

**THE EFFECT OF RELATIONSHIP MARKETING AMONGST THE STAKEHOLDERS  
OF THE EAST AFRICAN BREWERIES LIMITED**

**EMLLY GESARE NYAOSI**

**SUPERVISOR: DR. RAYMOND MUSYOKA**

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS  
ADMINISTRATION (MBA), UNIVERSITY OF NAIROBI**

**OCTOBER, 2012**

**DECLARATION**

I, the undersigned, declare that this thesis is my original work and that it has not been presented in any other university or institution for academic credit.

**Full name : EMILLY GESARE NYAOSI**

**Signature .....**

**Date .....**

**SUPERVISOR**

This thesis has been submitted for examination with my approval as university supervisor.

**Full name: DR. RAYMOND MUSYOKA**

**Signature .....**

**Date .....**

## **ABSTRACT**

Customer relationships are the lifeblood of every good company. Relationships between a company and their customers, distributors, employees, referral sources, are vital to continued, sustained growth, and stability. Loyal relationships with these valued individuals make for a strong bottom line (Peck et al., 1999). As markets become increasingly competitive, price competition intensifies and reduced loyalty appears to be the norm. In many industries, marketing budgets are being restructured to devote more resources to defensive marketing, i.e., customer retention (Kotler, 1992). The objective of this study was to determine the effect of relationship marketing amongst the stakeholders of the East African Breweries Limited.

This was a case study since the unit of analysis was one organisation. The population for this study were various stakeholders in EABL, these included, employees of EABL, Suppliers of EABL, Distributors of EABL product and bar owners who sell EABL product. The sample size was drawn from the target population of 394 possible respondents through purposive sampling to arrive at 94 respondents. The researcher used a questionnaire as primary data collection instrument. A content analysis and descriptive analysis was employed. The content analysis was used to analyze the respondents' views about the effects of relationship marketing. Descriptive statistics like weighted mean, standard deviation, frequency and percentage was used to interpret the data. Tables and other graphical presentations as appropriate were used to present the data collected for ease of understanding and analysis.

The study found that relationship marketing had positive impact among the various stakeholders of the East African Breweries Limited. The study revealed that East African Breweries Limited had developed enough systems to ensure that customers are served effectively and efficiently, this is an indication that EABL had developed enough systems to ensure that customers are served effectively and efficiently.

## TABLE OF CONTENTS

<b>DECLARATION .....</b>	<b>ii</b>
<b>ABSTRACT .....</b>	<b>iii</b>
<b>LIST OF TABLES .....</b>	<b>vi</b>
<b>LIST OF FIGURES .....</b>	<b>vii</b>
<b>LIST OF ABBREVIATIONS .....</b>	<b>viii</b>
<b>CHAPTER ONE: INTRODUCTION .....</b>	<b>1</b>
1.1 Background of the study .....	1
1.1.1 The Concept of Relationship Marketing .....	2
1.1.2 The Beer Industry in Kenya .....	4
1.1.3 East African Breweries Limited (EABL) .....	5
1.2 Statement of the Problem .....	6
1.3 Research Objective .....	7
1.4 Value of the Study .....	7
<b>CHAPTER TWO: LITERATURE REVIEW .....</b>	<b>8</b>
2.1 Introduction .....	8
2.2 Relationship Marketing .....	8
2.3 Relationship Marketing and Exchange .....	9
2.4 Services in Relationship Marketing .....	10
2.5 Relationship Marketing and Service Competition .....	11
2.5.1 Planned Communication Process Of Relationship Marketing .....	12
2.5.2 Interaction In Relationship Marketing .....	13
2.5.3 Value Of Relationship Marketing .....	13
2.5.4 Value Process of Relationship Marketing .....	14
2.6 Indicators of Relationship Marketing .....	15
2.6.1 Personal Service .....	15
2.6.2 Power In Relationship Marketing .....	16
2.6.3 Professionalism In Relationship Marketing .....	16
2.6.4 Involvement In Relationship Marketing .....	16

2.7 Conceptual Framework.....	17
<b>CHAPTER THREE: RESEARCH METHODOLOGY .....</b>	<b>18</b>
3.1 Introduction .....	18
3.2 Research Design .....	18
3.3 Target Population .....	18
3.4 Sample design.....	19
3.5 Research Instruments.....	19
3.6 Data Analysis and Presentation .....	20
<b>CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND FINDINGS .....</b>	<b>21</b>
4.1 Introduction .....	21
4.2 Demographic Information .....	21
4.3 Relationship Marketing .....	22
<b>CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS .....</b>	<b>28</b>
5.1 Introduction .....	28
5.2 Summary of Finding.....	28
5.3 Discussion.....	29
5.4 Conclusion.....	31
5.5 Recommendation .....	31
<b>REFERENCES.....</b>	<b>32</b>
<b>APPENDICES .....</b>	<b>38</b>
Appendix I: Letter of introduction.....	38
Appendix II: Questionnaire Internal Stakeholders .....	39
Appendix III: Questionnaire External Stakeholders.....	39 <u>1</u>

## LIST OF TABLES

Table 3.1: Target population.....	18
Table 4.2: Gender of the respondent.....	<b>Error! Bookmark not defined.</b>
Table 4.3: Distribution of respondent by age.....	<b>Error! Bookmark not defined.</b>
Table 4.4: Respondents highest level of education.....	<b>Error! Bookmark not defined.</b>
Table 4.5: Relationship with EABL.....	21
Table 4.6: Presence of enough systems to ensure customer services .....	22
Table 4.7: Marketing activities applied by East African Breweries Limited .....	23
Table 4.8: Channels used by East African Breweries Limited use to communicate .....	24
Table 4.9: Effectiveness of communication in East African Breweries Limited to its customers .....	25
Table 4.10: Relationship between the East African Breweries Limited and its stakeholders	25
Table 4.11: Stakeholder having trust with East African Breweries Limited to its customers	26
Table 4.12: Commitment East African Breweries has put to enhance trust from all the stakeholders.....	26

## LIST OF FIGURES

Figure 2.1: Conceptual framework .....	177
--	-----

## **LIST OF ABBREVIATIONS**

EABL – East African Breweries Limited

RM - Relationship Marketing



## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the study**

Relationship Marketing (RM) is a new paradigm, which propounds ways to maximize an enterprise's returns in the newly emerging liberalized markets (Duncombe and Heeks, 2005). The term relationship marketing emphasises variables and processes such as trust, commitment, social norms, and so on. The key structural issue in relationship marketing stems from its raison: exchanging resources to provide mutual benefits and thus achieve mutual goals, which differentiate it from the conventional view of marketing, offered by American Marketing Association (1985) which involves the integrated analysis, planning and control of the 'marketing mix' variables (product, price, promotion, and distribution) to create exchange and satisfy both individual and organisational objectives.

Relationship marketing and traditional (or transactional) marketing are not mutually exclusive and there is no need for a conflict between them. A relationship oriented marketer still has choices at the level of practice, according to the situation variables. Market attractiveness and competitive position have been identified by previous conceptual and empirical work as major influences on organizational performance. Market attractiveness represents the long-run profit and growth potential for all participants in an industry or market, while competitive position relates to the strength of the organization relative to competition (Morgan and Hunt, 1994).

Relationship marketing and management proactively change organizational behaviour, the enterprise taking responsibility for its own destiny (Gould, 1995). Investment and resource allocation, and organizational behaviour have posed constraints, particularly concerning service continuity in construction. Overcoming these constraints offers opportunities for delivering service improvements and adding value for clients and yielding further increases in repeat business and increasing profitability (Gummesson, 1999). Adoption resulted in some minor restructuring and provided the basis for a series of process changes. Application produce early results in terms of increased client satisfaction, consequential repeat business, inducing greater cross-functional communication and collaboration within the firm resulting

in cross-selling opportunities between market segments. Some repeat business is producing higher margins in response to meeting demands of the clients (Lin, Weng and Hsiem, 2003). However, the concept of relationship marketing still lacks clarification and, depending on the theoretical background adopted, it is often used indistinctly to refer to different meanings.

### **1.1.1 The Concept of Relationship Marketing**

Relationship marketing" can achieve many goals, but it comes at a price. If a firm wants its customers to buy more from it and to actively prefer its business over others, it has to convince them that it cares about them (De Kare-Silver, 2000). Relationship marketing presumes that there is or there should be a relationship between it and its customers that extends beyond the simple commercial transaction. That relationship starts with the merchant communicating clearly to the customer. Relationship marketing can take many forms, but it is the backbone of the many of the most successful companies.

Relationship marketing is about mutuality in the sense that it is an approach which is perceived as benefiting both the buyer and the seller (Berry, 1995, p. 237). Information technology can be deployed to improve communication between the supplier and the buyer; it can be used to reduce the number and frequency of service errors and breakdowns; extra value can be included so that the core service offering is improved; and increased personalization can result (Berry, 1995, p. 238). Marketers do and will continue to think in terms of providing benefits to customers and this means that companies will remain customer-focused, they will be market-driven, and will seek to deliver better value and higher levels of customer satisfaction than previously (Achrol and Kotler, 1999). Indeed, co-branded advertisements (whereby customers are introduced to additional products) can be used to increase awareness and loyalty schemes can be built into the relationship marketing approach (De Kare-Silver, 2000).

The relationship marketing perspective is based on the notion that on top of the value of products and/or services that are exchanged, the existence of a relationship between two parties creates additional value for the customer and also for the supplier or service provider

(Grönroos, 2000b). An on-going relationship may, offer the customer security, a feeling of control and a sense of trust, minimized purchasing risks, and in the final analysis reduced costs of being a customer.

Berry (1983) first introduced the term relationship marketing, and a few years later Jackson (1985) used it in a business-to-business context. However, the phenomenon itself a relationship approach to taking care of interactions with customers is as old as the history of trade and commerce. The importance of relationships with customers was given less attention following the industrial revolution, when the middleman was introduced in the distribution chain (Sheth and Parvatiyar, 1995). Arndt (1979) observed a tendency of doing business in the form of long-term relationships, which he labeled domesticated markets”. He concluded that “both business markets and consumer markets benefit from attention to conditions that foster relational bonds leading to reliable repeat business” (Arndt, 1979, p. 72). Levitt (1983a, p. 111) used a marriage analogy in noting that “the sale merely consummates the courtship... how good the marriage is depends on how well the relationship is managed by the seller”.

Before Berry and Jackson used the term “relationship marketing”, an explicit relationship perspective in marketing was inherent in the Nordic School of thought (Gummesson, 1983, 1987; Grönroos, 1980, 1983), even though the term was not taken into use until the end of the 1980s (Grönroos, 1989). The relationship notion was also an integral part of the interaction and network approach to industrial marketing of the IMP Group (Håkansson and Snehota, 1995). Similarities and differences between relationship marketing studies of these two schools of thought have been discussed by Mattsson (1997). The nature of relationship marketing as a contemporary marketing practice has been discussed by Coviello and Brodie (1998) and Coviello *et al.* (1997). It is noteworthy that although it was not explicitly expressed, a relationship notion was present also in the North American 7Ps model of service marketing of the early 1980s (Booms and Bitner, 1981).

A shift of focus in marketing decision making from the transaction toward a process where a relationship is built and maintained has important effects on central marketing areas, such as organization, planning, organizational development and the measurement of success in the

marketplace (Grönroos, 1999; Brodie *et al.*, 1997). As this process becomes as important for the customer as the outcomes, for example, in the form of goods and equipment, the nature of the product concept changes. The product as the outcome of a production process is basically a transaction-oriented construct. In a relationship perspective physical goods and equipment (products) become a part of the process together with other element such as a host of services. In the best case these services enhance the value of the products as with just-in-time deliveries, prompt service and maintenance and customer-oriented and timely service recovery. In the worst case, for example with delays in deliveries, or unsuccessful maintenance and unclear documentation about the use of equipment that has been bought, they damage or altogether destroy their value.

### **1.1.2 The Beer Industry in Kenya**

The beer industry in Kenya can be traced back to 1922 when two brothers from England started brewing beer under the name of Kenya Breweries Ltd. After the brothers took their company public in 1934, they changed the name to East Africa Breweries Ltd. East Africa Breweries Ltd, also called EABL, is still around today and dominate the East Africa Beer scene. There are only two beer industries in Kenya, which are East African Breweries and Keroche breweries, Keroche Breweries Limited is a fully Kenyan owned brewery based in Kenya. It's situated at Karai, Naivasha off Nairobi – Nakuru Highway. Started 14 years ago, Keroche Breweries has quickly established herself as a unique Kenyan pride and is proud to be the producers of affordable, healthy and higher quality products second to none currently in the Kenyan market. East African Breweries Limited (Eabl) is East Africa's leading branded alcohol beverage business with an outstanding collection of brands that range from beer, spirits and adult non-alcoholic drinks (ANADs) reaffirming our standing as a total adult beverage (TAB) company. With breweries, distilleries, support industries and a distribution network across the region, the group's diversity is an important factor in delivering the highest quality brands to East African consumers and long-term value to East African investors.

The reason that the beer industry is still thriving in Kenya can be due to the abundance of barley and its availability. Kenya has a flourishing beer industry producing high quality beer, which is recognized internationally. This has been possible due to factors such as good climate for agriculture, availability of barley, affordable labour, big local market, and access to regional markets like COMESA and the East African Community. Some of the investor friendly policies in place include the liberalisation of marketing and processing of cereals and other agro-produce, removal of duties on importation of farm inputs and free repatriation of capital and profits.

### **1.1.3 East African Breweries Limited (EABL)**

Kenya Breweries was founded in 1922 by two white settlers, George and Charles Hurst. By 1990, most of the shareholders were Kenyan and the company was very successful. Tanzania Breweries had been started by Kenya Breweries in the 1930s. After being nationalized in 1967, Tanzania Breweries was poorly managed. However, in 1993 the Tanzanian government entered into a joint venture with South African Breweries Limited to run Tanzania Breweries. South African Breweries is one of the largest and most efficient brewing companies in the world. They turned Tanzania Breweries around with extraordinary speed, almost tripling production in the space of three years.

In 2002 EABL and SABMiller Plc. effected a share swap of their interests in their subsidiaries: Kenya Breweries Limited and Tanzania Breweries Limited. EABL acquired 20% of the equity of Tanzania Breweries. SABMiller Plc. acquired a 20% equity stake in Kenya Breweries. The largest shareholder is Diageo Plc. EABL's primary listing is on the Nairobi Stock Exchange, and is cross-listed on the Uganda Securities Exchange and Dar-es-Salaam Stock Exchanges.

Tusker is the main brand of East African Breweries with over 30% of the Kenyan beer market selling more than 700,000 hectolitres per year. It is a 4.2% abv pale lager. The brand was first marketed in 1923, shortly after the founder of Kenya Breweries Ltd, George Hurst, was killed by an elephant during a hunting accident. It was in this year that the elephant logo, that is

synonymous with Tusker Lager, was incorporated. One of its slogan *Bia Yangu, Nchi Yangu*, means My Beer, My Country in Swahili hence linking it with the Kenyan heritage. The bottle shape has also been redesigned to resemble Kenyatta International Conference Centre (KICC) which is one of Kenya's landmark and the beer now bears the slogan, *Stand Tall* as a symbol of KICC.

## **1.2 Statement of the Problem**

Relationships between a company and their customers, distributors, employees, referral sources, are vital to continued, sustained growth, and stability. This is because customer relationships are the lifeblood of every good company hence loyal relationships with these valued individuals make for a strong bottom line (Peck et al., 1999). As markets become increasingly competitive, price competition intensifies and reduced loyalty appears to be the norm. In many industries, marketing budgets are being restructured to devote more resources to defensive marketing, i.e., customer retention (Kotler, 1992). With the growth of marketing databases and the Internet, the ability to reach customers individually became a viable strategy for a wide range of firms including consumer products companies (Gummesson, 1999).

Nevertheless, relationship marketing strategy is not without some challenges. There are many examples of the failure of marketing programs designed to build loyalty. If done improperly, the relationship marketing strategy will not achieve the goals of the client firm. One strategy is not appropriate for all marketing programs. Although relationship marketing has a long (if initially low-profile) history in recent years it has rapidly emerged as one of the dominant paradigms of marketing (Baker, 1995a) at a time when there is widespread concern as to which paradigm is most appropriate to guide the future epistemological development of marketing (Kotler, 1992; Baker, 1995b; Buttle, 1996; Peck et al., 1999; Gummesson, 1999). In this paper we adopt a broad concept of relationship marketing, discuss its theoretical foundations and analyze the main streams of research that have been converging in this emerging paradigm within marketing, before offering a perspective which attempts to integrate these streams. Locally, Thuo (1999) did a study on an investigation of the state of

relationship marketing strategy in the Kenyan banking sector, Murage (2002) did a study on the extent of wage of relationship marketing strategies to enhance brand loyalty of industrial customers, a case of the paint industry, Njuguna (2003) did a study of the use of relationship marketing strategy by supermarkets in Nairobi, Frederick (2007) conducted a study on application of customer relationship marketing strategies by classified hotels in Nairobi, Chemutai (2006) conducted study a survey of the adoption of relationship marketing strategies in the coop bank of Kenya and Kagia (2006) did a study on influence of relationship marketing strategy on performance of sales force of companies underwriting personal life assurance products in Kenya. To the researcher knowledge no known local study has ever been done to determine the effect of relationship marketing amongst the stakeholders of the East African Breweries Limited, this study seeks to fill the existing the research gap by conducting a study to determine the effect of relationship marketing amongst the stakeholders of the East African Breweries Limited.

### **1.3 Research Objective**

The objective of this study was to determine the effect of relationship marketing amongst the stakeholders of the East African Breweries Limited.

### **1.4 Value of the Study**

The researcher will benefit from this study through gaining research skills which will enable him to perform even further studies. At the same time, the researcher will add to himself adequate experience in relationship marketing that will earn him a mark for future consultancy.

The policy maker at EABL will use the guidance of this research to come up with relevant policies that will enable steering the society ahead.

Future scholars will require the recommendations of this research to be in a position to perform research on similar area. This study will guide them on some principles relating to relationship marketing.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Introduction

This chapter specifically covers relationship marketing, relationship marketing and exchange, services in relationship marketing, relationship marketing and service competition, indicators of relationship marketing and conceptual framework. Relationship marketing can achieve many goals, but it comes at a price. If a firm wants its customers to buy more from it and to actively prefer its business over others, it has to convince them that it cares about them (De Kare-Silver, 2000). Relationship marketing presumes that there is or there should be a relationship between it and its customers that extends beyond the simple commercial transaction. Relationship marketing can take many forms, but it is the backbone of the many of the most successful companies.

### 2.2 Relationship Marketing

Today's businesses are facing fierce and too aggressive competition while operating in both a domestic and a global market. This diverse and uncertain environment has forced organizations to restructure themselves in order to enhance their chances of survival and growth. The restructuring efforts have included, among others, the emergence of the "new paradigm" which is commonly referred to as relationship marketing, RM (Zineldin *et al.*, 1997, Morgan and Hunt, 1994). RM has been used to reflect a number of different types of relational marketing activity. Unfortunately, the precise meaning of relationship marketing is not always clear in the literature. The term relationship marketing has become a buzzword, with the concept being used to reflect a number of differing themes or perspectives and becomes a "catch-all" phrase (Brodie *et al.*, 1997).

However, these definitions of relationship marketing provide the basis for the new paradigm argument which views marketing as an integrative activity involving personnel from across the organizations, with emphasis on building and maintaining relationships over time. Personal relationships, interactions, and social exchange are the most important core elements of relationship marketing.



Brodie *et al.*, (1997) state that relationship marketing has emerged from six streams of research. The first stream examines marketing from a service context (Zineldin *et al.*, 1997). The second stream focuses on inter-organizational exchange relationships (Zineldin, 1998). The third stream underlying the new paradigm of relationship marketing is based on channels literature, e.g. the development of effective and efficient channel relationships (Zineldin *et al.*, 1997). The fourth one examines network relationships (Webster and Frederick, 1992). The fifth stream stems from strategic management literature about the role or relationships in value chains (Zineldin *et al.*, 1997). Finally, the sixth stream examines the strategic impact that information strategy has on the relationships within and between organizations (Zineldin, 1998).

### **2.3 Relationship Marketing and Exchange**

The concept of exchange has been claimed to be central in marketing, Bagozzi (1995) proposed that the core of marketplace behaviour is the exchange of values within different relationships. Kotler (1991, p. 7) defined exchange as “the act of obtaining a desired product from someone by offering something in return”. The equality of the partners in a commercial exchange situation and their power balance has been discussed in marketing literature. As far as consumer marketing is concerned, it is obvious that there is usually an asymmetry of power in the relationship. Consumers form a mass audience which, as an organized group, has potential access to power, and there is some evidence of the use of power (Nava, 1992). In business-to-business marketing the balance of power varies greatly from situation to situation. Power is also a matter of continuous negotiation. For example, the relationships between buyers and suppliers in distribution channels have sometimes been described as struggles for power, domination, and control (Hyvönen, 1990).

Exchange may be viewed either from the perspective of economic exchange or the perspective of social exchange. Economic exchange models assume the economic man behaviour: Social behaviour can be explained in terms of rewards, where rewards are goods and services, tangible or intangible, which satisfy a person’s needs or goals. Individuals attempt to maximize rewards and minimize losses or punishments. Social interaction results

from the fact that other people control valuables or necessities and can therefore reward a person. Social interaction is thus viewed as an exchange of mutually rewarding activities in which the receipt of a needed valuable (good or service) is contingent on the supply of a favour in return, usually immediately (Burns, 1973).

According to social exchange theory, social relationships are based on each partner's motivational investment and anticipated social gain (Blau, 1964). Foa and Foa (1974) have proposed a social interaction theory which is applicable to the concept of marketing exchange. They present the idea that multiple, heterogeneous resources are given and/or taken away through interpersonal behaviour depending on the needs and power of the exchange parties. Resources are classified into six categories: love, status, information, money, goods, and services. Customer inputs are, for example, time, money and shopping effort. Outcomes include product performance, services surrounding the sale, and the prestige of the brand. Buyer inputs include information, product assessment, and lost opportunities with other customers; outcomes are, among others, commissions and referrals. It should be remembered that exchange partners in a commercial transaction are usually not equal because they have quite different resources.

#### **2.4 Services in Relationship Marketing**

An integral part of service marketing is the fact that the consumption of a service is process consumption rather than outcome consumption (Grönroos, 1998). The consumer or user perceives the service production process as part of service consumption and not only the outcome of a process as in traditional consumer packaged goods marketing. Thus, service consumption and production have interfaces that always are critical to the consumer's perception of the service and to his or her long-term purchasing behavior. In the services marketing literature, the management of these interfaces is called interactive marketing, and this concept has been used in the relationship marketing literature as well (Bitner, 1995). The service provider almost always has a direct contact with its customers. In these contacts relationships may easily start to develop and if the simultaneous consumption and production processes turn out well, an enduring relationship may follow.

From a marketing point of view, when the outcomes (goods and equipment) constantly become more similar as competition increases, this change of the nature of consumption or usage is emphasized even more. In most cases even continuous product development alone does not lead to a sustainable competitive advantage anymore. Hence, only services, such as tailor-made design, deliveries and just-in-time logistics, installing equipment, customer training, documentation about how to install and use goods, maintenance and spare part service, customer-oriented invoicing, handling inquiries, service recovery and complaints management are left for the marketer to use. Customer service as discussed by Christopher *et al.* (1991) also becomes an important means of competition. If one does not want to use the price variable, which seldom creates a sustainable competitive advantage, only services are left for developing such an advantage.

## **2.5 Relationship Marketing and Service Competition**

Marketing from a relational perspective can be defined as the process of managing the firm's market relationships (Grönroos, 1996), or more explicitly as the process of identifying and establishing, maintaining, enhancing, and when necessary terminating relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met, where this is done by a mutual giving and fulfillment of promises (Grönroos, 1989). This definition bears clear similarities with Berry's services marketing definition from a relationship perspective (Berry, 1983) and with more recently offered definitions by Hunt and Morgan (1994) and Christopher *et al.* (1991). Gummesson (1999) defines relationship marketing as marketing seen as interactions, relationships and networks, thus emphasizing three central phenomena in this marketing perspective.

The focal relationship is the one between a supplier or provider of goods or services and buyers and users of these goods or services. Relationship marketing is first and foremost geared towards the management of this relationship. However, in order to facilitate this, other stakeholders in the process may have to be involved. If marketing is to be successful, other suppliers, partners, distributors, financing institutions, the customers' customers, and

sometimes even political decision makers may have to be included in the management of the relationship in a network of relationships (Gummesson, 1999).

In a customer relationship that goes beyond a single transaction of a product, the outcomes themselves including goods, services outcomes or industrial equipment become just one element in the holistic, continuously developing service offering. For a manufacturer, the physical good is a core element of this service offering, of course, because it is a prerequisite for a successful offering. However, what counts beyond this prerequisite is the ability of the firm to manage the additional elements of the offering better than the competitors to create value for customers in their internal value-creating processes. The product becomes a process (Storbacka and Lehtinen, 2000), and the supplier has to truly serve its customers (Grönroos, 1996).

### **2.5.1 Planned Communication Process Of Relationship Marketing**

Marketing communication is predominantly mass marketing, however with a growing element of direct marketing. Sales are a directly interactive element of the communication process. In the field of marketing communication a new trend towards integrating communication elements such as advertising, direct marketing, sales promotion and public relation into a two-way integrated marketing communications perspective has emerged in North America during the 1990s (Stewart, 1996). Integrated marketing communications is clearly influenced by the relationship perspective in marketing. “As we are committed to two-way communication, we intend to get some response from those persons to whom the integrated marketing communications program has been directed. We adapt the customer's or prospect's communication wants or needs and begin the cycle all over again. This is truly relationship marketing at its best” (Schultz *et al.*, 1992, p. 59).

According to the integrated marketing communications concept, various marketing communications media and communication efforts have to be integrated into one consistent message. However, only communicative activities that are more or less purely marketing communication, such as traditional advertising, direct response, public relations and also sales

activities, are included (see the definition of integrated marketing communications by the American Association of Advertising Agencies” Integrated Marketing Communications Committee quoted in Reitman, 1994). Other communications efforts are included only if they become transparent and merge with the marketing communications elements, as when distribution and communication might become the same in the case of direct response marketing (Stewart *et al.*, 1996).

### **2.5.2 Interaction In Relationship Marketing**

There must be a product so that decisions can be made about how to distribute it, how to promote it, and how to price it. However, the product exists at one given point of time; it does not evolve in an on-going relationship. Hence, the product as the core construct has to be replaced with a long-term construct that fits the nature of relationship marketing. The relationship approach puts customer processes, or rather the internal value-generating processes of customers, not products, at the center of marketing. To be successful, the supplier or service provider has to align its resources, competencies and processes with the customer's value-generating processes. This being the case, interaction evolves as a concept which takes the place of the product concept. It has been developed as one key construct in services marketing and in the network approach to industrial marketing as well, and has been taken over by relationship marketing. Thus, as the exchange of a product is the core of transaction marketing, the management of an interaction process is the core of relationship marketing. In this process, a supplier of goods or a service firm represented by people, technology and systems, and know-how interact with its customer represented by everything from a single consumer to a group of buyers, users and decision makers in a business relationship. Sometimes, more parties in a network may be involved in the interactions (Gummesson, 1996).

### **2.5.3 Value Of Relationship Marketing**

One recent research stream in marketing is related to customer perception of value created in on-going relationships (Ravald and Grönroos, 1996). The importance of adding a relationship

aspect in studies of customer value has also been demonstrated by Collins (1999) and Wilson and Jantrania (1994). In the interaction processes a value base is transferred to and also partly created together with customers, and in the final analysis, the ultimate perceived value for them is emerging in the customer processes. Thus, if the supplier or service provider manages to successfully align its resources (physical product elements, service elements, information and other resources of various kinds) and competencies with its customers' internal processes, in these processes this value base is turned into customer perceived value. This creation of value should be supported by marketing communication before and during the interaction process of the relationship. Therefore, a value process is needed to demonstrate how the customer indeed perceives the creation of value over time. When all three processes are in place and well understood we have a good part of a theory of relationship marketing.

#### **2.5.4 Value Process of Relationship Marketing**

In order to be able to understand and in practical marketing situations analyze and plan the interaction process one has to divide it into logical parts. In the context of services the interaction process has been studied in terms of acts, episodes and relationship (Stauss and Weinlich, 1995). According to Liljander and Strandvik (1995) an episode is, for example, a visit to a bank office to discuss a loan, whereas an act among other is the meeting with the loan officer during the visit. In the context of business relationships, IMP researchers have traditionally offered a two-level approach including short-term episodes including exchange of goods and services, information, financial and social aspects, and long-term processes leading to adaptation and institutionalization of roles and responsibilities (Möller and Wilson, 1995).

Traditionally, value has been used in the marketing and consumer behavior literature as “the value of customers for a firm”. Only to some extent has “value for the customer” been discussed in the literature (Zeithamal, 1988), and then it has more or less been in a transaction marketing context. For example, Zeithaml (1988) defines customer perceived value as the consumer's overall assessment of the utility of a product based on a perception of what is received and what is given. However, as Ravald and Grönroos (1996, p. 23) observe, “the

relational aspect as a constituent of the offering is not taken into account. ... We suggest that the relationship itself might have a major effect on the total value perceived. In a close relationship the customer probably shifts the focus from evaluating separate offerings to evaluating the relationship as a whole. The core of the business, i.e. what the company is producing, is of course fundamental, but it may not be the ultimate reason for purchasing from a given supplier” (Lapierre, 1997).

## **2.6 Indicators of Relationship Marketing**

A high level of trust between both parties, a high level of commitment between parties, a long time horizon (or length of relationship). Open communication channels between both parties, with information exchanged between both parties. Having the customers’ best interest at heart, a commitment to quality for both parties and an attempt to favourably lock-in or retain the customer. Within the relationship marketing literature discussed above there are many studies that focus on particular industries but few that look at the relationship context in order to discern the extent to which effective relationships can be built up. We shall now examine four factors that can shape the nature of the relationship.

### **2.6.1 Personal Service In Relationship Marketing**

The more personal the service the greater the inclination towards increased communication, thus, giving a higher potential for the use of relationship marketing. Gummesson (1994) compiled a list of some 30 relationship types, his sixteenth relationship type “personal and social networks” he claims “often determine the business networks. In some cultures, even, business is solely conducted between friends and friends-of-friends.” Personal involvement can be seen as being of great importance in services marketing (and RM in general) allowing interaction between both parties to take place in the service delivery process (Gronhaug, 1998). A further perspective is provided by Perrien *et al.* (1995), they maintain that “the role of front-line people is a major issue” (p. 323) that should be taken into account to prevent losing an existing (good) customer. Thus, personal service also facilitates customer retention.

### **2.6.2 Power In Relationship Marketing**

“Successful marketing relationships involve co-operative partners, not power-conscious adversaries”, (Hunt and Morgan, 1994, p. 24). One antecedent of relationship marketing is the theory on buyer-seller relationships, often in industrial markets. In some instances, one organisation uses a significant coercive power over the other party to force the partner into compliance (see, for example, Möller and Wilson, 1995; Hunt and Morgan, 1994). Relationships typically require mutual co-operation or partnership rather than just acquiescence. Such co-operation is not encouraged where one party (particularly the seller) dominates.

### **2.6.3 Professionalism In Relationship Marketing**

We argue that professionalism is drawn from relationships between professional buyers and sellers in organisations and is difficult to draw a parallel between, for example, a member of the public and a front-line member of staff at a supermarket. Therefore, a service provider that has professionalism, in the sense that they are able to provide expert advice, or effectively handle complaints, for example, will serve to engender trust (see, for example, Hunt and Morgan, 1994, p. 24). Further, reciprocal information transfer and other relationship facilitators will be essential to the conduct of business (Hunt and Morgan, 1994).

### **2.6.4 Involvement In Relationship Marketing**

An increase in customer involvement (psychological, rather than just activity based) can be seen as an axiom for relationship marketing. Gummesson (1994) maintained for his seventh relationship type “interaction between the customer and front-line personnel”, he further observed, “Production and delivery of services involve the customer in an interactive relationship with the service provider’s personnel”. The level of contact between the customer and organisation is key. Lamming (1992) identified that information will very often need to be transferred between both parties in order to facilitate relationship marketing. An increased level of involvement can also lead to mutual relationship commitment, without a high level of

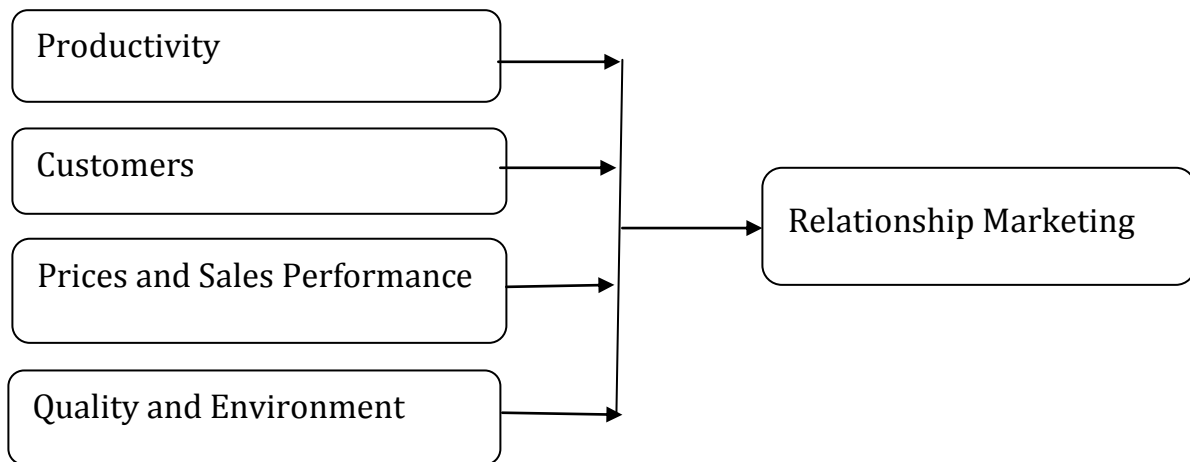


involvement by *both* parties it is hard to give high commitment and ‘forsake others’. Christy *et al.* (1996) claim that “a retailer of do-it-yourself supplies operates in a product-market where marketing relationships are less likely to emerge natural”, as “the products themselves often command only low involvement from buyers.”

## 2.7 Conceptual Framework

Relationship marketing is found to be as a result of productivity customer aspects like satisfaction, focus and knowledge. Other factors that affect relationship marketing are prices and sales performance, quality and environmental concern and information and computing technology.

**Figure 2.1: Conceptual framework**



**Independent Variables**

**Dependent Variable**

**Source, Author 2012**

## CHAPTER THREE: RESEARCH METHODOLOGY

### 3.1 Introduction

This chapter provides the research methodology of the study. It gave specific procedures that were followed in undertaking the study. The research design, study population, sampling methods and procedures, data collection procedures and instruments, data analysis and reporting were described in this chapter.

### 3.2 Research Design

This was a case study since the unit of analysis was one organisation. The study aimed at getting detailed information regarding the effect of relationship marketing in the beer industry with reference to EABL. According to Yin (1989) a case study allowed an investigation to retain the holistic and meaningful characteristics of real life events. Kothari (2004) noted that a case study involves a careful and complete observation of social units. This was the design suitable for this study to get detailed information on application of relationship marketing in the beer industry the case of EABL.

### 3.3 Target Population

The population for this study were various stakeholders in EABL, these included, employees of EABL, Suppliers of EABL, Distributors of EABL product and bar owners who sell EABL product. This population was justifiable since they relate directly with the customers and therefore will provide relevant information on the same. This therefore gives a target population of 394 possible respondents.

**Table 3.1: Target population**

<b>Section</b>	<b>Frequency</b>	<b>Percentage</b>
EABL employees	116	29.4
Suppliers	20	5.1
Distributors	8	2.0
Outlet owners	250	63.5
<b>Total</b>	<b>394</b>	<b>100.0</b>

### 3.4 Sample design

#### Sample Population

<b>Section</b>	<b>Frequency</b>	<b>Proportion</b>	<b>Sample</b>
EABL employee	116	13.8	16
Suppliers	20	50.0	10
Distributors	8	100.0	8
Outlet owners	250	24.0	60
<b>Total</b>	<b>394</b>	<b>23.9</b>	<b>94</b>

The sample size was drawn from the target population of 394 possible respondents through purposive sampling to arrive at 94 respondents. According to Sproul (1998), stratified random sampling technique was used when population of interest is not homogeneous and can be subdivided into groups or strata to obtain a representative sample. This sampling technique was preferred since it avoids biasness in selection of respondents as well as giving fair representation of each stratum since this depended on the size of each stratum.

### 3.5 Research Instruments

The researcher used a questionnaire as primary data collection instrument. The questionnaires contained questions relating to the application of relationship marketing at EABL. For each section of the chosen study included closed structured and open ended questions which sought the views, opinion, and attitude from the respondent which might not have been captured by the researcher. The questions were designed to collect qualitative and quantitative data. The open ended questionnaires gave unrestricted freedom of answer to respondents.

Primary data was collected from the company staff by use of questionnaires (Appendix 1) in order to establish the effect of relationship marketing in the beer industry with reference to EABL. The questionnaire was administered through drop and pick method to the officers of the selected departments. Secondary data sources was used to provide additional information. This was obtained from already documented materials such as in-house publications, in-house training materials and periodic performance reviews.

### **3.6 Data Analysis and Presentation**

This included analysis of data to summarize the essential features and relationships of data in order to generalise from the analysis to determine patterns of behaviour and particular outcomes. Before processing the responses, the completed questionnaires were edited for completeness and consistency. A content analysis and descriptive analysis was employed. The content analysis was used to analyze the respondents' views about the effects of relationship marketing. The data was then coded to enable the responses to be grouped into various categories. Data was grouped into frequency distribution to indicate variable values and number of occurrences in terms of frequency. Frequency distribution table was informative to summarize the data from respondents, percentages and other diagrams such as bar charts, histogram, grouped frequency distributions and pie charts will be used during the analysis. Descriptive statistics like weighted mean, standard deviation, frequency and percentage was used to interpret the data. The organised data was interpreted on account of concurrence and standard deviation to objectives using assistance of computer packages especially statistical package for social science (SPSS) to communicate research findings. Tables and other graphical presentations as appropriate were used to present the data collected for ease of understanding and analysis.

## CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

### 4.1 Introduction

This chapter presents the research findings to determine the effect of relationship marketing amongst the stakeholders of the East African Breweries Limited. Descriptive statistics was used to analyze the data. In the descriptive statistics, relative frequencies were used in some questions and other were analyzed using mean scores with the help of Likert scale ratings in the analysis.

The study was conducted on 94 respondents who were served with a questionnaire; out of 94 targeted respondents 83 respondents filled-in and returned the questionnaires which make a response rate of 88.3%.

### 4.2 Demographic Information

From the findings on length of time the organization has been in existence the study found that EABL has been in existence for more than 50 years. This is an indication that the organization was old enough. The study further revealed that the organization had more than 300 employee's country wide

**Table 4.2: Relationship with East Africa Breweries**

Type of relationship with EABL	Frequency	Percent (%)
Employee	16	19.3
Distributors	10	12.0
Suppliers	8	9.6
Outlet owners	49	59.0
Total	83	100.0

From the finding on the respondent relationship with EABL, the study found that 59% (49) of the respondent indicated that they were outlet owners, 19.3% (16) of the respondent indicated that they were employee of EABL, 12% (10) of the respondents indicated that they were

distributors whereas 9.6% (8) of the respondent indicated that they were suppliers of EABL, this depicts that all stakeholders of EABL were well represented in the findings.

### 4.3 Relationship Marketing

**Table 4.3: Presence of enough systems to ensure customer services**

Yes	Frequency	Percent (%)
Male	57	68.7
Female	26	31.3
Total	83	100.0

On whether East African Breweries Limited had developed enough systems to ensure that customers are served effectively and efficiently, the study revealed that majority of the respondent as shown by 68.7% (57) indicated that EABL had developed enough systems to ensure that customers are served effectively and efficiently, whereas 31.3% (26) of the respondent indicated that EABL had not developed enough systems to ensure that customers are served effectively and efficiently, this is an indication that EABL had developed enough systems to ensure that customers are served effectively and efficiently.

The study revealed that these systems were customer feedback mechanism and through customer involvement. The study revealed that there was need for EABL to involve customer in their designing of marketing strategies, involving customers in promotion of their products, to brand their product outlets like bars and pub, also to enhance more on relationship marketing and giving out branded products to their customers as this would improve or uphold the customer value in East African Breweries Limited.

**Table 4.4: Marketing activities applied by East African Breweries Limited**

Marketing activity	Very great extent	Great extent	Moderate extent	Less extent	Not at all	Mean	Std deviation
Establishing successful relational exchanges	29 (34.9%)	46 (55.4%)	8 (9.6%)	0 (0%)	0 (0%)	1.8315	.67817
Developing successful relational exchanges	25 (30.1%)	41 (49.4%)	17 (20.5%)	0 (0%)	0 (0%)	1.9775	.73820
Maintaining successful relational exchanges	20 (24.1%)	45 (54.2%)	18 (21.7%)	0 (0%)	0 (0%)	2.0449	.70566

From the finding on the extent to which East African Breweries Limited apply the various marketing activities, the study revealed that the following marketing activities were applied to great extent , establishing successful relational exchanges as shown by mean 1.8315, developing successful relational exchanges as shown by mean 1.9775 and maintaining successful relational exchanges as shown by mean of 2.0449, this information was supported by low standard deviation an indication that respondent held similar opinions.

**Table 4.5: Communication Channels used by East African Breweries Limited use to communicate**

Channel	Very great extent	Great extent	Moderate extent	Less extent	Not at all	Mean	Std deviation
Memos	30 (36.1%)	49 (59%)	4 (4.8%)	0 (0%)	0 (0%)	1.7079	.54777
Formal letters	44 (53%)	37 (44.6%)	2 (2.4%)	0 (0%)	0 (0%)	1.5281	.54543
Advertising through the media	50 (60.2%)	33 (39.8%)	0 (0%)	0 (0%)	0 (0%)	1.5056	.62384
Posters	46 (55.4%)	28 (33.7%)	9 (10.8%)	0 (0%)	0 (0%)	1.7191	.90439
Telephone calls	35 (42.2%)	38 (45.8%)	8 (9.6%)	2 (2.4%)	0 (0%)	1.8764	.91478
Short Message Services (SMS)	13 (15.7%)	52 (62.7%)	18 (21.7%)	0 (0%)	0 (0%)	2.1236	.63640

From the finding on the channels used by EABL to communicate to its stakeholders, the study revealed that those used to great extent were advertising through the media as shown by mean of 1.5056, formal letters as shown by mean of 1.5281, memos as shown by mean of 1.7079, posters as shown by mean of 1.7191, telephone calls as shown by mean of 1.8764 and Short message service (SMS) as shown by mean of 2.1236, this is an indication that there were various communication channels that were being used by EABL to communicate to its



stakeholder these were posters , adverting through the media, telephones calls , SMS and memos .

**Table 4.6: Effectiveness of communication in East African Breweries Limited to its customers**

Effectiveness	Frequency	Percent (%)
Most effective	26	31.3
Greatly effective	41	49.4
Fairly effective	16	19.3
Total	83	100.0

From finding on the respondent rating the effectiveness of communication in East African Breweries Limited to its customers, the study revealed that most of the respondent as shown by 49.4% (41) indicated it was greatly effective, 31.3% (26) of the respondent indicated that it was most effective whereas 19.3% (16) of the respondent indicated that it was fairly effective, this is an indication that communication used by East African breweries to its customer was effective. The study established that there was need increase the frequency of communication to stakeholders as this would improve or uphold communication in East African Breweries Limited.

**Table 4.7: Relationship between the East African Breweries Limited and its stakeholders**

Effectiveness	Frequency	Percent (%)
Most effective	17	20.5
Greatly effective	39	47.0
Fairly effective	21	25.3
Mildly effective	6	7.2
Total	83	100.0

On the effectiveness of the relationship between East African Breweries Limited and customer's and other stakeholders, the study revealed that 47% (39) of the respondent indicated that the relationship was greatly effective , 25.3% (21) of the respondent indicated that the relationship was fairly effective , 20.5% (17) of the respondent indicated that the relationship was most effective whereas 7.2% (6) of the respondent indicated that it was mildly effective , this is an indication that there was effective relationship between EABL and all its stakeholders . The study revealed that in order to improve or uphold focal relationship in East African Breweries Limited, there was needed to enhance communication between EABL and all its stakeholders.

**Table 4.8: Stakeholder having trust with East African Breweries Limited to its customers**

Opinion	Frequency	Percent (%)
Yes	67	80.7
No	16	19.3
Total	83	100.0

On whether the stakeholders at EABL had enough trust with the East African Breweries, the study found that 80.7% (67) of the respondent indicated that they had enough trust with the East African Breweries whereas 19.3% (16) of the respondent indicated that they have enough trust with East African Breweries, this is an indication that most of the stakeholders had enough trust with the East African Breweries.

**Table 4.9: Commitment East African Breweries has put to enhance trust from all the stakeholders**

Effective	Frequency	Percent
Committed fairly	21	25.3
Greatly committed	38	45.8
Very committed	24	28.9
Total	83	100.0

From the finding on the respondent description of the commitment East African Breweries has put to enhance trust from all the stakeholders, the study found that 45.8% (38) of the respondent indicated they were greatly committed, 28.9% (24) of the respondent indicated very committed whereas 25.3% (21) of the respondent indicated they were fairly committed, this is an indication that EABL was greatly committed to enhance trust from all the stakeholders.

## **CHAPTER FIVE: SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

From the analysis and data collected, the following discussions, conclusion and recommendations were made. The responses were based on the objectives of the study. The researcher had intended to determine the effect of relationship marketing amongst the stakeholders of the East African Breweries Limited.

### **5.2 Summary of Findings**

The study found that majority of the respondent indicated that EABL had developed enough systems to ensure that customers are served effectively and efficiently, this is an indication that EABL had developed enough systems to ensure that customers are served effectively and efficiently. The study established that these systems were customer feedback mechanism and through customer involvement. The study revealed that there was need for EABL to involve customer in their designing of marketing strategies, involving customers in promotion of their products, EABL to brand their product outlets like bar and pub and also to enhance more on relationship marketing and giving out branded products to their customers as this would improve or uphold the customer value in East African Breweries Limited.

On the marketing activities applied by East African Breweries Limited, the study revealed that the following marketing activities were applied to great extent, establishing successful relational exchanges, developing successful relational exchanges and maintaining successful relational exchanges. It was revealed that channels used by East African Breweries Limited use to communicate, the study revealed that those used to great extent were advertising through the media, formal letters, memos, posters, telephone calls and Short message service (SMS), this is an indication that there were various communication channels that were being used by EABL to communicate to its stakeholder these were posters, adverting through the media, telephones calls, SMS and memos. From finding on the effectiveness of

communication in East African Breweries Limited to its customers, the study revealed that most of the respondent indicated it was to greatly effective, this is an indication that communication used by East African breweries to its customer was effective. The study established that there was need increase the frequency of communication to stakeholders as this would improve or uphold communication in East African Breweries Limited.

On the effectiveness of the relationship between East African Breweries Limited and customer's and other stakeholders, the study revealed that majority of the respondent indicated that the relationship was greatly effective; this is an indication that there was effective relationship between EABL and all its stakeholders. The study revealed that in order to improve or uphold focal relationship in East African Breweries Limited, there was needed to enhance communication between EABL and all its stakeholders. On whether the stakeholders at EABL had enough trust with the East African Breweries, the study found that 80.7% of the respondent indicated that they had enough trust with the East African Breweries, this is an indication that most of the stakeholders had enough trust with the East African Breweries. From the finding on the respondent description of the commitment East African Breweries has put to enhance trust from all the stakeholders, the study found that most of the respondent indicated they were greatly committed; this is an indication that EABL was greatly committed to enhance trust from all the stakeholders.

### **5.3 Discussion**

The study found that majority of the respondent indicated that EABL had developed enough systems to ensure that customers are served effectively and efficiently, this is an indication that EABL had developed enough systems to ensure that customers are served effectively and efficiently. Relationship marketing and management proactively change organizational behaviour, the enterprise taking responsibility for its own destiny (Gould, 1995). Adoption resulted in some minor restructuring and provided the basis for a series of process changes (Lin, Weng and Hsiem, 2003).

The study established that these systems were customer feedback mechanism and through customer involvement. Relationship marketing" can achieve many goals, but it comes at a price. If a firm wants its customers to buy more from it and to actively prefer its business over others, it has to convince them that it cares about them (De Kare-Silver, 2000). Relationship marketing is about mutuality in the sense that it is an approach which is perceived as benefiting both the buyer and the seller (Berry, 1995). Information technology can be deployed to improve communication between the supplier and the buyer; it can be used to reduce the number and frequency of service errors and breakdowns; extra value can be included so that the core service offering is improved; and increased personalization can result (Berry, 1995). The study revealed that there was need for EABL to involve customer in their designing of marketing strategies, involving customers in promotion of their products, EABL to brand their product outlets like bar and pub and also to enhance more on relationship marketing and giving out branded products to their c customers as this would improve or uphold the customer value in East African Breweries Limited. Marketers do and will continue to think in terms of providing benefits to customers and this means that companies will remain customer-focused, they will be market-driven, and will seek to deliver better value and higher levels of customer satisfaction than previously (Achrol and Kotler, 1999). Co-branded advertisements whereby customers are introduced to additional products can be used to increase awareness and loyalty schemes can be built into the relationship marketing approach (De Kare-Silver, 2000).

On the marketing activities applied by East African Breweries Limited, the study revealed that the following marketing activities were applied to great extent, establishing successful relational exchanges, developing successful relational exchanges and maintaining successful relational exchanges. Arndt (1979) observed a tendency of doing business in the form of long-term relationships, which he labeled domesticated markets". He concluded that "both business markets and consumer markets benefit from attention to conditions that foster relational bonds leading to reliable repeat business" (Arndt, 1979, p. 72). Levitt (1983a, p. 111) used a

marriage analogy in noting that “the sale merely consummates the courtship... how good the marriage is depends on how well the relationship is managed by the seller”.

#### **5.4 Conclusion**

The study found that relationship marketing had positive impact among the various stakeholders of the East African Breweries Limited. The study revealed that East African Breweries Limited had developed enough systems to ensure that customers are served effectively and efficiently, this is an indication that EABL had developed enough systems to ensure that customers are served effectively and efficiently.

The study revealed that the various marketing activities were applied to great extent, establishing successful relational exchanges, developing successful relational exchanges and maintaining successful relational exchanges. The study found communication channel used by East African Breweries to communicate to stakeholders were advertising through the media, formal letters, memos, posters, telephone calls and Short message service (SMS). From finding on the effectiveness of communication in East African Breweries Limited to its customers, the study revealed that that communication used by East African breweries to its customer was effective.

#### **5.5 Recommendation**

The study revealed that there was need for EABL to involve customer in their designing of marketing strategies, involving customers in promotion of their products, EABL to brand their product outlets like bar s and pub and also to enhance more on relationship marketing and giving out branded products to their c customers as this would improve or uphold the customer value in East African Breweries Limited. The study established that there was need increase the frequency of communication to stakeholders as this would improve or uphold communication in East African Breweries Limited.

## REFERENCES

- Achrol , H and Kotler, B. (1999), "Build customer relationships that last", *Harvard Business Review*, Vol. 63 No. November-December, pp.120-8.
- Arndt, J. (1979), "Towards a concept of domesticated markets", *Journal of Marketing*, Vol. 43 No.Fall, pp.69-75.
- Bagozzi, R.P. (1995), "Reflections on relationship marketing in consumer markets", *Journal of the Academy of Marketing Science*, Vol. 23 No.1, pp.272-7.
- Baker, M.J. (1995a), "Marketing – philosophy or function?", in Baker, M.J. (Eds),*Companion Encyclopaedia of Marketing*, Routledge, London, pp.3-22
- Berry, L.L. (1983), "Relationship marketing", in Berry, L.L., Shostack, G.L., Upah, G.D. (Eds),*Emerging Perspectives on Services Marketing*, American Marketing Association, Chicago, IL, Proceedings Series, .
- Berry, K. H. (1995), "Marketing the sources of marketing channel power: a comparison of alternative approaches", *International Journal of Research in Marketing*, Vol. 12 pp.333-54.
- Bitner, M.J. (1995), "Building service relationships: it's all about promises", *Journal of the Academy of Marketing Science*, Vol. 23 No.4, pp.246-51.
- Booms, B.H., Bitner, M.J. (1981), "Marketing strategies and organization structures for service firms", in Donnelly, J.H., George, W.R. (Eds),*Marketing of Services*, American Marketing Association, Chicago. IL, Proceedings Series, .
- Brodie, R.J., Coviello, N.E., Brookes, R.W., Little, V. (1997), "Towards a paradigm shift in marketing? An examination of current marketing practices", *Journal of Marketing Management*, Vol. 13 No.5, pp.383-406.



Burns, T (1973), *Strategic Relationship Management: A Multi-dimensional Perspective*, Almqvist & Wiksel International, .

Buttle, L.L. (1996), "Relationship marketing", in Berry, L.L., Shostack, G.L., Upah, G.D. (Eds), *Emerging Perspectives on Services Marketing*, American Marketing Association, Chicago, IL, Proceedings Series, .

Christopher, M., Payne, A., Ballantyne, D. (1991), *Relationship Marketing: Bringing Quality, Customer Service and Marketing Together*, Butterworth-Heinemann, Oxford, .

Christy, N.E., Brodie, R.J., Brookes, R.W., Collins, B. (1996), "From transaction marketing to relationship marketing: an investigation of market perceptions and practices", Fifth International Colloquium in Relationship Marketing, November, Cranfield University, Cranfield, .

Collins, B. (1999), "Pairing relationship value and marketing", *Australasian Marketing Journal*, Vol. 7 No.1, pp.63-71.

Coviello, N.E., Brodie, R.J., Brookes, R.W., Collins, B. (1997), "From transaction marketing to relationship marketing: an investigation of market perceptions and practices", Fifth International Colloquium in Relationship Marketing, November, Cranfield University, Cranfield.

Coviello, N.E., Brodie, R.J. (1998), "From transaction to relationship marketing: an investigation of managerial perceptions and practices", *Journal of Strategic Marketing*, Vol. 6 No.3, pp.171-86.

De Kare-Silver, V. (2000), "Towards a paradigm shift in marketing? An examination of current marketing practices", *Journal of Marketing Management*, Vol. 13 pp.383-406.

Duncombe, R & Heeks, R. (2005) Information & Communication Technologies (ICTs), Poverty Reduction and Micro, Small & Medium-scale Enterprises (MSMEs): A framework for understanding ICT applications.

Foa, K and Foa , J. (1974), *The Nature of Customer Relationship Profitability: Analyses of Relationships and Customer Bases in Retail Banking*, Swedish School of Economics and Business Administration, Helsingfors, .

Grönroos, C. (1980), "Designing a long range marketing strategy for services", *Long Range Planning*, Vol. 13 No. April, pp.36-42.

Grönroos, C. (1983), *Strategic Management and Marketing in the Service Sector*, Marketing Science Institute, Cambridge, MA, (original published in 1982), .

Grönroos, C. (1989), "Defining marketing: a market-oriented approach", *European Journal of Marketing*, Vol. 23 No.1, pp.52-60.

Grönroos, C. (2000b), "Creating a relationship dialogue: communication, interaction, value", *Marketing Review*, Vol. 1 No.1, pp.5-14.

Grönroos, C. (1998), "Marketing services: the case of the missing product", *Journal of Business and Industrial Marketing*, Vol. 13 No.4/5, pp.322-38.

Gummesson, E. (1983), "A new concept of marketing", *Proceedings of the European Marketing Academy (EMAC)*, Institut d'Etudes Commerciales de Grenoble, France, April, .

Gummesson, E. (1994), "The incidence and consumer perceptions of quantity surcharges", *Journal of Marketing*, Vol. 59 No.2, pp.40-54.

Gummesson, E. (1999), *Total Relationship Marketing. Rethinking Marketing Management: From 4 Ps to 30 Rs*, Butterworth-Heinemann, Oxford.

- Håkansson, H., Snehota, I. (1995), *Developing Relationships in Business Networks*, Routledge, London.
- Hunt, S.D., Morgan, R.M. (1994), "Relationship marketing in the era of network competition", *Marketing Management*, Vol. 3 No.1, pp.19-30.
- Hyvönen, S. (1990), "Understanding the value of a relationship", *Asia-Australia Marketing Journal*, Vol. 2 No.1, pp.55-66.
- Jackson, B.B. (1985), "Build customer relationships that last", *Harvard Business Review*, Vol. 63 No. November-December, pp.120-8.
- Levitt, T. (1983a), *The Marketing Imagination*, Free Press, New York, NY.
- Liljander, V., Strandvik, T. (1995), "The nature of customer relationships in services", in Bowen, D., Brown, S.W., Swartz, T.A. (Eds), *Advances in Services Marketing and Management*, JAI Press, Greenwich, CT, Vol. Vol. 4 pp.141-67.
- Lin, N., Weng, J.C.M., Hsiem, Y. (2003), "Relational bond and customer's trust and commitment – a study on the moderating effects of web site usage", *The Service Industries Journal*, Vol. 23 No.3, pp.103-24.
- Mattsson, L-G. (1997), "Relationship marketing and the “market-as-networks” approach: a comparative analysis of two evolving streams of research", *Journal of Marketing Management*, Vol. 13 No.5, pp.447-61.
- Möller, H., Wilson, I. (1994), *Developing Relationships in Business Networks*, Routledge, London.
- Morgan, R., Hunt, S. (1994), "The commitment-trust theory of relationship marketing", *Journal of Marketing*, Vol. 58 No.3, pp.20-38.

- Nava, M (1992), "Towards an ecological collaborative relationship management: a co-operative perspective", *European Journal of Marketing*, Vol. 32 No.11-12 .
- Peck et al., 1999" Making complaints a management tool", *Marketing Management*, Vol. 1 No.3, pp.41-5.
- Ravald, A., Grönroos, C. (1996), "The value concept and relationship marketing", *European Journal of Marketing*, Vol. 30 No.2, pp.19-30.
- Schultz, D.E. (1996), "The inevitability of integrated communications", *Journal of Business Research*, Vol. 37 No.3, pp.139-46.
- Sheth, S.D., Parvatiyar, R.M. (1995), "Relationship marketing in the era of network competition", *Marketing Management*, Vol. 3 No.1, pp.19-30
- Stauss, B., Weinlich, B. (1995), "Process-oriented measurement of service quality by applying the sequential incident technique", paper presented at the Fifth Workshop on Quality Management in Services, EIASM, Tilburg.
- Stewart, D.W. (1996), "Market-back approach to the design of integrated communications programs: a change in paradigm and a focus on determinants of success", *Journal of Business Research*, Vol. 37 No.3, pp.147-54.
- Storbacka, K., Lehtinen, J.R. (2000), *Customer Relationship Management*, Liber Ekonomi, Malmö, .
- Wilson, D.T., Jantrania, S. (1994), "Understanding the value of a relationship", *Asia-Australia Marketing Journal*, Vol. 2 No.1, pp.55-66.
- Zeithamal, E. (1988), *Total Relationship Marketing. Rethinking Marketing Management: From 4 Ps to 30 Rs*, Butterworth-Heinemann, Oxford.

Zineldin, M (1998), "Towards an ecological collaborative relationship management: a cooperative perspective", *European Journal of Marketing*, Vol. 32 No.11-12.

Zineldin, M, Johannisson, B, Dandridge, T (1997), *Strategic Relationship Management: A Multi-dimensional Perspective*, Almqvist & Wiksel Internationa.

## APPENDICES

### Appendix I: Letter of introduction

From: Emily Gesare

To: Respondent

Dear, Respondent

#### RE: Questionnaire

I am a student at University of Nairobi pursuing Masters of in Business Administration. I am carrying out a study on **THE EFFECT OF RELATIONSHIP MARKETING AMONGST THE STAKEHOLDERS OF THE EAST AFRICAN BREWERIES LIMITED.**

You are kindly requested to complete the attached questionnaire so as to enable me accomplish the study. Please, note that all the information given shall be treated purely and used for academic purposes and shall be treated as confidential. Thank you for taking your time to complete the questionnaire and for your time and cooperation.

Yours sincerely

Emily Gesare

Student

**Appendix II: Questionnaire – Internal Stakeholders (Employees)**

**Section A: Demographic Data**

- 1) Number of year the organization has been in existence?.....
- 2) Number of employee in the company?
  - Below 100 employees [ ]
  - Between 100 to 200 employees [ ]
  - Between 200 to 300 employees [ ]
  - Above 300 employees [ ]

**Section B: Relationship Marketing**

- 3) Has East African Breweries Limited developed enough systems to ensure that customers are served effectively and efficiently?

Yes [ ]

No [ ]

Please explain briefly

.....  
 .....

- 4) According to your opinion, what should be done to improve or uphold the customer value in East African Breweries Limited?

.....  
 .....  
 .....

- 7) To what extent does an East African Breweries Limited apply the following as marketing activities?

<b>Marketing activity</b>	<b>No any extent</b>	<b>Less extent</b>	<b>Moderate extent</b>	<b>Great extent</b>	<b>Very Great extent</b>
Establishing successful relational exchanges					

Developing successful relational exchanges					
Maintaining successful relational exchanges					

8) Which channels do East African Breweries Limited use to communicate to all its stakeholders? Kindly tick where appropriate.

<b>Channel</b>	<b>No any extent</b>	<b>Less extent</b>	<b>Moderate extent</b>	<b>Great extent</b>	<b>Very great extent</b>
Memos					
Formal letters					
Advertising through the media					
Posters					
Telephone calls					
Short Message Services (SMS)					
Any other					

9) How would you consider the effectiveness of communication in East African Breweries Limited to its customers?

- Not effective at all            [   ]            Greatly effective            [   ]
- Mildly effective            [   ]            Most effective            [   ]
- Fairly effective            [   ]

10) In your opinion, what should be done to improve or uphold communication in East African Breweries Limited?

.....

.....

11) How would you describe the relationship between the East African Breweries Limited and customer's and other stakeholders?

- Not effective at all            [   ]



- Mildly effective [ ]
- Fairly effective [ ]
- Greatly effective [ ]
- Most effective [ ]

12) In your opinion, what should be done to improve or uphold focal relationship in East African Breweries Limited?

.....  
 .....

13) Do the you have enough trust with the East African Breweries?

- Yes [ ]
- No [ ]

14) How would you describe the commitment East African Breweries has put to enhance trust from all the stakeholders?

- No any commitment [ ]
- Little commitment [ ]
- Committed fairly [ ]
- Greatly committed [ ]
- Very committed [ ]

15) Any other comment

.....  
 .....

**Thank You for your Cooperation**

**Appendix III: Questionnaire - External Stakeholders (Suppliers, Distributers,Outlet Owners)**

**Section A: Demographic Data**

- 1) Number of year the organization has been in existence?.....
- 2) Number of employee in the company?
  - Below 100 employees [ ]
  - Between 100 to 200 employees [ ]
  - Between 200 to 300 employees [ ]
  - Above 300 employees [ ]
  - Masters Level [ ]
- 3) What is your relationship with East African Breweries Limited?
  - Distributor [ ]
  - Supplier [ ]
  - Outlet owner [ ]

**Section B: Relationship Marketing**

- 4) Has East African Breweries Limited developed enough systems to ensure that you as a stakeholder/customer is served effectively and efficiently?
  - Yes [ ]
  - No [ ]

Please explain briefly

.....

- 5) According to your opinion, what should be done to improve or uphold the customer value in East African Breweries Limited?

.....

- 7) To what extent does an East African Breweries Limited apply the following as marketing activities?

<b>Marketing activity</b>	<b>No any extent</b>	<b>Less extent</b>	<b>Moderate extent</b>	<b>Great extent</b>	<b>Very Great extent</b>
Establishing successful relational					

exchanges					
Developing successful relational exchanges					
Maintaining successful relational exchanges					

8) Which channels does East African Breweries Limited use to communicate to you as a stake holder? Kindly tick where appropriate.

<b>Channel</b>	<b>No any extent</b>	<b>Less extent</b>	<b>Moderate extent</b>	<b>Great extent</b>	<b>Very great extent</b>
Memos					
Formal letters					
Advertising through the media					
Posters					
Telephone calls					
Short Message Services (SMS)					
Any other					

9) How would you consider the effectiveness of communication in East African Breweries Limited to you?

Not effective at all [ ]      Greatly effective [ ]  
Mildly effective [ ]      Most effective [ ]  
Fairly effective [ ]

10) In your opinion, what should be done to improve or uphold communication in East African Breweries Limited?

.....  
.....

11) How would you describe the relationship between the East African Breweries Limited and customer's and other stakeholders?

- Not effective at all            [   ]
- Mildly effective                [   ]
- Fairly effective                [   ]
- Greatly effective               [   ]
- Most effective                 [   ]

12) In your opinion, what should be done to improve or uphold focal relationship in East African Breweries Limited?

.....  
 .....

13) Do you as a stakeholder have enough trust with the East African Breweries?

- Yes                            [   ]                            No                            [   ]

14) How would you describe the commitment East African Breweries has put to enhance trust from you?

- No any commitment            [   ]
- Little commitment              [   ]
- Committed fairly                [   ]
- Greatly committed              [   ]
- Very committed                 [   ]

15) Any other comment

.....  
 .....

**Thank You for your Cooperation**