds and rebates, Contests and sweepstakes, Overlay promotions, Tie-in promotions, An intra-company tie-in promotion, An inter-company tie-in promotion, Continuity programmes, Event sponsorship, etc.	
	B3. <i>Direct marketing</i>			
	B4. <i>Public relations</i>			
B5. <i>Sponsorship</i>				
C. Stand-alone marketing communication elements	C1. <i>Commercial on-line channels</i>			
	C2. <i>The Internet</i>			
	C3. <i>Virtual marketing</i>			

Source: Tustin, DH. 200. p.18-19