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INVESTIGATION OF CUSTOMERS’ ATTITUDE TOWARDS SOFT DRINKS IN GEORGIAN MARKET

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I declare that I have compiled the paper independently
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The document length is 8804 words from the introduction to the end of Conclusion.

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ABSTRACT

The topic of my thesis is Investigation of customers attitude towards soft drinks in Georgia, idea about research came after thinking about possible topics, but as there were many researches that author has saw about exporting from Georgia, most of the researches about Georgia was about Georgian wine so the decision was taken to eliminate the attitudes of Georgian customers towards soft drinks.

Main goal for this research was to investigate Georgian market, customers of Georgian markets and understand their attitudes towards soft drinks and understand preferences on the market and reasons for that.

Author has knowledge in the field of researching of certain market, knows tools and ways how to investigate customers attitude and has previous experience in working in Georgia as sales manager. To understand more about Georgian soft drink market author gathered the data available and did survey about the topic.

To answer the research question, google survey was created and it was shared in one of Facebook groups which’s moderator author is, the group is for Georgian people and has 56,449 members in it. Out of 56,449 members 132 people participated in survey.

75% of respondents consumes soft drinks, 55% actively and 20% rarely. Drink industry and attitudes of Customers in Georgian market as they are purchasing it actively, main reason for the purchase is its taste. People mainly purchase drinks 2-3 times per week.

Further development of industry or future trends are that more companies enter Georgian market, and start manufacturing inside. Biggest companies manufacture the drink in Georgia. Import is still increasing as overall industry so future development will continue and the industry will grow.

Keywords: Soft drinks, Customer attitude, Georgian market
INTRODUCTION

According to Gregory Dean customer attitudes can be obstacle and advantage for marketer, In order to understand the customers, to explain certain behaviors and influence their decision it is essential to understand their attitudes and habits. It is one of the most important roles of marketer to understand the customers, eliminate influencers and trends on the market. (DEAN, 2010)

Georgian market is part of emerging markets, it has steady growth and since Georgia got development, has steady development in economics, market has continued growth. The government is working on expending market’s influence and tries to get more and more companies inside market to have strong market conditions. Georgia is showing stable growth. (ifeyinwa Onugha, 2013)

While researching there were many research found about Georgian alcoholic drink market, mainly on wine industry, exporting from Georgia, but the research about customers attitude towards soft drinks wasn’t done, but it is very interesting as there are many companies which in past decades entered and succeeded on the market and trend is growing, Georgian drink market has high increase rates. (Guruli, 2011)

Topic of thesis is investigation of customers attitude towards soft drinks in Georgian market, to understand the topic it is important to first understand, what are the attitudes, how they are formed and influenced, what is Georgian market, what kind of situation is there and finally afterwards analyze the attitudes and behavior of customers.

Georgian market is independent emerging market which is not well overviewed yet. While researching for possible subject author was looking for inside information but mainly researches done was about inside alcohol market, exporting of alcohol and wine industry, so as research about inside drink market was not conducted decision of writing research about Georgian non-alcoholic drink market was taken, but as subject is broad and it is impossible to describe it in small research decision was taken to specify on customers attitudes in Georgian market towards soft drinks.
Aim of the research is to investigate customer attitudes in Georgian market towards soft drinks, behavior of customers and trends on the market. To analyze Georgian soft drink market, analyze trends and attitudes as not many researches were done about the topic.

Research questions:
Q1: How to measure customers attitude?
Q2: What is situation in Georgian nonalcoholic drink market?
Q3: What are customers attitude in Georgia towards soft drinks?
Q4: What are customers behavior in Georgian drink market?

First part of the research covers the theoretical concept of customers attitude. Importance of the topic and measurement tools, of measuring customers attitude.
Second part of the research is secondary data review and analysis which is based on national statistics and internal information available, about Georgian market and Georgian soft drink market.
Third part of the research represents survey on measuring customers attitudes, behavior, buying habits and trends.
1. THEORETICAL BACKGROUND OF CUSTOMERS ATTITUDE

1.1. The concept of customers attitude

Customers attitude is defined as composite of beliefs of the customers, behavioral intentions and feelings, towards to certain object in context of marketing. (DEAN, 2010)

Attitude can be evaluation of products or services that was formed over certain time. It may be influenced by previous experience of customer with certain product or service, or overall understanding or common beliefs that certain community believes in, so while creating attitudes there are some factors that influence people to have certain attitude towards selected product or services. (Johnson & Cunningham, 2004)

In forming negative or positive attitude to certain object it is not necessary to have previous experience with using certain product, as many people believe to other influencers and personal experience of some other person which is shared also is important, there are many influencers or authorities in the community which can influence people to have certain attitude towards object. (Solomon, Dann, Dann, & Russell-Bennett, 2002)

In marketing, customer's attitudes are one of the most important factors, as mentioned previously customers attitudes can lead to some behavioral intentions of the customers, can provoke some feelings towards a certain object, so it is important for marketer to investigate customers attitude towards the products, it can be considered as advantage in some cases when customers have or marketer is able to provoke positive attitude towards certain service or product, or it can be obstacle that would be hard to overcome. If customers attitudes are negative, it can become very big obstacle and many work will be needed to change the attitude of people towards certain products or services. (DEAN, 2010)

There are three main factors that influence customer attitudes towards certain product or service, Beliefs, is first factor which influences overall customers attitude towards certain product. It is not necessary that beliefs will be accurate, it may be misleading or incorrect, it can be contradictory as
well there are some neutral beliefs as well which doesn't have any influence it is just information or description of product on which customer has certain belief. It is not necessary to be only positive or negative as well, it can contain both positive beliefs, and negative beliefs, or only one of them.

In case with soft drinks positive beliefs towards soft drinks can be that is refreshing, it kills thirstiness and it is tasty, negative beliefs that it is bad for health, it contains sugar which is bad for health, it leads to obesity. Neutral factors would be that soft drinks are drinks which are consumed in order to kill thirstiness, color of certain drink. Incorrect beliefs would be that drink can't contain many calories, or soft drinks are not rich with sugar content. For contradictory examples, it can be that soft drinks are tasty but they are sugar rich and most of them contain many calories. (Inegbedion, 2016)

Affect, it is second factor for creating certain attitudes towards a certain product. Customers may have some feelings towards certain object or product, on which some beliefs will be based. In example of soft drinks, it can be that on hot summer day it is refreshing, as while consuming cold soft drink during hot summer day it may feel good for person so customer may come with certain assumption based on the feeling of killing thirstiness. But not always beliefs are based on feelings, for the same example when person consumes cold soft drink during summer day, customer may feel that thirstiness has gone away and they feel better but their beliefs could be based on research and information given, that after consuming it may cause even bigger thirstiness and about calories and sugars it contains. (Stangor, 2017)

Behavioral intentions is last factor which influences customer attitude towards certain object, it is connected to intentions of customer to certain product, what they are going to do to or with certain object, it can be to buy or not to buy soft drinks, it can be based on logical consequence of the beliefs described previously, but sometimes it may be influenced with other factors or circumstances, if customer don't wants to consume soft drinks, but he is out and in the shop there was no alternative drink that he or she would usually purchase so customer is left without option to purchase the drink. (Perner, 1999)

It is important to understand customers attitude towards certain objects, as they are customers personal belief to certain object, feeling towards the object and behavioral intentions. It will be used
in order to analyze the trends the experience of people who have used or heard about your product. If customer attitudes will be eliminated by marketers it will be possible to work on them or use it in promotional strategies, it is also possible to change or affect the attitudes customers have towards the object if reasons standing behind will be understood and correct strategy will be taken to work.

There are internal and external factors which affect customers attitude and affect their behavior and purchasing habits. There influencers are divided as internal and external influences. Internal influence comes from the lifestyle, beliefs and previous experience of customer, as in the research internal factors were mostly described and explained. Author will examine, external factors which influence customer attitudes and behavior.

External influencers are culture or subculture of customer, so based on that the attitude may vary, mainly people from same cultures and subcultures influence each other’s attitudes, so there could be same beliefs that could influence customers attitude without personal experience on certain service or product (https://www.ukessays.com, 2015)

Author is going to examine, the theoretical findings listed above, of how attitudes are influenced, what are the reasons for having certain attitude. As the chapter describes there are two factors by which attitudes are influenced internal and external. It is important to understand customers attitude in every step of planning or operating, as it may be advantage for the marketer but sometimes it can become obstacle which will be very hard to overcome.

1.2. Customer attitude investigation tools

There are many tools which are used to investigate customers attitude, from the previous chapter we can see factors which influence the attitude in this chapter author is going to eliminate tools which are used to measure and understand customers attitude.

According to Katz’s theory on functional theory on attitudes, there are four possible attitudes of function, each function represents source and purpose for certain attitude, so it is essential for a marketer to understand the functions to understand the source and purpose from where attitude
comes from, that could be used to understanding the attitudes and requirements and cab be used while working on changing certain attitude. (Katz, 1937)

Four possible functions, by Katz’s theory are:
Utilitarian Function, it is one of most famous and well-known functions from following four, theory is based on customers attitude, based on experience from the product, if product brings pleasure or positive feelings, then customer will have positive attitude, if product brings pain or negative feelings then attitude will be negative. Customers attitude is based on utility.
In example of soft drinks, it could be, if person likes taste of soft drinks, then he or she will have positive attitude towards them. (Solomon, Understanding consumers attitude, 1992)

The value expressive function, value expressive function is when customer buys product not because what certain purchase will bring to customer, but what it will say about person. value expressive function is used when attitude of customers to certain product are based on the following factors.

Ego defensive function, is very difficult to change, it is defined as usage of certain product impacts customers self-image. Marketer should act carefully while transmitting some message how it will be understood by customers, and what attitudes it will cause.
The knowledge function, is when clients are attentive to the structure and about knowledge they have about certain products. it can be used by marketers as transmitting certain facts and information which will be understood and this information will be base for forming certain attitudes for customers. (DEAN, 2010)

The Elaboration likelihood model (ELM) and celebrity endorsements. ELM model is based on involvement of customers in purchasing process. so, more customers will be involved in purchase process, more they will research about product and they will more likely have positive attitude towards it.

Theory was developed by John Cacioppo, and Richard Petty in 1970s. the theory explains how human reacts to stimuli and what affects does it have on attitudes, from the theory it is seen that
message has two possible routes of elaboration, elaboration is explained as amount of effort customer must put in order, to understand the process, get the results or text behind the message and finally to accept the message or reject it. There are two types of elaboration high or low, and by the level of elaboration it will be defined whether it was central route or peripheral route.

Central route is when there is high elaboration level, customer will put effort in getting message researching about it and will have to put effort in order to get final result whereas in peripheral route they have to go through short way low level of elaboration is needed, customer will get the message without much researching and they will get the information from the message directly rather than researching or putting effort into it. It is used more by people who just want something but doesn't want to get into details, for example someone is searching for a car, they want economical, new and reliable car so they will just directly get the message rather than researching and will buy it simply. in such case destructors work and some part of message could be missed. (GEDDES, 2016)

ABC model of attitudes, consists of three components: affect, behavior and cognition. it shows relationship between feeling knowing and doing.

![ABC Model of Attitudes](Joy, 2018)

As Figure 1 shows, the ABC model of attitudes contain three main parts which on its bases overlap and create customers attitude. These factors are described as follows.
Affective components of an attitude describe, customers judgment on certain product or service which is based on positive or negative attitude. In example of Soft drinks, it can be person thinks that Coca Cola provides good value for the money. it will be considered as affective components of attitude as it has some judgments in, but Affective components can also show negative attitudes, or judgments so if person dislikes some kind of product then the affective attitude, will be negative.

Behavioral component, is when customer based on the attitude takes behavioral decision to use or buy certain product or not. In case of soft drinks if affective components of an attitude would be negative and person doesn't like soft drinks then the customer won't buy the certain drink so behavioral component is based on affective components of ABC model as well and is just logical confirmation of persons attitudes towards behavior.

Cognitive component is based on the knowledge of the customer, it just involves some facts in it, without any additional emotions or feelings towards a product.
As cognitive components are just basic knowledge of products or services it can affect overall affective components of attitude, as it can involve some information that after adding emotion and judgment will just be cause of negative attitudes.

To sum up ABC model is based on knowledge of the customer their attitudes or feelings, which then transfer to the judgment and behavioral component which is just proof of attitude, if person doesn't like certain type of drink, they will not purchase it. (McLeod, 2009)

There are two ways to measure attitudes, it can be used towards an object or field. There are direct measurements or indirect measurements.

Part of direct measurement of customers attitude is Semantic Differential, it is technique which was developed by Osgood in 1957, it is based on asking person to rate an object of research on to set of opposite meaning adjectives. each of them is representing seven-point scale.

To conduct Semantic differential researcher should think the words that could be related to the object of research, the test shows customers evaluation, what does person feel about research object
and what is customers attitude. It can be either positive or negative. potency shows the emotions it brings to a certain person. and how powerful is topic for a person and activity shows how person thinks about the object, is it active or passive.

By the information collected researcher can gather data and analyze customers attitude and feelings towards the research object or field of research. It is mostly used in researches where they try to analyze the customers attitude because it shows the feelings and attitudes person has towards certain object. (McLeod, Attitude Measurement, 2009)

for indirect methods, projective techniques are used, the advantages of using such kind of techniques to eliminate customers attitude are that, person who is interviewed can't give false information in order to change the results, as field of research isn't clear to them. indirect methods are good in case if interviews attitudes are subjective, and they don't want to share them and are trying to show them in different way because of some pressure, but this kind of methods are hard to evaluate and are more like qualitative not a quantitative research, and for that reason subjectivity can be added to the research as interviewer can add there points, influence people, or if interviewer is not well experienced some important facts about customers attitude may be missed. (NUNEZ, 2015)

example of projective techniques is Thematic Apperception Test, when person is shown picture, which is interesting enough and interviewee, has to describe what is happening there, interviewer has to give questions and lead to some decision. it leads to persons mind deeply and can show something that person can't describe or doesn't know but feels. This kind of test can be used to understand customers attitude towards certain objects, processes or services, but as it is qualitative research interviewer should be very careful and experienced not to miss any important detail also to understand everything and to lead conversation and to lead interviewer for giving all information needed. (Cherry, 2018)
The Figure 2 contains a composite model of the attitude-behavior relationship.

Figure 2. A composite model of the attitude-behavior relationship

Source: (Solinger, Olffen, & Roe, 2007)

In the figure 2 is described composite model of the attitude-behavior relationship, figure describes three types of commitment. Affective commitment, continuance commitment and normative commitment.

Affective commitment is concerned to attitude toward target. It means that there are certain values and attitudes for a person towards an object, that influence the overall situation. It can be affected by habits. so, in case of soft drink, one may like taste of soft drink that is manufactured by a company A, person might refuse to use soft drink of company B even if the offer can be better and more profitable.
Continuance commitment is related to utilitarian outcomes, it means that it is based on certain believe to object, that may influence the decision. If a person has certain beliefs towards certain object than customers attitude will be depended on that beliefs, it can be about healthy lifestyle.

Normative commitment, is commitment to a group or organization, on behalf on sense of obligations and believes. Normative commitment is based on sense of obligations, it is also influenced by the habits.

The three factors influence overall effect on attitude towards behavior and then intention happens that afterwards becomes behavior. Behavior is influenced also by habits which can be gained. (Solinger, Olffen, & Roe, 2007)

Author is going to use the tools described in the chapter in survey, while analyzing the data from the survey, mainly two methods will be used from listed, the ABC model of attitude, in understanding customers attitudes and a composite model of the attitude behavior relationship, as described behavior and attitude have correlation with each other, so by understanding one of the two, attitude or behavior, it is possible to predict behavior or attitude. In researching about customers attitudes, weather then asking what attitude do you have towards certain product, it is possible to understand the buying behavior frequency and finally understand attitude towards the product, as behavior is influenced by attitude, if attitude is negative then person won't have interest in product, so there won't be any behavior or it would be negative. If person has negative attitude towards object, customer won't purchase it so it can be predicted, according to theory as attitude and behavior influence each other.
2. GEORGIAN MARKET AS A TARGET MARKET FOR SOFT DRINKS

As many markets differ by their market conditions, it is meant that there could be different trends, competitors, purchasing habits and regulations. In this chapter author is going to overview Georgian market overall as well as Georgian Soft drink market as research topic is to investigate customers attitude towards soft drinks in Georgian market.

After Soviet Union collapse, Georgia got independence. It didn't have any currency or market, as in soviet union markets were joined, mainly raw materials were imported and exported through soviet union countries and market was closed for other countries, but after it collapsed the countries got Independence their economies weren't independent mainly the raw materials and all the products were moving across soviet union countries, this means that one country was oriented on producing specific product or field, so this was exported and other materials were imported from other countries by exchange, so after soviet union collapse country didn't have any resources except there field of operations, also there were no places to export the materials which were produced before.

Georgia didn't have any currency or economic plan how to develop, there were not any institutions or instruments, situation got even harder after war with Russia, so after it became necessary to create some instruments, currency and plan for development. privatization started and step by step country got developing. Biggest steps for Georgian market development were made after "rose revolution" in 2003 when privatization started. Before it had still relationships with Russia and mostly the products were exported to Russian market as well as import was mainly from Russia. After revolution Georgia made big steps towards developing and taking the route of development.

(ბოგიშვილი, ოსეფაშვილი, გავაშელიშვილი, & გუგუშვილი, 2007)

Information described in the chapter will be used in understanding some trends on market, as described before, many markets differ by their internal condition and to understand what are the reasons of having this kind of differences it is important to know background and history of market which can be used as explanation of some trends or financial situation on the market.
2.1 General overview of Georgian market

Georgian market, is classified as emerging developing market (International Monetary Fund, 2008), it has steady growth, Market is developing, and more and more new investments are made and products created, as it started actively working on start up's, awareness about Georgia raised and government is actively working on attracting investments, more and more foreign companies enter Georgian market. There are many international companies in Georgia more and more are opening overall situation is positive, Georgia has steady economic growth more and more new players enter into markets. Government tries to make the market attractive by new regulations that are taken and also by advertising actively the countries performance. (Lordkipanidze, 2013)

Table 1 contains information about Gross Domestic Product (GDP) of Georgia in USD and shows real growth by years.

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP at current prices, mil. USD</th>
<th>GDP real growth, percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>11635.5</td>
<td>6.2</td>
</tr>
<tr>
<td>2011</td>
<td>14438.5</td>
<td>7.2</td>
</tr>
<tr>
<td>2012</td>
<td>15846.8</td>
<td>6.4</td>
</tr>
<tr>
<td>2013</td>
<td>16139.9</td>
<td>3.4</td>
</tr>
<tr>
<td>2014</td>
<td>16507.8</td>
<td>4.6</td>
</tr>
<tr>
<td>2015</td>
<td>13988.1</td>
<td>2.9</td>
</tr>
<tr>
<td>2016</td>
<td>14377.9</td>
<td>2.8</td>
</tr>
<tr>
<td>2017</td>
<td>15164.5</td>
<td>5.0</td>
</tr>
</tbody>
</table>

Source: (National Statistics Of Georgia, 2018)

To analyze the table 1, we need to have broad understanding as currency of Georgia is GEL and GDP is displayed in USD, we can see that between the years 2014, where Georgia had GDP of 16507.8 Mil. GDP, in 2015 it has 13988.1 and still real change in this years is 2.9 percent positive, it may lead to some misunderstanding and can be misleading but as currency of Georgia is GEL real change is calculated on GEL, that's why while GDP decreased in USD still we have increase as in domestic value it increased and the value of this growth is 2.9 percent. As we can see in table above the GDP is rising year by year, it is showing steady growth.

Georgia is showing steady growth after 2012 government changed and new politics were introduced, more long-term investments were made. That’s why real growth decreased in following years, but it is also related to governments regulations and depreciation of Gel, before the bank of Georgia used leverage to maintain stability of GEL towards other currencies, but new government was oriented on
paying out the debt. Also, economic of Georgia and Georgian market is related to Russia, as exported products mainly go to Russia. Russian currency depreciated and it had strong effect on neighbor countries. (Institute or Development of Freedom of Information, 2017)

Table 2 contains business statistics of Georgia, Currency in which data is given is Georgian Lari (GEL)

### Table 2 Business statistics of Georgia

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Turnover mil. GEL</td>
<td>17544.4</td>
<td>19650.7</td>
<td>20302.2</td>
<td>24400.7</td>
<td>36726.2</td>
<td>42048.0</td>
<td>44327.9</td>
<td>50064.7</td>
<td>56984.8</td>
<td>64081.8</td>
</tr>
<tr>
<td>Production value mil. GEL</td>
<td>9645.4</td>
<td>10248.4</td>
<td>11003.1</td>
<td>13303.7</td>
<td>19239.9</td>
<td>23096.0</td>
<td>23553.6</td>
<td>26068.6</td>
<td>29999.3</td>
<td>34156.9</td>
</tr>
<tr>
<td>Value added mil. GEL</td>
<td>4541.8</td>
<td>5162.6</td>
<td>5464.1</td>
<td>6703.2</td>
<td>9253.7</td>
<td>11190.7</td>
<td>12139.1</td>
<td>12849.4</td>
<td>14761.0</td>
<td>16772.4</td>
</tr>
<tr>
<td>Intermediate consumption mil. GEL</td>
<td>5103.7</td>
<td>5085.8</td>
<td>5539.0</td>
<td>6600.5</td>
<td>9986.3</td>
<td>11905.3</td>
<td>11414.4</td>
<td>13219.2</td>
<td>15232.9</td>
<td>17384.5</td>
</tr>
<tr>
<td>Fixed Assets mil. GEL</td>
<td>7935.9</td>
<td>9257.1</td>
<td>12025.8</td>
<td>13386.1</td>
<td>15538.7</td>
<td>18265.8</td>
<td>20346.4</td>
<td>23183.8</td>
<td>24829.9</td>
<td>28195.1</td>
</tr>
<tr>
<td>Number of employed persons</td>
<td>361209</td>
<td>349250</td>
<td>387806</td>
<td>397806</td>
<td>503236</td>
<td>534397</td>
<td>550885</td>
<td>592147</td>
<td>626739</td>
<td>666790</td>
</tr>
<tr>
<td>Average monthly remuneration of employed persons, GEL</td>
<td>381.6</td>
<td>519.8</td>
<td>538.1</td>
<td>592.7</td>
<td>622.6</td>
<td>714.3</td>
<td>760.1</td>
<td>800.5</td>
<td>896.8</td>
<td>938.3</td>
</tr>
</tbody>
</table>

Source: (National Statistics Office of Georgia, 2018)

Table 2 contains business statistics of Georgia which include the information and flow of business sources. In the first part of table 2 we can see turnover of businesses that operate in Georgia, statistics are showing overall turnover starting from 2007 till 2016, turnover is an indicator of economic activity it gathers all the revenues and expenses that business had, (National Statistics
Office of Georgia, 2004) we can see that starting from 2007 businesses had rapid increase in turnover, in 2007 turnover was 17544.4 mills. And starting from that date in 2016 overall turnover reached 64081.8 to analyze the processes till 2007 it had steady growth, then in 2008 there was world recession and also there was war between Georgia and Russia so it happened in the august of 2008 at the end of year so it had also affect on the results of 2009 year. After that economics recovered and it is showing steady active growth. Production value determines the overall quantity of production, the value of sold goods and services. As we look at the table we can see that production value increased from 9645.4mil in 2007 to 34156.9mil. It also showed steady growth.

The table 2, describes situation on Georgian business market, number of people employed, total turnover, volume and everything if we analyze it we can see that in most of the aspects it is showing fast and steady growth and by looking at the figures and analyzing numbers we can conclude that it will continue growing steadily. More and more long-term investments are made by government to increase the overall performance. Overall demography of companies is positive, so more companies are created then stopped operating. Market is full of international companies as well as local small companies each of them has their audience.

(ბოგიშვილი, ივერიაშვილი, გავაშელიშვილი, & გუგუშვილი, 2007)

Overall results of table 2, show that there are 158,173 active companies which operate in Georgia. 601,907 people are employed in this companies, in 2016 31980 companies were created and 22344 stopped operating. So, it was 20% increase in creating new companies. Demography of the companies are positive and show that market will continue its development steadily, we can conclude that there is free competition and it’s easy to enter the market as more and more companies try to enter in it. (National Statistics Office of Georgia, 2017)

So, if we will take life expectancy of companies created, we can see that there were 27,354 companies established in year 2014, after one year in 2015 19,753 companies still were operating and finally in 2016 statistics show that out of 27,354 companies which were established in 2014 14,858 stayed active.
From the data it is seen, that firms which don’t show the field they are operating. In 2014 10,892 such firms were created after one year in 2015 there were only 6,459 left active. So it had highest amount of companies that stopped operating in one year in percentage 59.3% stayed active. In 2016 after two years only 4,258 stayed active out of 10,892, so it means that only 39.1% of firms stayed active.

For long term results we can see that cleaning, drainage system and water supply companies which were created during 2014 were 16 after one year in 2015 only 11 of them was left and in 2016 only 4 companies stayed active so it has lowest percentage of staying active after two years and it is 25%. (National Statistics Office of Georgia, 2017)

To conclude the overall results shows that companies held in Georgia continue growing. Money that is inside Georgian market has high growth rate, more and more companies are opening, overall demography of companies created and that stopped operating is positive, so there are more companies created than which stopped operating.

The percentage at which companies succeed on market or surviving statistic is very good and most of the companies stay a live even after 2 years of operating, so it means that they have enough money to operate, on a market as they don’t get bankruptcy.

While analyzing market it is important to have general overview of the market, of the country to understand it's trends and situation on market, as if only certain market for example market of drinks will be described some valuable information can be lost, the following data will be used while analyzing data of Georgian drink market, to compare it with overall market situation and get information if it's performance is better than others on the market, or if certain market is less effective on the market. History of the market is also important to have information about trends reforms and why certain things happen on market, the history of the market can give some valuable answers to these questions.
2.2. Analysis of Georgian soft drink market

In this chapter, author is going to examine and show and analyze statistics of Georgian soft drink market.

According to statistics which show active companies by field they operate in. industry of producing drinks is field which is going to be examined. (National Statistics Office of Georgia, 2017) there are 572 active companies which produce drinks in Georgia, they employee 9889 people and during 2017 71 new companies registered in this field and 60 stopped operating. So, by looking at statistics we can see that the field we can see that drink industry in Georgia has positive demography, by looking at factors we can analyze that if more companies are created than closed the field is quite profitable, and there are no major problems in entering market. There are many people employed in this field.

As producing drinks is part of the field of processing industry, the statistics show GDP participation field by field. in statistics it showed that field of processing industry has created, GDP 3338,6mil Gel. In overall GDP, out of 32,587.1 which is overall GDP of market. To analyze this data, we can see that impact processing industry has on countries GDP is really big, but it is important to understand that in processing industry there are also other companies which are oriented in different field. To compare results with the results of 2016 year we can see that in 2016 it was 2832,6mil Gel, out of 29,323.9. so, processing industry had increase of 5 percent. (National Statistics Office of Georgia, 2018)

Data of imports in Georgia show that drinks which are mineral or soda drinks not including alcohol and juices that are imported to Georgia (National Statistics Office of Georgia, 2018) from 2009 to 2017, it can be seen that in 2009 cost of imported drinks was 6,549,100 USD and it started increasing rapidly, in 2012 it reached its maximum of 12,821,000 USD and after that it stabilized approximately to 10 million, in 2017 it summed to 10,392,500. So, data show that number of imported drinks is quite high but still not as high as expected from the data of processing industry, and numbers of companies that are inside of Georgia which operate in this field. To understand reasons behind it, it is important to analyze how many companies produce drinks in company and
what are there scope, or audience.

As mentioned before that Georgian nonalcoholic drink market is full of internal players, as there are many local Lemonades that are produced in different locations in Georgia and are quite popular within people also Coca-Cola, Fanta, Sprite, Mirinda, Pepsi, 7 Up, is produced Locally so main players on the market are produced locally as well as data includes mineral waters the main products on mineral waters are produced locally Borjomi which is known worldwide, Nabeghlavi, and Likani. (Tofchishvili, 2016)

So inside market is quite well developed and the companies which operate inside take big market share on the market but if it will be taken into consideration that this much products is produced locally then we can conclude that still sum of imported drinks is quite high and, on the market, there is high demand on such products.

To conclude the data that is provided, we can see that most companies which part of Georgian market are, are produced locally it can be local brands or franchisees of worldwide known brands, like coca cola and Pepsi.

To take into consideration data of survival of companies funded in 2014. We can see that in processing industry 1750 companies were created out of 1750 companies 96 of them are companies which produce drinks. In 2015 out of this 96 companies 70 stayed active and 26 stopped producing. And in 2016 out of 96 companies that were created in 2014 60 stayed alive. So, if we take percentage of companies which survived by years so after one year 72.9% of companies stayed alive and in two years in 2016 62.5%. if we compare the results of drink manufacturing to the results of other processing industry, we can see that in one year in processing industry overall out of 1750 companies 1373 companies stayed active and in two years 1049, so the percentages for the processing industry is 78.5% for the first year and 59.9%. so, we can see from the results gathered that in one-year processing industry had more companies which stayed active but for two years for drink manufacturing is 62.5% compared to 59.9% to processing manufacturing, so we can conclude from the results that it has better results than the field it operates in.
To analyze and compare it to other players on the market we can see that in 2014 27,354 companies were created and after one year in 2015 out of 27,354 companies 19,753 companies stayed active it means 72.2% of companies stayed alive. For 2016 out of 27,354 14,858 companies stayed active which is 54.3% of companies which were created. To compare it with drink industry we can see that in one-year perspective other industries show almost same performance and have 72.2% compared to 72.9% drink manufacturing but if we compare the number of companies which stayed active after two years it is 54.3% in overall companies compared with 62.5% in drink manufacturing. (National Statistics Office of Georgia, 2017)

To analyze prices and products that are offered one of the hypermarkets website was used, were prices and products were given. Goodwill is first hypermarket which was opened in Georgia, it is chain hypermarket and offers up to 50,000 products. To analyze prices and products which are on Georgian market their website was used where the prices and products were given.

On their website they offer 27 different drinks in soft drink segment and price range is from 0.94 to 2.80 Gel, but we can see that mainly prices for drinks which are 0.5 liter is in the segment 1-2 Gel. but from the website we can think that not a full line of products is added there and some of the products are missing but unfortunately Goodwill is only supermarket which offers the products with prices online.

From the local companies which were funded in Georgia, good example is Natakhtari, the firm produces alcoholic as well as nonalcoholic drinks. it is famous with its lemonades. From the website data we can see that, in 2005 Natakhtari Georgia started producing the Lemonades and now it is one of the most well-known drink manufacturing company in Georgia. It exports its Lemonades to 19 countries, it has 9 products in Lemonades with different taste and from 2010 it added 0 calorie Lemonade to its product line.

Zedazeni was established in 2011 it also produces alcoholic drinks and nonalcoholic drinks it is a green-field project. it produces Lemonades, RC Cola and beer.
It produces 3 types of lemonade, low calories lemonade, lemonade and premium Lemonade, also added to the segment it produces energetic drinks and RC Cola. Unfortunately, the information about export is not shown on their website.

Using data gathered by author it is possible to conclude that Georgian market of soft drinks is full of internal players, which show good performance compared to other manufacturing firms or overall companies which were registered in Georgian market. Impact on economics and market that Soft Drinks have is quite high there are 9889 people employed in industry. Number of companies which enter and create in Georgian market is quite high and more companies are created which manufacture drinks then stops operating so it has positive demography, which can be factor by which we can assume that they are successful on market, also to compare number of companies which stayed active after two years drink manufacturing is showing better performance than average result of overall market or processing industry.
3. ANALYSING CUSTOMERS ATTITUDE TOWARDS SOFT DRINKS IN GEORGIA

In this chapter author is going to examine the attitudes and buying habits of Georgian customers towards drinks and soft drinks industry

3.1 Methodology of research

Survey was conducted to analyze attitudes and buying habits of Georgian people towards soft drinks and drink industry.

The scope of research was decided to be quantitative because of its advantages over qualitative research methods, first it gives opportunity to interview more people, and gives opportunity to have more people interviewed with less data to analyze, meanwhile in qualitative research methods they offer more data with less people involved. So, if we speak about customer attitudes in overall market it would be better to have more people involved in interview, also qualitative research takes more time for interviewee also to fill and some of them may refuse to give information. Meanwhile quantitative approach takes less time for them and more likely they will agree to participate in survey. Also in qualitative approach subjective opinions may influence overall results, interviewer while analyzing data must be careful and may miss some important information. (McLeod, Qualitative vs. Quantitative, 2008)

The research was done by using Google forms. The survey was posted in one of the Georgian Facebook groups which’s moderator is the author and request was for help in filling out the questionnaire of Georgian soft drink market. group currently has 56,450 members in it and audience who are members of the group are Georgians, as posts are written in Georgian and thematic of group is related to Georgia.

The questionnaire was also directly sent to some people which has direct contact with author and live in Georgia.
Questions were designed so that it would be understandable after what the preferences on the market are, show people’s attitude who participated in research and include the demography of respondents to understand who participated in the research, questions like Gender and Age. In the survey there were 9 questions, each of them was to understand certain trends and attitudes on the market.

First two questions were about Gender and Age just to show demography and to give answers on some questions that may arise during analyzing process of interview results. As demography can influence the answers. Then 2 questions were about, agree/disagree questions were respondents had to give answers if they are concerned about their health and if they take into consideration calories certain product contains in process of purchasing the questions would help to understand customers knowledge and influence of this knowledge on the attitude and behavior of them. Next question is about purchase habits about how often they purchase drinks on the weekly basis, after that what kind of drinks they purchase and what are the reasons for their choice. Finally, how much they are willing to pay for a drink that is 0.75ml. this also helps to understand the choices they made and their attitude and habits.

The research is designed in the way that questions will help to get results of demography, preferences, attitudes and reasons for choosing certain product.

### 3.2 Research results, discussions and limitations.

As time of research was limited, only 132 people filled out the survey, out of 132, to were younger than 16 so according to ethical rules and regulations their answers are not included in the results, so after excluding results of interviewees which were younger than 16 130 valid responses were left.
According to the survey, 55% of respondents were female, 43% male and 2% preferred not to give information about their gender.

Figure 3. Gender of respondents
Source: Author’s research

Figure 4. Distribution of respondents by age
Source: Author’s research
By the Figure 4 we can see that most of our respondents are between 19-24 and majority of the respondents are more than 16 and under 30. So, we can conclude that it is young populations results and their preferences, out of 130 respondents, 20% are between 16-18, 39% of them are between 19-24, 21% of the respondents are between 25-30, 13% of respondents are at the age 31-40, 5% of respondents are between age 41-50 and 2% of them 51-65. So from the results we can see that most of the respondents are young population of Georgia, and only small amount of question nary is fallen out by people who are more then 40, it can have effect on research results as preferences of people may vary by their age and preferences.

![Figure 4](image.png)

Figure 4. How concerned are respondents about their health.

Source: author’s research

The question was about how concerned person was about their health there was 5 possible answers starting from strongly agree, to strongly disagree. Most of the respondents answered that they agree with the statement and they are concerned about their health 62 people answered that they agree to the statement. 23 answered that they strongly agree, 28 answered that they are neutral, 16 of respondents disagreed with the statement and 1 answered that they strongly disagree. To analyze this result, it is issue that people don’t like to speak negatively about health issues. Most of the
respondents think that they are concerned about health and health issues.

Figure 5. Customers’ take into consideration calories product contain while purchasing them

Source: Author’s research

In this chart, people were asked if they take into consideration calories of products while purchasing them, 34 respondents strongly disagreed, 32 respondents disagreed, 26 stayed neutral, 23 agreed and 15 strongly agreed. To analyze the answers and compare it with results of previous question most people think that they are concerned about their health but majority of them stayed negative about calorie content of the product they purchase. The reasons for that could be several. Calories don’t have impact on health but there are many products that are drinks and contain calories of one meal. So, it may lead to obesity and sugar contents that drinks contain can have negative impact on health. But these two questions just give contradictory between the answers as in one question about health most of the people agreed and in another where it was asked if they take into consideration calories majority of respondents disagreed.
In this question respondents had chance to choose several answers out of the list, so they could choose water and soft drinks ice tea and juice or select all from the answers. If we will look at data most of the respondents selected soft drinks as their preference 67 people chose this option. Second place is taken by water and 49 people chose water. 46 juice, 45 mineral water, 43 ice tea and 17 other. To analyze the answers given, we can conclude that out of 130 people most of them have different preferences, and usually they just don’t buy one type of drink as number of respondents were 130 and choices here are 267 we can conclude that one customer on the average buys 2-3 types of drink.
Figure 7. Frequency of purchasing drinks, per week.

Source: Author’s research

In this chart there was question about frequency of purchase so how often they purchase drinks per week, from the results gathered we can see that most of the people buy drinks 2-3 times per week and they are 57 out of 130, 30 people purchase drinks 3-5 times, 23 people purchase drinks 0-1 time per week and 20 people purchase drinks more than 5 times per week. So, if we analyze the frequency of purchases we can see that most many people purchase drinks quite often.
Figure 8. What are the reasons for choosing certain drink.
Source: Author’s research

To analyze reasons of purchasing drinks 84 people responded that it is because of taste of drink, 48 of them thinks that the drink is healthy, 39 mentions that it is affordable and 9 people mention that there is different reason for decision. To analyze data, we can see that the main motivator for purchase certain drink is its taste.

Figure 9. Distribution of respondents by their behavior towards consuming soft drinks.
Source: Author’s research
We can see from the pie chart that, about question if respondent consumed soft drinks 55% answered that yes, 25% answered no and 20% answered that they purchased it rarely.

Figure 10. How much customers are willing to pay for a drink 0.75ML
Source: Author’s research

This chart shows how much are respondents willing to pay for drink that is 0.75ml so most of the people answered that 1-2 GEL, then 46 people answered that they are willing to pay 2-3 GEL, 37 respondents answered that they are willing to pay less than 1 and 20 respondents answered 3-5.

As the information shown doesn’t give full picture of reasons and motivators about soft drink we will see answers about frequency and reasons for purchase of soft drinks, by adding filter and only answers of people who consume soft drink will be displayed, but there is one limitation, that they may have several answers as they could have different answers for soft drinks and water but they consume both.
Figure 11. Frequency of purchasing soft drinks

Source: Author’s research

Figure 11 shows frequency of purchase for the people which chose soft drinks as their preference. We can see that overall trend of purchase differs from frequency of purchase of soft drinks, we can see that mostly people still purchase drinks 2-3 times per week, but on the upper end people still purchase more, then 0-1 it means that people who purchase soft drinks buy drinks more often than clients of other type of drinks.
Figure 12. Reasons for purchasing soft drinks
Source: Authors research

In case of soft drinks, 56 respondents purchase it because they think that it is tasty, 24 respondents because it is affordable, 7 respondents think that it is healthy and 5 respondents purchase it because of other reasons. If we look at data it may be disappointing that people think that soft drinks are tasty but as question about drinks is tick box and one respondent could choose several answers, they might choose this answer for mineral water, or other type of drinks.

To conclude survey showed that people have positive attitude towards, soft drinks majority of respondents consume it more than 2 times per week, and people don’t look at calorie content of the products, so it is not disappointing for them that can influence attitude and give preference to taste of it. Majority respondents responded that their reason for purchasing certain drink is its taste.

3.3 Recommendations

For the survey, it would be interesting to have qualitative research as analyzing attitudes would be easier with qualitative research, whether than with quantitative research were only standard answers are given and interviewer can’t give the answer they want or they can’t express.

It would be good to have more people in survey within different age groups, but as author tried most of them didn’t fill out the survey.

It would be better if there were more detailed questions and some techniques for analyzing customers attitude from chapter 1.2 would be used in this research as mainly it shows the attitude but doesn’t show the feeling people have, and the attitudes are mainly based from the research by behavior, but it would be interesting to have both sides described, not only from behavior but as there feeling sides as well.

Because of time limitations qualitative research methods weren’t used, but the results it would be gathered from that research would be interesting and it would be good to see the same kind of research in future with qualitative methods.
The survey was designed in English but as its target audience were Georgian people it would be better if it would be written in Georgian also, so people could understand what was written there, according to market review, there is described overview of Georgia so elderly people don’t know English as Georgia was part of soviet union they speak on Russian, so that may be reason that majority of respondents were under 40, and it is possible that some of people couldn’t get chance to fill out the survey because of language barrier.
CONCLUSION

Author formulated the research questions and tasks, which were answered in the following research, for the task 1, how to measure customer attitude the following information will be used to understand and get the results. Customer attitude is measured by their behavior and knowledge as mentioned in chapter 1.2 it can be measured by ABC model of attitudes, which involve affective components, behavioral and cognitive components. Each of them influence customers’ attitude and have effect on their decisions. Using the model, it is possible to find and measure the attitude, what are the reasons for having certain attitude and get overall attitude by looking at reasons which are provided. There are two ways of measuring customer attitude first is using it with quantitative research methods and second way is using qualitative research methods. In the research quantitative research methods was used.

Task 2, understand situation and trends, in Georgian nonalcoholic drink market which was answered in second chapter of research. Georgian market has steady development and internal companies which produce drinks develop, the overall demography of the companies funded in drink producing industry is positive, it means that more companies are created than the ones which stop operating.

The market is saturated with internal players as well as international well known, brands but still most of them are produced locally. The highest percent of import was spotted in 2012 after import of drinks stabilized and in 2016 it was around 12 million USD.

Georgian nonalcoholic drink market is developing steadily according to statistics it has above average performance, demography is positive and success rate in two years is higher than the field it is operating processing manufacturing and in overall Georgian market. The import of soft drinks remained same after fall in 2012 and remained almost same, but the percentage it takes in overall GDP is raising by 5% per year.

Task 3 what are customers attitude towards soft drinks in Georgia, task 4 what are customer behavior on Georgian drink market. After analysis of survey we can see that majority of customers have positive attitude and are purchasing the drinks 2-3 times per week, if we analyze the data that
was answered by respondents who chose soft drink as their preference they are more active in purchasing so we can conclude that they have positive attitude, 75% of respondents drink soft drinks, 55% of them consume it on a regular basis, and 20% consume it rarely. Majority of respondents don’t consider calorie contents that can be reason for having positive attitude towards soft drinks, as they take in consideration taste and affordability of the drink.

Main reason for purchasing soft drink mentioned by interviewees was its taste, and the taste is the thing that gives them positive attitude towards the product and it is overlapping other side of the soft drinks which is high calories and high sugar contents, as 85 respondents agree that they are concerned about their health but still purchase the soft drinks.
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APPENDICES

Appendix 1 Survey questionnaire

Georgian market research
* Required

1. Gender *
Mark only one oval.
- Male
- Female
- Prefer not to say
- Other:

2. Age *
Mark only one oval.
- 10-15
- 16-18
- 19-24
- 25-30
- 30-40
- 40-50
- 50-66
- 65+
- Other:

3. I am concerned about my health *
Mark only one oval.
- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly disagree
- Other:

4. While purchasing product I take into consideration calories product contains *
Mark only one oval.
- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree
- Other:
5. How often do you purchase drinks per week *
   *Mark only one oval.*
   - □ 0-1
   - □ 2-3
   - □ 3-5
   - □ 5+
   - □ Other: ______________________

6. What type of drinks you buy *
   *Check all that apply.*
   - □ Water
   - □ Mineral Water
   - □ Juice
   - □ Ice tea
   - □ Soft Drinks
   - □ Other
   - □ Other: ______________________

7. What is reason for purchasing certain drink *
   *Check all that apply.*
   - □ It is healthy
   - □ It is tasty
   - □ It is affordable
   - □ Other
   - □ Other: ______________________

8. Do you consume soft drinks? *
   *Mark only one oval.*
   - □ Yes
   - □ no
   - □ Rarely
   - □ Other
   - □ Other: ______________________

9. How much you are willing to pay for bottle of drink 0.75ML (GEL) *
   *Check all that apply.*
   - □ Less then 1
   - □ 1-2
   - □ 2-3
   - □ 3-5
   - □ Other: ______________________