THE INFLUENCE OF MARKETING STRATEGIES ON CONSUMER PREFERENCE OF PRIVATE RETAIL LABEL BRANDS IN NAIROBI: A CASE OF NAKUMATT BLUE LABEL

BY

JUDDY MUKAMI MIRITI

UNITED STATES INTERNATIONAL UNIVERSITY- AFRICA

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A Project Report Submitted to the Chandaria School of Business in Partial Fulfilment of the Requirement for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

SUMMER 2016
STUDENT'S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: ___________________________  Date: ___________________________

Judy Mukami Miriti (ID. No: 638489)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ___________________________  Date: ___________________________

Stephen Maore

Signed: ___________________________  Date: ___________________________

Dean, Chandaria School of Business
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ABSTRACT

The general objective of the study will be to assess the influence of the marketing strategy on consumer preference of private retail brands in Nairobi. The study was guided by the following specific objectives: to determine the influence of product on consumer preference of private retail brands in Nairobi, to determine the influence of price on consumer preference of private retail brands in Nairobi, to determine the influence of place on consumers preference of private retail brands in Nairobi and to determine the influence of promotion on consumer preference of private retail brands in Nairobi.

The study targeted Nakumatt customers in the Nairobi County from which a sample size of 90 was selected through simple random sampling. However, only 72 respondents were able to return their questionnaires which were the main source of primary data. The collected data were coded and analyzed using the SPSS version 20 in order to generate relevant findings such as frequencies and percentages as well as correlations and regression tables.

The study revealed that the product attributes largely influence customer preference. This implies that the product attributes influence customers on what product to choose.

It was also revealed from the study that there was a positive significant relationship between price and customer preferences. This indicates that indeed price is a key influencing factor in consumer preferences.

The study also revealed that there was a positive significant relationship between place and customer preference. This implies that place or the locations of the consumer products are key when it comes to influencing customer preferences.

Finally the study revealed that there was a positive significant relationship between customer preferences and promotions. These findings imply that indeed promotions are very key when it comes to enticing consumers on what type of brands to choose.

In conclusion the study revealed that marketing strategies based on the four main objectives of price, place, product and promotion positively influence consumers’ preference of private retail brands in Nairobi.

In light of the findings, the study recommends that retail outlets should make use of all the tools of advertising if indeed they intend to enhance brand awareness and thus compete effectively. This will help their products to stick in the minds of their respective customers and as such enhance their performance.

The study recommends the need for retail outlets carry out a careful analysis of the product and price decision with the respective brands to ensure that they are at par with the market demand in order to ensure that consumers are not tempted to opt for other competitors but rather stick to their current brands. It also acknowledges that indeed place and distributions are an essential tool in enhancing customer preference as such, there is a need to effectively make use of the various elements of placement in order to enhance customer preference of private retail products. The study acknowledges the essential role played by promotions and recommends the need to enhance sales promotions in a bid to maintain high levels of brand awareness in the mind of consumers so as to effectively outdo the competition.
ACKNOWLEDGMENT

I would like to express my special thanks and gratitude to my supervisor (Professor Stephen Maore), for his technical support during the implementation process of this project. Without his superior knowledge and experience, this project would have been wanting in quality and outcome, and thus his support has been essential.

Secondly, I would also like to thank my research assistants who assisted me in the collection of data from Nakumatt within the limited time frame for my analysis.

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Finally, I would like to thank the Lord God Almighty for giving me the grace, patience and zeal to carry this project to completion.
DEDICATION

I would like to dedicate this project to my dear son, Maina Kiragu for enduring my absence during the many times that I was locked up in the guest room working tirelessly to complete this project. Your patience, love and understanding are highly appreciated and not taken for granted. I am very fortunate to have you as my son. May God bless you mightily dear son as you grow up to pursue your dreams.
# TABLE OF CONTENTS

**STUDENT’S DECLARATION** .......................................................................................................................... ii
**COPYRIGHT** ........................................................................................................................................ iii
**ABSTRACT** ........................................................................................................................................ iv
**ACKNOWLEDGMENT** ................................................................................................................................. iv
**DEDICATION** ........................................................................................................................................ vi
**TABLE OF CONTENT** .............................................................................................................................. viii

**CHAPTER ONE** ....................................................................................................................................... 1
**1.0 INTRODUCTION** ............................................................................................................................... 1
1.1 Background of the Study .................................................................................................................... 1
1.2 Statement of the Problem ................................................................................................................ 5
1.3 General Objective ............................................................................................................................... 6
1.4 Specific Objectives .............................................................................................................................. 6
1.5 Importance of the Study .................................................................................................................... 6
1.6 Scope of the Study ............................................................................................................................... 7
1.7 Definition of Terms ............................................................................................................................ 7
1.8 Chapter Summary ............................................................................................................................... 9

**CHAPTER TWO** .................................................................................................................................... 10
**2.0 LITERATURE REVIEW** .................................................................................................................... 10
2.1 Introduction ........................................................................................................................................ 10
2.2 The Influence of Product on Consumer Preference .......................................................................... 10
2.3 The Influence of Price on Consumer Preference .............................................................................. 17
2.4 The Influence of Place on Consumer Preference ............................................................................ 23
2.5 The Influence of Promotion on Consumer Preference ................................................................... 29
2.6 Chapter Summary ............................................................................................................................... 36

**CHAPTER THREE** .................................................................................................................................. 38
**3.0 RESEARCH METHODOLOGY** .......................................................................................................... 38
3.1 Introduction ........................................................................................................................................ 38
3.2 Research Design ........................................................................................................ 38
3.3 Population and Sampling Design ............................................................................. 39
3.4 Data Collection Methods ......................................................................................... 411
3.5 Research Procedures ............................................................................................... 412
3.6 Data Analysis Methods ........................................................................................... 442
3.7 Chapter Summary .................................................................................................... 43

CHAPTER FOUR ............................................................................................................. 44
4.0 RESULTS AND FINDINGS ...................................................................................... 44
  4.1 Introduction ............................................................................................................. 44
  4.2 General Information .............................................................................................. 44
  4.3 Influence of Product on Consumer Preference .................................................... 45
  4.4 Influence of Price on Consumer Preference .......................................................... 50
  4.5 The influence of Place on Consumer Preference .................................................. 52
  4.6 The Influence of Promotions on Consumer Preference ......................................... 56
  4.7 Chapter Summary .................................................................................................. 62

CHAPTER FIVE ............................................................................................................... 64
5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS .............................. 64
  5.1 Introduction ............................................................................................................ 64
  5.2 Summary ............................................................................................................... 64
  5.3 Discussion .............................................................................................................. 65
  5.4 Conclusion ............................................................................................................ 70
  5.5 Recommendations ................................................................................................. 71

REFERENCES .................................................................................................................. 73
APPENDICES .................................................................................................................. 78
  I ................................................................................................................................. 78
  II ................................................................................................................................. 79
  III ................................................................................................................................. 83
  IV ................................................................................................................................. 84
LIST OF TABLES

Table 3.1: Sample Size ....................................................................................................................41
Table 4.1: Gender of the Respondents .............................................................................................44
Table 4.2: Occupation of the Respondents .......................................................................................45
LIST OF FIGURES

Figure 4.1: Influence of Product on Consumer Preference ............................................. 45
Figure 4.2: Influence of Product Benefits on Consumer Preference ............................... 46
Figure 4.3: Influence of Product Quality on Consumer Preference ............................... 46
Figure 4.4: Influence of Branding on Consumer Preference ........................................... 47
Figure 4.5: Influence of Packaging on Consumer Preference ........................................... 47
Figure 4.6: Influence of a Beautiful Color on Consumer Preference ............................... 48
Figure 4.7: Influence of Affordable Packs on Consumer Preference ............................... 48
Figure 4.8: Influence of Big value Packs on Consumer Preference ............................... 49
Figure 4.9: Influence of Different Categories on Consumer Preference ......................... 49
Figure 4.10: Influence of Availability on Consumer Preference .................................... 50
Figure 4.11: Influence of Cheapness on Consumer Preference ..................................... 51
Figure 4.12: Non Influence of Price and Perceived Quality on Consumer Preference .... 51
Figure 4.13: Non Influence of Price and Purchasing Decision on Consumer Preference .... 52
Figure 4.14: Influence of Expensive Competiting Brands on Consumer Preference .......... 52
Figure 4.15: Influence of Place on Consumer Preferences ............................................ 53
Figure 4.16: Influence of Closeness to Place of Residence on Consumer Preference .... 53
Figure 4.17: Influence of Place Convenience on Consumer Preference ....................... 54
Figure 4.18: Influence of Easy Accessibility on Consumer Preference ........................... 54
Figure 4.19: Influence of Efficient Systems on Consumer Preference ............................ 55
Figure 4.20: Influence of High Service Levels on Consumer Preference ........................ 55
Figure 4.21: Influence of First Impression on Consumer Preference ............................. 56
Figure 4.22: Influence of High Current Impression on Consumer Preference ............... 57
Figure 4.23: Influence of Special Offers on Consumer Preference ............................... 57
Figure 4.24: Influence of Celebrity Endorsements on Consumer Preference ................. 58
Figure 4.25: Influence of Advertising on Consumer Preference .................................... 58
Figure 4.26: Influence of Product Sampling on Consumer Preference ........................... 59
Figure 4.27: Influence of Event Sponsorship on Consumer Preference .......................... 59
Figure 4.28: Influence of Leaflets, Fliers and Posters on Consumer Preference ............. 60
Figure 4.29: Influence of Free Giveaways on Consumer Preference .....................................60
Figure 4.30: Influence of Promotional Competitions on Consumer Preference .....................61
Figure 4.31: Influence of Internet Marketing on Consumer Preference ....................................61
Figure 4.32: Influence of Sales Promotions on Consumer Preference ....................................62
Figure 4.33: Influence of Discounts on Consumer Preference .................................................62
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

The term marketing strategy was coined by Neil Borden in the article. This was in reference to the mixture of elements that were considered useful in the pursuit of a certain market response. This concept has been used extensively by so many people, including business people, marketers, researchers and academicians. Notable ones include McCarthy (2010), who proposed the Four P’s classification, namely: product, price, place and promotion, which have since then been used by marketers throughout the world.

Several studies have been conducted regarding the buying behavior of consumers. It has been concluded that consumers are a complex set of individuals since their purchase behaviour varies greatly from one person to the next depending on the internal and external stimuli that they are subjected to. The understanding of this behaviour is a major challenge for marketers in relation to coming up with the appropriate marketing strategies to meet and exceed consumers’ expectations as well as to try and to convince them to buy the products.

The Theory of buyer behaviour by Howard and Sheth (1969) as described in (The Consumer Factor, 2015) states that the decision-making process of consumers can be divided into three stages: i.e. (EPS) Extensive Problem Solving, (LPS) Limited Problem Solving and (RRB) Routinized Response Behaviour.

According to this theory, the extensive problem solving is when the consumer discovers new product category or wants to buy a product that he/she doesn’t know well or the product could be quite expensive or presents a significant risk to his/her economic and psychological point of view. This usually happens in the early stages of decision making in which the buyer has little information about brands and has not yet developed well defined and structured criteria by which to choose between products. The level of consumer involvement is high, thus he/she will invest a lot of time looking or information and benchmarks to help him/her make a choice due to the fact that the level of uncertainty and confusion is quite high, therefore the purchase process becomes quite long e.g. purchasing a house or a new car. This is where brand advertising would play a huge role in influencing the consumer’s perception towards the product in question as a persuasion strategy.
The global retail market is one of the sectors that have undergone a massive global transformation in the last few decades. Nowadays, customers are provided with huge options of consumer brands to choose from thus cultivating brand preferences in their minds. The rising income level of consumers has also developed a habit in their minds to use branded product. It’s for this reason that a lot of retailers like the Nakumatt Supermarket Chain in Kenya stopped the use of generic branding that was being used to be with food products like grain, sugar, beans etc. Nowadays, all those products are branded just like the other competing brands on the shelf (G.O.K, 2015).

Private labels are available in various segments like accessories, footwear, colas, fruit juice, noodles, snacks, ready to eat food, air fresheners, floor cleaners, detergents, washing shops among others. At the moment most retail outlets are putting much focus on private label brands so as to be able to improve the productivity of the store (Chintagunta, 2013). In the current market environment most of the have shifted towards FMCG, grocery and electronics with regards to private labels. As such, they are going a long way to explore the available promotional and positioning strategies to differentiate the private label brands in the mind of the consumer.

In general practice the retailers are purchasing the private label goods from the supplier or from the manufacturer and rename, repackage and sells under the own brand name. Many times manufacturers supply the goods under the prescribed labeling and packaging of the retailer. It is also a kind of contract manufacturer (Swani, Kunal and Boonghee Yoo, 2010). Depending on the agreement between manufacturer and retailer they can use the retailers name or middleman name or combination of both to sell their product in the market. Normally large retailers or wholesalers are used to do private labelling to improve the overall profitability. Smaller retailers may not have sufficient marketing knowledge and funds to compete with other large national player in the market (Armstrong, 2014).

The occurrence of recession has also brought with it new opportunities for retailers to come out with cheaper alternatives to save on everyday purchases. Thus, private labels have become a simple strategy to trim bills by switching to a similar but a cheaper brand. This change in trends and attitude of customers is one of the major reasons that have boosted private label brands in the Nakumatt retail outlets (Nakumatt, 2015).
Blois (2010) and Hsieh (2014) have therefore established that most international private labels firms usually spend much on advertising and promotional campaigns across international frontiers and consequently are more available and recognized in multiple countries. Yeoh (2004) further opines that in such scenarios under most organizations are likely to be perceived better introducing reliable products. This is mainly because private labels are likely to be recognized as being of better quality than other brands.

Similarly Batra (2000) argues that private labels have an intrinsic cosmopolitan picture, this is because they are considered to be more arousing desirable while at the same time appealing with an elevated reputation as compared to national brands. Further, it has been established that private labels have been able to effectively counter leading brands. Based on the earlier logic; it is rational to declare that consuming international private label products can be related with more classy personalities than local products (Jones, 2010).

Kotler (2011) describes the marketing mix as a set of tools that management may use to influence its sales. The marketing mix mainly comprises of four key elements that are crucial in ensuring that a product is successful in the market. These key elements include product, price, place and promotion generally applied in the marketing strategy of tangible goods. The service marketing mix on the other hand adds three more elements into the marketing mix, i.e. people, process and physical evidence.

Prenzel (2014) on the other hand, defines the marketing mix as a set of tactical marketing tools which are controllable and are combined to produce the desired result from the intended target audience. Most of the times, the marketing mix influences the marketing decision process of the consumer in relation to the final purchase.

In a bid to increase revenues and capture this growing segment, Kenya’s budding supermarket chains have begun packaging and branding their own private label products. Nakumatt Holdings, the leading retail chain supermarket in Kenya launched its private label brand in January 2013 and has continued to grow tremendously with more categories being introduced month on month.

Nakumatt Holdings Business Development Manager Neel Shah also mentioned in an article by Kangethe (2014) in Capital FM Business that “the idea is to reward our customers who have stood with us for many years by giving them a product that is the same quality as any other brand in the category but at a much cheaper price.”
According to Kangethe (2014), one year later since the launch of the Nakumatt Blue Label brands which include sugar, wheat flour, maize flour, detergents and selected grains, sales made up about five per cent of the total Kshs. 52.2 billion ($600 million) revenue generated in the financial year ended February 2014. Nakumatt attributed the performance of the self-packaged goods to their relatively cheaper price compared to producer-branded goods, which makes them a favourite with Kenya’s price-sensitive shoppers.

With the high cost of living heavily burdening Kenyans, the focus for many has shifted to shopping more for less. Retailers have seen this gap and are now in the process of tapping it through opening their own labels and brands. The supermarket-owned labels are gaining popularity in Kenya with these cheaper products, creating competition with local manufacturers and well-known brands. Private label is not a new idea, it’s been happening in the rest of the world for over 50 years.

An article in the East African by Mungai (2013) pointed out that the Nakumatt Supermarkets, is pursuing Ksh200 million ($2.3 million) “Blue Label” brand venture that includes packaging everything from beans and home baking flour to bleach and window cleaner, in a move the company said is designed to provide consumers with quality, affordable goods as well as provide a market for local manufacturers.

This clearly indicates that placement is key for the consumer. Having a one stop shop like Nakumatt whereby a consumer can purchase everything they require effortlessly is a big plus for the consumer.

The four elements relate very well together in that, without a product, a purchase decision cannot be made. On the other hand, the product itself needs a place where it can be found. In addition, the consumer needs to know how much the product costs or the price of the product to measure its affordability. Finally, the actual promotion of the product might either trigger curiosity in the mind of the consumer, which will influence a purchase decision even if the consumer had not initially anticipated purchasing the product.

The main objective of this study was to describe the influence of the various components of the marketing mix in influencing the preference of consumers when it comes to the purchase decisions that they make on the private retail brands.
1.2 Statement of the Problem

According to a report published by Euromonitor International (2014), Kenya’s retailing industry has continued to grow considerably over the last few years attributed to the increased purchasing power among Kenya’s middle class and upper class populations. It continues to mention that the other key factors that have contributed to the growth include improved infrastructure, which has facilitated the movement of goods and meant higher quality at lower prices. Another reason for this growth is the sustained property boom allowing retailers to establish outlets prime locations near residential neighbourhoods, offering more convenience to consumers. The report concludes by pointing out that retailing in Kenya is on an upward growth trajectory, especially supermarkets.

Another study conducted by Chandan and Shilpa (2010) established that the overall advertising, sales promotion ration at the shopping mall increased from 60/40 to 75/65 percentage. Bush (2014) on his part was able to establish that the demographic and psychographic variables are important to understand the consumers’ attitude towards private label brands. Finally, a study by Batra and Sinha (2015) which sought to examine that the consumer perceptions and attitudes of private label products and national products and brands established that there was a positive significant relationship between these two variables. In all these studies carried out, no particular one has focused on the Kenyan context. This therefore creates the need for a local study to examine how private labels affect brands in Kenya.

Additionally the need for this study is that the sales growth of private labels has been affected. Consumers’ perception and attitudes towards private label products differs. Consumers’ inclination towards branded products is influenced by various factors which affects the buying behaviour of the private label brands. Since the priorities of private-label products have been increasing during the last 10 years, the retailers have often experienced difficulty in balancing the overall benefits between manufacturer brands and private-label products in their stores. It is a general thesis that private-labels and manufacturer brands have both advantages and disadvantages. This paper concentrates around this area by doing research among various customers to examine the role of marketing strategies on consumer preferences of private labels on brands in Kenya
1.3 General Objective
The general objective of the study was to assess the influence of the marketing strategy on consumer preference of private retail brands in Nairobi.

1.4 Specific Objectives
i. To determine the influence of product on consumer preference of private retail brands in Nairobi
ii. To determine the influence of price on consumer preference of private retail brands in Nairobi
iii. To determine the influence of place on consumers preference of private retail brands in Nairobi
iv. To determine the influence of promotion on consumer preference of private retail brands in Nairobi

1.5 Importance of the Study
Several parties will benefit from the findings of this study. These include supermarkets management and owners, consumers’ research agencies, manufacturing companies, creative agencies, government and policy makers as well as academicians and researchers.

1.5.1 Supermarkets Management Owners
This study will be of importance to the Management of Nakumatt supermarket as it will help them understand the influence of the marketing mix elements in influencing the consumer preference of their private label brands and how they can apply them further to capture an even bigger market share in the retail market.

1.5.2 External Stakeholders
This study intends to educate supermarket owners and other stakeholders on the influence of the marketing mix factors as a marketing strategy in influencing consumer preference of their private label brands. In addition, the study intends to inform supermarkets stakeholders on the most important marketing mix factors to adopt in order to capture an even greater market share in the retail segment as compared to competing brands in the same category. This is significant in that, supermarkets will be able to identify the key factors that are valued by
consumers when they are making the purchase decisions to buy their brands. It will also assist
the supermarkets to re-strategize so as to expand their market share and remain competitive.

1.5.3 Government and Policy Makers
For the government of Kenya and policy makers, the study will provide information that can
be used to formulate policies to support the supermarket industry in Kenya. In addition, the
study will also provide information that can be used to formulate policies that protect
consumers, stakeholders and manufactures of consumer goods.

1.5.4 Academicians and Researchers
To researchers and academicians, the study adds to the body of knowledge on evaluation of
the role of the marketing mix factors as a marketing strategy in influencing the consumer
preference of brands whether private labels or branded goods. The study will provide a base
upon which other studies on evaluation of the marketing mix on retail brands can be
conducted and measured. It will also help inform future research in this area.

1.6 Scope of the Study
This project mainly focused on analyzing the Blue Label private retail brand in Nakumatt
Supermarket in Kenya. The study was limited to 40 respondents and the data collection
period was between May and June 2015.
Limitation expected to be experienced during the research include non-response to the
questionnaires. The researcher overcame this limitation by using personal relationship with
the respondents to get them to fill the questionnaire.
Another limitation expected will be failure of the supermarkets to disclose their sales data to
the researcher thereby rendering the research data unavailable.

1.7 Definition of Terms

1.7.1 Private Brands
These are brands that are developed and marketed by the retailer and are available only from
that retailer (Grewal & Levy, 2010). Also known as store, house or own brands.
1.7.2 Marketing Strategies
Refers to an organization’s integrated pattern of decisions that specify its crucial choices concerning marketing actions and the allocation of marketing resources among markets, market segments and marketing actions toward the creation, communication and/or delivery of a product that offers value to customers in exchanges with the organization and thereby enable the organization to achieve specific objectives (Shankar & Carpenter 2012).

1.7.3 Marketing Mix
The marketing mix is a controllable set of marketing tools that a firm combines to produce the desired response among its target audience (Grewal & Levy, 2010).

1.7.4 Product
A product is any tangible or intangible item that satisfies a need. It can be a material good, an intangible service, and a combination of the above, a location, a person or an idea (Talloo, 2007).

1.7.5 Price
Price is a value placed on that which is exchanged - the good, the idea or service (Dibb and Simkin, 2006).

1.7.6 Place
The distribution channels and physical distribution practices that make it possible, easy or difficult for markets to use the product (Smith, 2007).

1.7.7 Promotion
Promotion encompasses everything to do with the way an organization communicates persuasively with people to influence them towards making a purchase (Forsyth, 2009).

1.7.8 Consumer Preference
The consumer’s ability to evaluate, prioritize and choose goods offered on the market on specific terms. (Baier & Wernecke 2005).
1.7.9 Retailer
A retailer is an intermediary who buys from the producer and sells in smaller quantities to the final consumer (Kagira & Kimani, 2010).

1.7.10 Supermarket
A supermarket is a self-service retail store that traditionally sells foods, drinks and household merchandise to the consumer (Jobbler & Fahy, 2009).

1.8 Chapter Summary
This chapter serves as an introduction to the proposed study. The background of the study is within the scope of Nakumatt supermarket in Nairobi which has been highlighted. The purpose of the study, the research questions and the significance of the study have been discussed as well. Chapter two will provide a review of literature that will help to define the problem and purpose, as specified in the research questions. The third chapter provides the research methodology used, while the fourth chapter provided the study findings. Finally the fifth chapter will provide a summary of the study findings as well as the discussion, conclusions and recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This chapter reviews previous case studies on successful private retail brands and how the marketing mix strategies have influenced their success in relation to consumer purchase behaviour. It also addresses the specific objectives identified in chapter one of this study and highlights further on the role that each variable plays on consumer preference of retail goods. In addition to the above, this chapter highlights the various theories that relate or associate themselves with the four P’s of marketing and emphasizes their relationship in influencing the consumer preference on retail brands.

Kotler and Armstrong (2006) defined the marketing mix as “the set of tactical marketing tools that the firm blends to produce the response it wants in the target market. It can also be described as a set of controllable variables that the company can use to influence the buyers’ responses.”

2.2 The Influence of Product on Consumer Preference
A product as defined by Kotler and Armstrong (2006) is “anything that is offered to a market for attention, acquisition, use or consumption and that might satisfy a want or a need.” Apart from the physical product itself, there are elements associated with the product that customers may be attracted to, such as the way it is packaged. Other product attributes include product design, quality, features, options, services, warranties, and brand name. The product’s appearance, function, and support make up what the customer is actually buying.

Successful managers pay close attention to the needs their product bundle address for their customers. The product bundle should meet the needs of a particular target market. For example, a luxury product should create just the right image for “customers who have everything, “while many basic products must be positioned for price conscious consumers. Other important aspects of product may include an appropriate product range, design, warranties, or a brand name.”

According to Vashisht (2006) in his description of the buying formula of consumer behaviour towards a product, “To ensure purchase, the product or service and the trade name must be
considered adequate and the buyer must experience a pleasant feeling of anticipated satisfaction while thinking of the product and/or service and the trade name.” In some cases, an item viewed as adequate is also liked and vice versa, but in other cases it may be different.

The Harvard Business Essentials (2006) points out that the marketing plan should lay out a campaign with the main aim of fulfilling a firm’s marketing strategy. In addition, the plan should aim to transform the product into a successful offering that meets the needs of the target consumer at the same time fulfilling the company’s expectation for sales growth, increased market share and profit.

According to Grewal and Levy (2010), when a firm has finally identified and evaluated the different growth opportunities available in the market, the real action of planning and implementing the marketing strategy begins. This will determine what to do, how to do it, and how many resources should be allocated to the process of implementation. The marketing mix offers an optimum combination of all marketing ingredients so that companies can realize their goals and objectives for example profit, sales volume, market share, return on investment, etc. When used correctly as a set of controllable variables, the marketing mix can be used to influence the buyers’ responses.

2.2.1 Branding

According to Miletsky (2009), a brand is a specific characteristic or a unique quality that distinguishes one product from another. It can also be described as an identity that a company, product, or service has over time. It involves both the visual and communicated elements as required by the firm, as well as the perceived identity from others who are not in the company. The visual aspects include logos, graphics, colours, sounds, and video. The communicated aspects include emotion, culture, personality, experience, and conscience of the corporation and the people within it.

Branding is an integral part of a product. It is very hard for a consumer to identify a product without a brand name or brand identity. The brand promise and the brand performance should always be aligned. It does not make sense to have a poorly branded/high quality product or a superior branded/poor quality product as the customer will end up being disappointed by either one or them. For this reason, it is crucial that the branding should be aligned with the product so as to build brand equity and product credibility.
A journal article by Gupta and Cooper (1992) indicates that “like store image, brand name is also an important contextual variable that affects consumers’ responses to price and price discounts. A well-established brand name conveys high image and high quality perceptions. Many studies on the price-quality relationship have found that brand name is an important moderating variable that helps control or stabilize the quality perceptions of a branded product even when its price is reduced.” Yeshin (2006) in describing the benefits of branding emphasizes that, “It creates a unique identity in the market place which assists in the process of attracting consumers who, over time, will establish patterns of loyalty to the product and, in turn, will enable the company to enhance its profitability.”

Floor (2014) in his description of proper branding explains that, “The consistency can, for example, be obtained through using a dominant colour, as Vodafone does with red. In its advertising, direct marketing communications, store design and all other in-store communications, the dominant use of red determines the look and feel of Vodafone. In a way, communications can make sure that the retail brand acquires a clear competitive edge. However, most retail brands do not have any consistency between out-of-store and in-store communications.

Vashisht (2006) emphasizes that,” When a buying habit is being established, it should be made clear to the buyer as to why the product or service is an adequate solution to his need or problem, and why the particular trade name will serve his needs best among the other alternatives available to him. It is necessary that the buyer must have a pleasant feeling towards the product or service to defend the purchase whenever his buying habit is challenged by a friend’s remark, a competing salesperson’s presentation, or a competitor’s advertisement. As long as the adequacy and pleasant feelings are present, repeat buying occurs.”

It is estimated that customers do not pay any attention to nearly half of the available brands during purchase consideration (Russo et al, 1994). Most products are only given a look at and only a privileged few really hold customers’ attention. A survey shows that the more attention a product receives, the more likely it is to be chosen (Chandon et al, 2002). Given the importance of consumer preference, it is important to understand how branding influences consumers’ perception of products. Customers’ preferences can be measured very accurately using eye tracking technology. Eye tracking provides a measurement of which elements in an array receive certain amounts of attention for certain duration. Since it is a measure of actual
behaviour; which is not subject to conscious control, it is very accurate in establishing attention and preference towards certain brands.

Branding ultimately works as a signal. It allows consumers to quickly recognize a product as that they are familiar with and one that they like. It allows consumers to retrieve relevant information from their memory. This information emanates from a past interaction and experience with the brand as well as from ingrained brand perceptions and associations. Brands that are recognized more quickly and easily are preferred more and ultimately more chosen (Reber et al, 1998, Winkielman et al, 2000).

Branding on package catalyses the memory processes, giving consumers the information that they need quickly and efficiently. The speed with which consumers find and recognize products is crucial in determining their preferences. A wealth of research on processing fluency’ suggests items that come to mind quickly and easily are liked more and perceived to be of higher value (Reber et al, 1998, Winkielman et al, 2000).

In reality recognized brands are more successful because consumers prefer them to ordinary products. In addition to the psychological effect that branding offers, it also provides consumers with the means by which they can make judgment, choices and decisions. Following these experiences, consumers’ preference may rely on chosen brands to guarantee standards of quality and service, which reduces the risk of failure in purchase.

2.2.2 Packaging

Packaging is one of the most visible attributes of a product. It is the first thing that consumers see even before they recognize the brand or the quality of a product. It determines consumers’ perception of the product’s price positioning. A product with an ugly or poor packaging will automatically be perceived to be cheap even if the product itself is of high quality. Young and Pagoso (2008), point out that, “A third component of packaging is the perception created in the consumer’s mind. A package can connote status, economy, and even product quality.”

Packaging plays an important role in containing the content of the product, thus preserving and maintaining the quality of the product. Other benefits of packaging include offering convenience to the consumer and enabling proper storage of the product once purchased. Kerry and Butler (2008), point out that, “When consumers find a highly functional packaging of a popular branded product in a new packaging system that answers their needs for
convenience, portability, easy opening, etc., their reaction tends to be ‘Why didn’t they think of that before?’ This is the power of consumer smart packaging where the design and function of the package is ‘smart’.” In addition, Dibb and Simkin (2012) emphasize that, “Packaging design should consider customer requirements but also the needs of retailers, wholesalers and distributors who will be required to handle and stock the products, and in many circumstances display and deliver the products. Tamper resistant packaging is often desirable to both channel members and customers, but in all packaging executions, cost is an issue.”

Product packaging enables the manufacturer to highlight the product benefits which are quite key in determining consumers’ purchase decision. However, it is important to align the packaging to the product quality. Consumers get disappointed when they purchase an attractively packaged product and end up with a poor quality product.

According to Young and Pagoso (2008), “Packaging allows for effective communication to both the consumers and the public, including the government that strictly levies specific product requirements. It conveys information to the consumers such as disclosure of product components and directions on how to use the product. Giles (2000), also points out that, “Although the consumer will want to know the benefits of the product, and the design of the packaging will add to the attractiveness of the product, more importantly the consumer will want to know exactly what the product is and what is in it. The consumer will expect the information on the packaging to provide answers to numerous questions.”

Product packaging also enables the manufacturers to differentiate their brands from competitors and also from other variants in the same brand, e.g. to flavours, scents, quality, shapes, colours and other characteristics. Dibb and Simkin (2012) point out that, “The promotion application of packaging is a major issue for marketers who aim to utilize their packaging designs to convey a strong brand identity and assist in differentiating their products from rival products.”

How the products are packaged depends on the consumers being targeted, e.g. children and girls love bright colours, men love dull colours etc. Images on the packaging are also an important factor in either attracting or repelling customers. It is important to understand the values and characteristics of the target customer before adding various elements on the packaging. Research on consumer behaviour and trends will be an important activity to undertake before coming up with a final packaging concept.
Finally, Doyle (1996) while emphasizing the importance of good packaging, points out that, “Packages that win both on and off the shelf have enormous power. They accelerate the first purchase decision. They shape the consumers’ experience with product use. They influence attitudes and decisions about repurchase.”

2.2.3 Quality

Customer preference and product quality have been studied by many researchers in various industries (Venetis and Ghauri, 2004; Ranaweera and Neely, 2003) and their survey results show a positive relation between product quality and customer preference. The survey results show that the product quality boosts customer’s probability of buying the product again, to become less prices sensitive, and to share with others their positive experiences (Bolton et al., 2000).

Moreover, the relationship between the product quality and the price of the product should not be overlooked because the higher the perceived product quality in relation to price, the higher the value perception of the product. When the purchasing moment finally comes around, the customer perception of the product quality supersedes that of the main motive which was cost. This means that when it comes to the time of purchase, the product quality will supersede the initial motive which was the expense factor.

Ferrell and Hartline (2013) in describing the qualities of a good product, emphasize that, “Product characteristics that customers associate with quality include reliability, durability, ease of maintenance, ease of use, and a trusted brand name.” After all is said and done, it is pretty obvious that one of the main reasons that consumers buy products is to gain benefits from it or to satisfy their needs. It’s for this simple fact that one of the most important aspect of a product that customers value is the quality.

In conclusion, when considering product as a marketing element, issues such as brand, quality, design and packaging are very important and if the brand is acceptable to the customer and is of high quality, the loyalty of the buyer is won through satisfaction. Research has shown that there exists a relationship between product quality and customer loyalty.
2.2.4 Design

In designing an attractive product that draws consumer attention, it is important to gather market intelligence so as to identify the gaps in the market as well as to study competitors’ products. This information will then act as a guide in designing superior products that appeal to customers. This information can also be gathered directly from the end user consumer through the use of focus group discussions, face to face interactions, interviews, surveys and consumer behaviour observation. The gathered information is then analyzed to understand competitors’ strengths and weaknesses so as to leverage on the strengths and make the design even better and improve on the weak points.

Green and Jordan (2001) point out that, “In order to create products that deliver such benefits, those involved in the product creation process must have an understanding of the characteristics of their potential customers. This understanding should be based on the needs and wishes that customers may have in relation to each type of benefit.”

In addition, Tooley (2010) emphasizes that, “The product development process, therefore, must aim at developing products that are superior in value, distinct in features, and provide clear and unique benefits to the user.” Tooley (2010) continues to highlight that, “Products that succeed in the marketplace are unique and clearly superior to reactive me-too products, which lack any distinguishable characteristics and provide only marginal benefits.

Eric von Hippel, a professor of innovation at MIT Sloan School of Management from his findings illustrates that firms at times cannot satisfy the needs of the customers accurately and as a result the products provided by the firm may not be what customers want. In such cases, involving customers in the design process can lead to innovative products that customers want, desire, and perhaps more importantly, are willing to buy. In doing so, customers become active participants in the design process - usually considered to be the realm of company designers and engineers.

“Co-design is an emerging trend in new product development that results in more active customer participation in product development than conventional design processes” (Shaukat, 2012). It connects customers, designers, and engineers via product design and development. Research done by Shaukat (2012) also showed that the interest of the customers in co-design varies significantly with product type. For example, customers are five times more interested in co-designing a house than an inkjet printer. Gender also influences co-design. Females are
more interested in co-designing clothes than males, whereas males are more interested in co-designing cars than females. Age also plays a role in determining customers’ interest in co-design.

2.3 The Influence of Price on Consumer Preference

Kotler and Armstrong (2006) define price as “the amount of money charged for a product or service, or sum of the values that consumers exchange for the benefits of having or using the product or service.” In addition, Groucutt, Leadley and Forsyth (2004) point out that price is the only variable of the marketing mix that is considered purely for revenue generating. However, just like all the other variables in the marketing mix it cannot be considered purely independent and must relate to the rest of the mix.

Kagira and Kimani (2010) highlight that “Price is one of the most flexible elements of the marketing mix, in that it can be changed quickly, unlike product features, promotion and distribution channels. Thus, it can be used as a competitive tool. The marketer can be able to change it very fast in the face of competitive onslaught.”

As one of the four Ps of the marketing mix, pricing is the manual or automatic process of applying prices to purchase and sales orders, based on factors such as a fixed amount, quantity break, promotion or sales campaign, specific vendor quote, price prevailing on entry, shipment or invoice date, the combination of multiple orders or lines, and many others. Automated systems require more setup and maintenance, but may prevent pricing errors.

The price of a product or service is also described as the number of monetary units a customer has to pay to receive one unit of that product or service (Simon, 1989). Price must be set to preserve order in the market. Various pricing exist, such as; market skimming; which involves charging the highest possible price for a given product, market penetration strategy; aims at keeping the prices relatively low in order to gain market share and price adaptation; which relies on segmentation of the market.

Pricing is the most effective profit lever. Pricing can be approached at three levels namely the industry, market, and transaction level. Pricing at the industry level focuses on the overall economics of the industry, including supplier price changes and customer demand changes. Pricing at the market level focuses on the competitive position of the price in comparison to the value differential of the product to that of comparative competing products. Pricing at the
transaction level focuses on managing the implementation of discounts away from the reference, or list price, which occur both on and off the invoice or receipt.

Kotler (2003) explains that the pricing technique used by most retailers is cost-plus pricing. This involves adding a markup amount (or percentage) to the retailers cost. Another common technique is suggested retail pricing, which simply involves charging the amount suggested by the manufacturer and is usually printed on the product by the manufacturer.

When considering how a price should be set, the fundamental question to address should be: What is the organization trying to achieve? Pricing strategy and computation can be complex, but the basic rules are straight forward. Prices must cover costs; reflect the dynamics of cost, demand and competition. They must assure sales and take into consideration product utility, longevity, maintenance and end use.

Prices are adapted to meet the needs of certain and specific customer groups such as students, off peak travellers among others. Manufacturers usually, but do not necessarily use cost-plus pricing strategy as a base to ensure that all costs, both variable and fixed are covered and the desired profit percentage is achieved with whichever pricing strategy they want to apply. However, the main focus is usually on brand building and customer attraction.

Price is also influenced by the type of distribution channel used, the type of promotions used, and the quality of the product. Price will usually need to be relatively high if manufacturing is expensive, distribution is exclusive, and the product is supported by extensive advertising and promotional campaigns. A low price can be a viable substitute for product quality, effective promotions, or an energetic selling effort by retailers.

2.3.1 Penetration Pricing

According to Baker (2011), penetration pricing is when the firm decides to set the price below the service value to the customer, thereby ensuring a larger customer base. This happens when a company trades-off higher revenue against higher margins so as to sell more volumes. This pricing strategy is quite effective, especially with new entrants in the market. An article on Business Daily by (Hurbling, 2014) points out that Nakumatt Supermarkets generated about 2 billion in sales from their Blue Label Brands one year after their launch and attributed the good performance to their relatively cheaper price compared to competing
brands in the same category, which makes them a favourite for the Kenyan price sensitive consumer.

Baker (2011) however, points out that, penetration prices are not necessarily cheap, but they are low relative to perceived value. Retailers should not benchmark with competitors when deciding on their penetration strategy. They should instead benchmark with the perceived value of the product by the consumers. If a product is perceived as a high quality product, they should then leverage on this to lower their price so that the consumers can then appreciate the fact that they are getting value for their money as opposed to a cheap product.

The retail consumer is quite conscious of how much they pay for their goods and services. How much to charge for a product or service is usually a typical starting point question for discussions about pricing, however, a better question for a vendor to ask is - How much the customers value the products, services, and other intangibles that the vendor provides. A well chosen price should do three things, namely achieve the financial goals of the company (e.g. profitability); fit the realities of the marketplace (will customers buy at that price?); and support a product's positioning and be consistent with the other variables in the marketing mix (Keller, 2003).

Federal and state laws affect prices, so does technology and consumer behaviour. Having the lowest price image in the market does not necessarily guarantee increased product sales. Having a value image is more important so as to reach an optimal combination of quality, service, information and price. Creative pricing ideas can help differentiate the products and services. No matter the price of the products, always go back to check it against the bottom-line. Ultimately, the product prices should reflect the business image, target market and make a profit (Uva, 2001).

**2.3.2 Competitive Pricing**

In regards to competitive pricing, companies always seek to have consumers prefer their products over the competition so that they can achieve high revenues which are not always equated to high profits. In it also important to note that consumers will not always prefer a product that has the lowest cost as there is a risk of the product being perceived as being of poor quality. This means that, having the lowest cost does not automatically lead to high market share.
However, it is important to note that according to Groucutt, Leadley and Forsyth (2004) issues like inflation, interest rates, level of income, level of wealth/savings and the taxation system are also some of the other elements that motivate a customer to buy products and services in relation to price sensitivity.

Lowering the price of products to attract customers can have its downside according to Kotler and Armstrong (2006) who point out that reducing price too quickly in order to sell rather than convincing the buyer that the products are worth the high price might compromise on the consumer’s perception of the product quality. Cheap might be attributed to poor quality thus repelling the customer as opposed to attracting them.

Renard (2002) puts in the introduction to his thesis “Pricing is an issue that has received considerable attention in marketing. Price is a critical factor in the consumer’s buying process, as it is one of the most important attributes a consumer uses when making a purchase decision. A consumer perceives an actual price of a product and makes a judgement about it. This perception leads to a perception of the value of the transaction that translates directly to the decision of purchasing the product or not.”

Many companies, especially start-ups, usually sacrifice short term profitability for long term market share. However, long term market share does not necessarily lead to higher profits as consumers might not be drawn to the products. Such companies end up never achieving market dominance or satisfying profits.

Daly (2002), stresses that “Even though many company presidents continually drive their companies to decrease costs and increase market share, there is more to earning a superior financial return. For every high-profit/high-market share success story like Microsoft, there is a contrary low-profit/high-market share examples such as General Motors.”

In normal terms, consumers use price as a reference for perceived quality. If they are charged a higher price, their expectations become higher. A survey research was done and it was found that an increase in the perceived price of a commodity leads to an increased taste expectation. Therefore, the study concluded that higher customer satisfaction is based not on its real quality, but the price as customers view it as the symbol of the quality of the product.

Thus, when it comes to consumer preference, where they are charged a premium, then there will be a need to deliver premium services to ensure satisfaction. Anything below that will result in poor customer satisfaction. Furthermore, if the price is in the medium range, and
there is an offer of a premium level of service (above customer expectations for the price paid), then high customer satisfaction will be expected.

According to Xia et al. (2004), price fairness refers to consumers’ assessments of whether a seller’s price is reasonable, acceptable or justifiable. In a separate study, the authors found that “charging a fair price helps to develop customer satisfaction and loyalty.” This is backed up by another study from Hermann et al. (2007), which came to a conclusion that customer satisfaction is directly influenced by price perceptions, albeit indirectly, via the perception of price fairness. The price fairness itself and the way it is fixed and offered have a great impact on satisfaction.

To improve overall customer satisfaction, the pricing of the products should be high enough to get the resources in order to offer amazing customer experiences. By increasing the prices, one can allocate more resources to deliver better customer service.

2.3.3 Psychological Pricing

“Psychological pricing attempts to influence customer’s perception of price to make a product’s price more attractive” (Pride & Ferrell, 2010). One psychological pricing strategy that companies usually apply is when they price a product at a moderate level, then it is displayed next to one that is more expensive that it is so as to influence the customer to use the higher priced product as a reference point or as a comparison factor to influence them to favour the moderately priced product. This is called reference pricing.

Pride and Ferrell (2010) continue to highlight that, “Reference pricing is based on the “isolation effect,” meaning an alternative is less attractive when viewed by itself than when compared with other alternatives.” In contrast, some companies also raise the price of their products, to position them as high quality products and to boost their image.

It is important to choose a pricing objective and a related strategy that considers the business financial goals, the state of the market; including its past and future, competitors’ prices, and possibly their business goals. It is also important to select objectives and strategies that positions the products and the business for success. Choosing objectives and strategies that are appropriate for the business at the current time does not prevent changing objectives or employing different strategies in the future as the business grows or changes (Giddens, 2005).
When product attributes are highlighted in ways perceived to be positive, customer preferences can change (Gamliel, 2010). Incorporating “free” into an offer usually helps sellers (Shampanier, Mazar & Ariely, 2007). Offering free units (e.g., buy one get one free or BOGO) tends to generate a greater response than providing an equivalent price discount (Munger & Grewal, 2001; Davis & Millner, 2005; Stibel, 2005; Chen et al., 2012).

“Free” promotions do not produce the quality concerns that price discounts may stimulate (Chandran & Morwitz, 2006). An expensive product with a free gift tends to generate more sales than a price discount (Nicolau, 2012). However, adding a free gift with a high claimed value may create doubts about the primary item’s quality (Low & Lichtenstein, 1993; Kamins, Folkes & Fedorikhin, 2009). Visually emphasizing a free gift can also lower an item’s perceived value (Raghubir & Celly, 2011). BOGO promotions tend to be less effective when an item has a limited shelf life (Sinha & Smith, 2000) or is less consumed (Li, Sun & Wang, 2007).

Price congruency refers to strategically adjusting the information communicated by a price with the messages from other sources so that the combination boosts the payment willingness. Customers usually believe their purchases are good values and may react negatively if it comes to their realization that others paid different prices especially relatively lower than theirs. A research on direct mail consumers found that when customers learned prices were lowered after they had made their purchases, they tended to buy less in the future (Anderson & Simester, 2010). Even among customers who receive discounts, seeing others pay higher prices led them to buy less (Wang & Krishna, 2012).

The typeface and sound of a price can influence customers. If messages communicated by the typeface are not consistent with messages from the text or the illustrations in an advertisement, there will be a tendency of the message memorability decreasing (Childers & Jass, 2002). Changing font sizes and using terms that are congruent or incongruent with the price magnitude can affect value perceptions and purchase likelihoods (Coulter & Coulter, 2005). For the sound of a price, when people gave prices extra thought, those products with sale prices containing front vowels and fricatives were perceived to have deeper discounts (Coulter & Coulter, 2010).
2.3.4 Loss Leader

According to Kaln (2004), “A loss-leader pricing strategy involves the pricing certain products at or below cost in order to attract buyers who will, at the same time, buy more-profitable products. While losing money on the loss leader, the company hopes to more than compensate for the item loss with their profit on the entire order.”

This strategy is mainly employed on e-marketing strategies like the website, as well as in retail outlets like Nakumatt, with the intention of attracting products to their products or to their stores as well as encourage them to order for more items at once. This strategy usually focuses on high volume sales versus high margins.

The loss leader pricing strategy also involves low pricing of a product that has a high demand coupled with aggressive advertising. Such a product is usually widely recognized by the consumer and frequently purchased thus consumers are generally aware of the quality. Dunne, Lusch. J.R. and Curver (2014) emphasize that, “Leader pricing is usually a part of a promotional program designed to increase store traffic. A successful program will produce additional sales for all areas of a store. In many instances, the price of the leader item is reduced only for a specific promotion.”

Roth (2007) in her study, “Understanding Pricing Objectives and Strategies”, noted that choosing a pricing objective and associated strategy is an important function of the business owner and an integral part of the business plan or planning process. She concluded that choosing a pricing strategy and a related strategy requires careful consideration of the business and financial goals, the state of the market, and the products and prices of the competition. A SWOT (Strength, Weaknesses, Opportunities and Threats) analysis is necessary for the organization to identify its capabilities and set the appropriate pricing strategy.

2.4 The influence of Place on Customer Preference

The decision of where a firm should sell its products is the question raised under the P of place in the marketing mix. Place strategies can be classified as exclusive, selective, and intensive, which are connected to what kind of image a company wants to have. Exclusive means fewer places and selling only one brand. Selective is the middle way, where the products are sold at selected places that could be outside the company, but with high
collaboration between the two parties. Intensive strategy is just a matter of being visible and available everywhere and is most used by low-price/high-volume strategies (Parment, 2008).

2.4.1 Business Location

According to Pitta et al. (2008), marketers are required to be very keen when it comes to usage of distribution locations so as to increase the availability to the BOP segment. It means that if the distribution channel is applied poorly, chances are very high that there will be a decrease in the availability of products given that the cost for the distribution system will have to be carried by the products. This is because BOP consumers have always been underserved or wrongly treated by commercial interest, in this aspect; it is paramount that the distribution channels have to be both physically close as it has to be in the emotional proximity as well (Pitta et al., 2008). If a business draws customers to a store location, the site must be convenient to the customer, must be easily accessible and provide the customer with a feeling of safety upon their arrival and exit.

While examining the African market, Chikweche & Fletcher (2012) were able to establish cases where distribution channels were very much related to the development of unconventional channels. In those cases use of informal channels was applied besides the formal (traditional) ones. By formal channels Chikweche & Fletcher (2012) mean, family owned local grocery shops, supermarkets and wholesalers while the informal channels include women’s group, buying clubs, and open market stalls. This is also in line with Prahalad (2010) who was of the opinion that instead of just thinking about places to sell, companies need to think about new ways to reach the BOP consumers. Anderson (2006) also made it clear that among the biggest challenges of serving BOP markets is the need to ensure availability of products and services throughout the country, not just in cities, which is in line with Prahalad (2010).

Factors that draw a business away from a certain location are “push” factors. These include increasing costs, more competition, a reduction in demand or poor communication and transportation systems. Conversely, those that “pull” a business towards a location have lower labour costs, a growing consumer base, government incentives, improved transportation and communication systems.

When the firm solely relies on customers to visit them, the demographics of the potential location are considered. A business appealing to young families would not do well in a
location where the average household is older than 50. A day care facility would need to be located near where young dual-income families live, or where young parents work, so that dropping off and picking up the children are not out of the way.

Choosing the actual business location contributes to the bottom line. Consider traffic patterns and accessibility for both customers and employees. Consider too that even if a location does not have specific zoning, there may be covenants and deed restrictions on the chosen location. "Bloomberg Business week" writer, Peter Coy, points out that while Houston, Texas, for instance, has no formal zoning code “the separation of land used is impelled by economic forces rather than mandatory zoning. Developers employ widespread private covenants and deed restrictions, which serve a comparable role as zoning.”

When a business relies on the local community for support, there will be need to check out the competition. In some cases, being near several similar businesses is an advantage because it draws a consumer group to that area. So, if the business is retailing teen fashions, being near to other similar stores could be helpful. The same is true of fast food or quick restaurants, and gas stations. However, if the business needs the bulk of the market share, such as a grocery or after school program, then there will be need to choose a location where the business is the primary service provider of that market segment.

2.4.2 Stock Availability

According to Kotler (2006) product availability is a major factor when it comes to customers’ brand preferences. Further Jo (2005) avers that consumers are likely to prefer buying from an organization whose product availability is assured. Many at times are supply hiccups that result in shortages in supplies or complete run-outs. Complete run-outs cause inconveniences and lack of trust in loyal customers when they fail to get stocks of their requirements. Product and service availability is therefore a measure of supplier or retailer reliability.

A research was done to determine the customer preference based on the availability of retail store, it was found that income and the young age customers are having a favourable effect on the choice of the retail store, apart from occupation and the adult customers (Ravilochanan & Devi, 2012). This implies that the organized retail stores need to analyze the customer database thoroughly so as to determine the type of customers who prefer the store and monitor their buying behaviour. And from the same survey, it was also revealed that
medicine is the most preferred items in this type of stores and so the stores need to focus more on adding value to what they offer in this department. For instance, it is possible to match the customer age and the medicine they buy. And using the quantity bought by the customers, a well designed message could be sent a few days before the stock is replenished to the target customers. In such a message additional information like new medicines added, new services introduced like home delivery, offers, etc. could also be included.

The customer preference of other items at the organized stores is less preferred e.g. grocery, books, car, two wheeler, audio system, etc. Among the items they carry, the store should rank them in the order of customer preference and create value addition in such departments. It is worthwhile studying the linkage between customers who buy grocery and medicine and then start impressing upon them the value addition created for grocery purchase.

A similar approach could be taken up for persuading customers to buy other items by highlighting the customer value proposition to wean the customers from the traditional stores and also from other competitors. The same way, organized retail houses can adopt new strategies to improve their offering to the customers and attract more customers to the retail business.

There is also a fact that gender is a vital factor in the choice of retail trade. While men prefer to save time, which is more possible in traditional outlets, women prefer to go to organized retail outlets (Ravilochanan & Devi, 2012). The reason is that women are more choosy, take time to compare various items and also look for other items that are on display – this would vary from textiles and garments to shoes, handbags, etc. Taking advantage of these women’s buying behaviour; the organized retail trade can review their shop layout to attract women customers to the items of their liking by positioning this section nearby the entrance.

**2.4.3 Service Levels**

Choi et al. (2004) noted that retail product and service quality at the point of purchase influences consumers' perceptions of value and willingness to buy. Support services attract customers to certain retail outlets which allow them, the convenience and pleasure of shopping at the preferred outlets.

These support services include; identifying customers needs in the outlets, delivery of products to customers’ premises, especially for massive products like fridges, installation of
gadgets at customers’ homes, technical support for high-tech gadgets, software and systems, warranties, guarantees, financial arrangement and payment flexibility, product usage training, convenient shopping hours, loyalty programs, adequate parking among others.

Past studies have indicated that income and occupation are important factors in influencing the choice of stores. Most customers in high income groups and higher work positions drive their vehicles during the weekend along with their families as they visit various places including organized retail outlets.

The common experience is that they find it very difficult to get a parking space. Normally this exercise by itself would consume a lot of time and might dissuade them from visiting the organized retail outlets. To overcome this and also to extend support, retail outlets need to introduce a valet parking facility which goes a long way in saving customers time in parking, avoid disorderly parking and enable full utilization of the parking space. This would help the outlet to attract more customers who spend more time buying more items in the outlet due to their superior service level in providing valet parking for their customers. Accessible parking also makes it easy for the customers to access their cars with ease especially after massive shopping.

In relation to product service levels, there also exist the challenges related to the physical product distribution cost that could be minimized. This requires innovation given that the BOP consumer pays more for the same product than a high end consumer due to longer distribution chains involving more actors so as to reach the areas that the BOP consumers usually live. Leading to aggregated margins, thus making the final price higher (Barki & Parente, 2010).

Prahalad has for a long time deemed the traditional marketing strategies unfit to serve the BOP markets. It has been suggested that these traditional marketing strategies focus too much on ‘western’ ideas and are not accounting for the uniqueness of the BOP market and its high diversity. In order to move away from the traditional thinking, Prahalad (2010) argues that reforms with innovative change in the service levels of the supply chain process are needed.

Products and services pass through various routes after production until they are purchased by the end users. Therefore, distribution channels of all those organizations that a product
goes through between its production and consumption needs to be more cost effective. (Kotler, Wong, Veronica, Saunders and Armstrong, 2006).

2.4.4 Efficiency
Fast moving consumer goods (FMCG) companies’ goal is to get products to retail locations faster and more cost effectively than competitors. This is a key factor to top-line growth and competitive advantage. In India, like many other developing countries, they are yet to update their distribution models to keep up with the world’s competitive and connected markets. The cost of distribution can run as high as 18 to 25 percent of sales (for example, on channel margins and trade management), making it the second-largest line item after raw materials. As a result of soaring costs putting pressure on margins, channel partners want better returns and faster growth. Rethinking distribution, then becomes the ticket to improved sales and top-line growth (Kearney, 2013).

Return on investment is a key factor in retail distribution channels from manufacturers to distributors to retailers. However, many industries fear compromising the needs of other stakeholders, but if these worries are put aside a “win-win-win” distribution model is developed. This is determined by three dimensions; coverage of retail outlets by channel partners (direct versus indirect), channel productivity (more sales, lower costs), and the payout (total retail expenditures) (Kearney, 2013).

To both manufacturers and consumers, there are several benefits that come with using intermediaries. The key benefit includes improved efficiency, which results from adding intermediaries in the channels of distribution, a better assortment of products, improved transaction systems, and easier search engines for goods as well as customers. The intermediaries also bridge the gap between the assortment of goods and services generated by producers and those in demand from consumers. Manufacturers produce many similar products, while consumers want small quantities of many different products. In order to smooth the flow of goods and services, intermediaries perform functions such as sorting, accumulation, allocation, and creating assortments. In sorting, intermediaries take a supply of different items and sort them into similar groupings (Bianco, 2011).

According to Bianco (2011) intermediaries also help reduce the cost of distribution of the manufacturers when they take up the transactions and it becomes routine to them. The intermediaries also help both buyers and sellers in the search processes when producers are to
determine their customers' needs, while customers are searching for certain products and services. In addition, the channels of distribution reduce the degree of uncertainty. This is because consumers are able to find what they are looking for when they shop at wholesale or retail institutions organized by separate lines of trade, such as grocery, hardware, and clothing stores. This helps producers make some of their commonly used products more widely available by placing them in many different retail outlets, so that consumers are more likely to find them at the right time.

2.5 The influence of Promotion on Consumer Preference

According to Foxall (2012), traditional promotion involves all the marketing tools currently available, most evident marketing channels that are used in developed countries, such as TV and the internet. They have been characterized by being cost efficient as having the ability to have a wide reach and at reasonable prices. Awareness has been regarded as being an influential factor in consumer decision making. This is because it influences the type of brand that enters the consideration set. Brand awareness also influences the type of brands selected from the consideration set (Macdonald & Sharp, 2007).

A study conducted by Hoyer and Brown (2010) that pioneered the research at the individual decision level examined the effects of brand awareness on consumer choice. According to the study it was revealed that awareness impacts heuristically on the perceived quality of the brand. Similarly, according to consumer behaviour theory, product choice is regarded as a highly involving problem-solving process (Foxall, 2012).

2.5.1 Sales Promotion

Sales promotion is the technique which is mainly used by marketers in order to influence and encourage customers and end users to purchase certain products in a certain time period. Sales promotion has a short term influence on sales, being the reason why it is mainly offered for a short duration.

When a brand has launched a new product, consumers mainly do not have information or experience regarding this new product. Therefore, sales promotion is recommended to encourage the consumers to purchase this product. It is clearly indicated that the main objective of sales promotions is to influence consumer buying behaviour (Solomon, Marshall & Stuart, 2008).
Kotler and Armstrong (2004) also agreed with this definition. Thus, they grouped sales promotion as one of the five foundations of the marketing communication mix. The marketing communication elements are the tools that are used to convince consumers to purchase certain product and are usually short term motivational elements that have an influence on consumer purchasing behaviour.

Sales promotions are regarded as having the ability to offer a number of utilitarian benefits. Such benefits include monetary as well as non-monetary benefits such as the desire for savings, quality, convenience, value expression, exploration as well as entertainment. Utilitarian benefits are primarily considered to be functional while at the same time relatively tangible. They therefore help the consumer to maximize utility while carrying out shopping, efficiency as well as the economy.

Generally, such benefits offer consumers the intrinsic stimulation, fun as well as pleasure. It is on the basis of this distinction that Wansink and Laurent (2010) established how monetary promotions offer more utilitarian benefits whilst non-monetary promotions provide more hedonic benefits. Such relationships, enhance consumer loyalty for example, coupon promotions may still offer some hedonic benefits like the enjoyment of redemption, although its main benefit of saving is utilitarian (Mittal, 2004).

Coupons are one of many tools used by marketers as a sales promotion tool. Coupons are papers or certificates that save money for the customer when they purchase products. This could be a 25% discount off the value of the product or a fixed amount on every piece purchased (Harmon & Hill, 2003). Marketers use different methods to ensure that coupons reach the customers. These methods include; free standing inserts in newspapers, a customized mail that could also be sent directly to important customers or given directly to them once they make a purchase.

The store coupon machines are usually located at the point of checkout counter where the purchase history of the customer is checked in the system and the coupons are offered based on the past purchases or the buying behaviour of the consumer for specific products related to the company that is offering the coupon. (Kotler & Armstrong, 2006).

Coupons have several advantages such as increasing sales in a very short period and thus encourage the customers to switch to another brand. Coupons also stimulate the trial of new products. An example would be where a customer wants to purchase a new flavoured kind of
tea but fears that the new flavour will not match their taste, in this case a coupon will encourage this customer to purchase the product since it will reduce the cost of obtaining such a product (Nudubisi & Tung, 2005).

However, there are many viewpoints that describe the ineffectiveness of using coupons as a sales promotion technique. Such arguments are based on the fact that huge coupon discounts on products may decrease the value of that product in the minds of customers. Moreover, the majority of these coupons are redeemed by loyal customers who by any means would have purchased the product anyway with or without the introduction of coupons causing waste of financial and monetary resources of the company (Silva-Risso & Bucklin, 2004).

Rebates are also a form of sales promotion that could be similar to coupons. However, there exists a major difference between rebates and coupons, in that coupons are redeemed during the purchase period but rebates are redeemed after the purchase period. This difference could be resolved by explaining the process of rebates, where a customer purchases a product - subject to rebate discount – the customer sends the proof of purchase i.e. the receipt, and then the company sends the customer the money afterwards by mail or other means (Kotler & Armstrong, 2006). This has always been viewed as the main disadvantage of rebates since the uncertainty of redeeming the money become consistent after purchasing the product (Lu & Moorthy, 2007).

Free Samples and Premiums are also very important tools in sales promotion. Free samples are trial amounts for certain products distributed to customers through many different ways like handing it to them directly, sending them by mail or attaching the samples to another different product or in magazines. Free samples stimulate the trial of a new product during the introduction stage of the product (Clow & Baack, 2007). However, the problem of samples is that it is the most expensive sales promotion tool.

Premiums are goods offered for free or with a very low price to entice customers to buy the product. An example is the inclusion of a toothbrush with toothpaste or the inclusion of a kid toy with other kiddie products in order to attract the children segment who will then ask their parents to purchase the product for them in order to enjoy the accompanying product. Premiums could be placed inside a package or out of the package or even sent by mail (Pride & Ferrel, 2008).
Marketers refer to bonus packs as a means to promote sales to their customers. Bonus packs could be exemplified by the Kraft Company, which offered the normal 500g cheddar jar with an increase of 200g to 700g at the same price, i.e. the customers benefited from an increase of 200g. A soft drink company may offer a 14 can pack for the price of 12 cans, making the customer benefit from 2 extra cans.

The biggest deal in this field is the BOGO (Buy One, Get One free). Bonus packs have several advantages; including boosting sales in the short term without the need to reduce prices as decreasing the prices could devalue the image of the product. Moreover, bonus packs are temporary offers which do not last for long. This enables the company to end the offer without necessarily having to decrease the price and then increase it afterwards (Nudubisi & Tung, 2005). On the other hand, bonus pack could have some pitfalls, one of the major problems is that bonus packs may not appeal to customers who do not purchase the product and will not induce product trial e.g. a person who does not eat jam will not be encouraged to purchase a jam jar if they notice a free increase in quantity (Ong et al., 1997).

The main weak point of sales promotion in influencing consumer buying behaviour is that according to price perception theory, consumers mainly build a reference based on the previous prices of the product. This reference is then used to compare between the current price of the product and the previous price. Thus, using sales promotion could increase the degree of hesitation to buy a certain brand in its non-promotion period. As a result, it may increase sales for short term, but it may negatively affect the brand equity in the long term. (Pauwels, Hanssens & Siddarth, 2002).

As stated before, sales promotion in the long term might not support brands equity. Consumers start to devalue the brands and only purchase the products during sales promotion only. As a result, when a brand leader does frequent sales promotions, there is a risk that the brand’s sales will decrease in the long run. However, the advantages of sales promotion should also be taken into consideration since it helps to increase sales in the short term more than advertisements.

On the other hand, it has been found that sales promotions are generally more efficient than advertising in influencing consumer buying behaviour. These researchers provide a real life example which is AKAI an India company that heavily used sales promotion when they offered good trade-in values on black and white TV when buying a new colour TV. As a matter of fact, AKAI became a market leader with this strategy (Alvarez & Casielles, 2005).
Chikweche and Fletcher (2012), further stress that innovative and cost efficient promotion methods are key when it comes to communicating with potential consumers. Use of social networks for instance, groups of women in direct marketing, including demonstrations of product benefits, not only builds awareness among potential consumers but it also enables channels of getting feedback from them.

Barki and Parente (2010) on the other hand, argue that the consumers in Brazil tend to create a stronger sense of community and social network, on the basis of mutual help. This is because consumers need to survive in a hostile environment an element that has led them to learn to help themselves. It follows, therefore, that communications efforts aimed at enhancing word of mouth and prioritizing face-to-face contact are likely to have a higher potential success in terms of increasing sales. Thus, BOP consumers prefer personalized relationships where they can trust the information about the product that they buy. Scholars (Prahalad, 2010; Chikweche & Fletcher, 2012 and Barki & Parente, 2010) talk about the importance of cost efficient and non-traditional channels, such as WOM and social networks as a means of creating awareness in this market.

In conclusion, sales promotion can be regarded to be a powerful tool which can be used to promote a brand awareness to others who may not be aware of the brand. Additionally, sales promotion interactivity results in an increase of brand awareness because of high transparency of the information.

2.5.2 Advertising

Advertising has the advantage of selling the product’s benefits as opposed to its attributes so as to attract customers’ attention. An attribute is simply a product feature, e.g. easy to open cap whereas a benefit aims at focusing on satisfaction, i.e. what the consumer will receive from the product once they use it. It is more attractive to the consumer as it answers the question, what’s in it for me? Benefits include such things as pleasure, convenience, relief etc.

According to Lamb, Hair, and McDaniel (2006), “Marketing research and intuition are usually used to unearth the perceived benefits of a product and to rank consumers’ preference for these benefits. Coke’s rival, PepsiCo, has its own sports drink Gatorade. Already positioned as the thirst quencher, Gatorade’s advertising touts its fuelling benefits to serious athletes of mainstream sports.” Lamb et al (2006), continue to highlight that, “Advertising
appeals typically play on consumers’ emotions, such as fear of love, or address some need or want the consumer has, such as a need for convenience or the desire to save money.”

Choosing the right appeal that works best for the consumers requires market research to identify the gaps in the consumer’s life and seeking to fulfil these gaps by offering the benefits brought by using a certain product. These benefits, however, should be desirable, exclusive and believable. They should also create a positive impression in the mind of the consumer. Armstrong (2010) emphasizes that, “Advertisements that call attention to product features can be persuasive when these features are obviously related to benefits. This is especially true when those features are unique. If the benefits are not immediately obvious from a product’s features, the ad should explain the linkage.”

Kim et al., (2010), while looking at the influence of advertising on brand awareness in the electronics industry in the U.S sought to create an understanding on how the choice is set as the result of a process of sequential advertising. The study chose to abstract away from the role of consumers in actively determining choice sets and, instead mimic Goeree (2008) or Draganska and Klapper (2011), who regarded the extent of brand awareness as a result of firms' advertising decisions. The findings of the study established that advertising expenditures affect not only the consumers' awareness, but also the utility that they may obtain from purchasing a product.

In their study of the mature German coffee market, Draganska and Klapper (2011), regarded the effect of advertising over brand awareness of consumers to be essentially static. To separate the two effects of advertising, they relied on a combination of aggregate information and data on individual choice sets from consumer surveys. The study established that indeed advertising led to brand awareness, which further led to enhanced customer retention.

While examining the influence of advertising on the choice of consumer products in Greece, Goeree (2008), estimated a model for the personal computer market that considered the supply side of the market in order to deal with the indignity problem. As a result, introducing variation in the consumers' brand awareness created a dimensionality problem in the model, arising from the high number of possible choice sets. One of the study contributions provided a strategy to overcome these problems and measured the effect of advertising on the inclusion of a product in consumer brand awareness. Whereas she focused on the static effect of advertising and abstracts from the effect that it might have on consumer utility, this study
considered both the effects of advertising, studied the dynamic implications of awareness, and provided an identification strategy to disentangle the different effects.

2.5.3 Public Relations

According to Hatten (2012), “Public relations (PR) involves promotional activities designed to build and sustain good-will between a business and its customers, employees, suppliers, investors, government agencies, and the general public.” Hatten (2012) continues to point out that, “PR involves a variety of communication formats, including company publications such as newsletters, annual reports and bulletins; public speaking; lobbying; and the mass media.”

PR (Public Relations) can also be defined as a method for creating a public which is the member of a democratic society and gaining trust, approval and respect (Biber, 2009). It is an effective tool in brand building because it has the ability to generate a lot of positive publicity. Most consumers perceive publicity information as more genuine than advertising since they perceive it as coming from a non-biased party, thus regarded as a very credible form of promotion.

Boones and Kurtz (2010), emphasize that, “Through PR, companies attempt to improve their prestige and image with the public by distributing specific messages or ideas to target audience. Cause-related promotional activities are often supported by PR and publicity campaigns. In addition, PR helps a firm establish awareness of goods and services, then builds a positive image of them.”

Individuals are now living in a network society that they are connected locally and globally. It follows that there has emerged a new global network with the help of internet which is always accessible which changed the concept of place and the sense of distance (Varnelis, 2008). The internet has without doubt changed everything in the sense of public relations. Companies are not simply just publishing the important and useful information, and they are also offering continuous two way communication between the company and their target market.

According to the four rings model by Grunig and Hunt (2013), the communication environment via which internet occurs is two ways: unstable and asymmetric. The emergence of social media as a two way symmetric communication environment has provided balanced interactive communication between target groups and companies without time and location constraints. It therefore means, that networks, which are emerged
spontaneously without time and location constraints, continue to become an effective, efficient and measurable communication channel of PR for public opinion, trust, approval, consent, and respect construction.

Finally, a company and its products have a lot to gain with proper Public Relations Strategies. When a company has a good reputation, consumers are more drawn to everything it has to offer. They are more drawn to try the company’s products, buy shares from the company, believe in its product advertising, and want to work for the company, do business with the company, support the company in difficult times and finally give it a higher financial value in the market. Gregory (2010) sums this up by emphasizing that, “Spending money on establishing dialogue with key publics and building reputation does result in tangible benefits to the organization. Publics are influenced in their favour.”

2.6 Chapter Summary
Several factors affect consumers’ perception and the intention to purchase. Nevertheless, this study only focused on the four external factors of the marketing mix i.e. product, price, place and promotion, and sought to understand the role that each played in influencing consumer perception of the Nakumatt Blue Label Brands.

The study also gathered insights from previous theories that had been studied that sought to explain consumer behaviour from a different perspective. Although all these factors and theories were supported by previous researchers, a statistical analysis to support the framework was also necessary.

Consumers make many buying decisions every day. Due to this fact, many companies research on consumer-buying decisions in great detail and seek to understand the theories behind the behaviour. They want to answer questions about what consumers buy, where they buy, how much they buy, when they buy, and why they buy. However, studies about the “whys” of consumer buying behaviour and the buying-decision process in addition to understanding the theories behind consumer behaviour is not as easy as the answers are often locked deep with the consumer’s mind.

On the other hand, understanding the role of the various marketing stimuli and how these marketing strategies influence the perception of consumers on the brands will be an important factor to consider. When the company really understands how consumers respond to different
product features, price, and advertising appeals, they will have a great advantage over competitors.

In conclusion, this study was important to retailers looking to venture into their own private brands since they will be able to identify the key factors that are valued by consumers and will therefore be in a position to review their marketing strategy so as to expand their market share and remain competitive.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
This chapter has various sections. It covers the research design, target population, sampling procedure, data collection techniques and data analysis techniques. The survey research design method was used in this study. It involved using a self-design questionnaire in collecting data from ninety respondents. The instrument used in this study was a close-ended questionnaire, which was designed by the researcher.

3.2 Research Design
The research design is the overall plan of the research in answering the research questions. The research design indicates the exact points of data collection required. It also indicates the studying sites and settings (Creswell, 2014).

The general objective of the study was to assess the influence of marketing strategies on consumer preference of private retail label brands. The research design employed in this study was descriptive, whereby the study evaluated the influence of marketing strategies on consumer preference of Nakumatt Blue Label Brands. It evaluated each of the four elements of the marketing mix, i.e. product, price, place and promotion and acknowledged the role that each played in influencing consumer’s perception of Nakumatt’s Blue Label Retail Brands. It also involved quantitative research design which entailed the collection and analysis of various numeric information.

The survey methodology of data collection was utilized, by the use of questionnaires which were administered to respondents that had specifically been selected to represent a population to which the findings of the data were generalized. The dependent variable was customer preferences whereas the independent variables included product, price, place and promotion.

Burns and Bush (2010) emphasize that, descriptive research is undertaken to obtain answers to questions of who, what, where, when and how. When we wish to know who our customers are, what brands they buy and in what quantities, where they buy the brands, when they shop, and how they found out about our products, we turn to descriptive research.
Burns and Bush (2010) continue to highlight that, “Certain measures such as mean, mode, standard deviation, and range are forms of descriptive analysis that are used by marketing researcher to describe the sample data matrix in such a way as to portray the typical respondent and to reveal the general pattern of responses. Descriptive measures are typically used early in the analysis process and become foundations for subsequent analysis.”

3.3 Population and Sampling Design

3.3.1 Population
The population included all Nakumatt customers in Nairobi County, who were eligible and willing to participate in the study at the time of data collection. Nakumatt’s customers involved the accessible population, as the aggregate of cases that conformed to the designated criteria and were assessed as a pool of subjects for the study. It is from this accessible population that the researcher drew the sample, so as to generalize the population, by making a sampling plan through a written down statement which indicated how many customers were selected.

These were also the target population, given that they were the aggregate of cases of which the researcher intended to make generalization concerning the most preferred marketing strategy that influences customers’ preference, of their product of choice in view of the fact that they were directly involved in the purchase of Nakumatt Blue Label Retail products.

3.3.2 Sampling Design

3.3.2.1 Sampling Frame
A sampling frame is a comprehensive list of all sampling elements in the target population, from which to select units or elements to be sampled (Dominguez, 2014). The Nakumatt’s customer care services department data base constituted of the sampling frame, while the cashiers desks were the sampling units. The sample elements were the customers being served during the morning hours, afternoon and evening.

3.3.2.2 Sampling Technique
Probability sampling also known as random sampling was utilized, whereby every Nakumatt Blue Label retail brand consumer was given an equal chance to participate and the feedback was used to generate the sample for all customers. According to Amugune (2014), it allows
for random selection in choosing the elements, whereby each element in the population should have an equal and an independent chance of being selected, allows for a much more representative sample, and lastly enables calculation of inferential statistics for generalization of study results.

In this study, only those found purchasing Nakumatt Blue Label brands were included as study elements, using stratified random sampling method, by subdividing the population into homogeneous subsets or strata which is a mutually exclusive and collectively exhaustive segment of a population established by one or more characteristics, i.e. sex and occupation.

The advantage of this method was due to the fact that there was an increase in sample’s statistical efficiency, which enabled different research methods and procedures to be employed in different strata (Cooper and Schindler, 2003). The sample of the population was selected on the basis of suitability for the objective research, as a matter of convenience.

3.3.2.3 Sample Size

Burns and Bush (2010) describe the sample size as a means of “determining how many elements of the population should be included in the sample.” For this study sampling was done in two stages. The first stage was to determine the supermarkets’ sample and the second stage was to determine the respondents’ sample.

The sample size was determined from a sample frame of Nakumatt Blue Label customers taken from twelve Nakumatt branches out of a total of thirty four branches countrywide; which translated into 35% of the total outlets. The sample supermarkets were randomly selected and clustered into three tiers i.e. high level, mid level and low level according to Nakumatt’s classification criteria. The selected outlets were randomly selected according to their proximity and ease of collection.

Gallardo et al, (2012) provides a mathematical formula for calculating sample sizes as follows; 

\[ n = \frac{(a^2 \times p(1-p))}{(b^2)} \]

Where; 
\( a \) is the z score
\( b \) is the margin of error
\( p \) and \( q \) are the estimate proportions
Assuming a 90% level of confidence with a z score of 1.96, and a margin of error of 10% with a (50%: 50%) proportions, hence the required sample size of \( n = (1.96 \times 1.96) \times (0.5 \times 0.5) / (0.1 \times 0.1) = 96 \). A population of 96 was therefore selected for this study. This study allowed the sampling error of ±5%.

**Table 3.1: Sample Size**

<table>
<thead>
<tr>
<th>NO</th>
<th>NAKUMATT BRANCHES</th>
<th>CLUSTERS</th>
<th>SAMPLE SIZE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>JUNCTION</td>
<td>HIGH LEVEL</td>
<td>8</td>
</tr>
<tr>
<td>2</td>
<td>GALLERIA</td>
<td>HIGH LEVEL</td>
<td>8</td>
</tr>
<tr>
<td>3</td>
<td>KAREN</td>
<td>HIGH LEVEL</td>
<td>8</td>
</tr>
<tr>
<td>4</td>
<td>VILLAGE MARKET</td>
<td>HIGH LEVEL</td>
<td>8</td>
</tr>
<tr>
<td>5</td>
<td>PRESTIGE</td>
<td>MID LEVEL</td>
<td>8</td>
</tr>
<tr>
<td>6</td>
<td>MEGA</td>
<td>MID LEVEL</td>
<td>8</td>
</tr>
<tr>
<td>7</td>
<td>LIFESTYLE</td>
<td>MID LEVEL</td>
<td>8</td>
</tr>
<tr>
<td>8</td>
<td>UKAY</td>
<td>MID LEVEL</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td>WENDANI</td>
<td>LOW LEVEL</td>
<td>8</td>
</tr>
<tr>
<td>10</td>
<td>EMBAKASI</td>
<td>LOW LEVEL</td>
<td>8</td>
</tr>
<tr>
<td>11</td>
<td>MOI AVENUE</td>
<td>LOW LEVEL</td>
<td>8</td>
</tr>
<tr>
<td>12</td>
<td>HAILE SELLASIE</td>
<td>LOW LEVEL</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>96</strong></td>
</tr>
</tbody>
</table>

**3.4 Data Collection Methods**

Data was collected using a highly structured questionnaire which is also known as a structured interview schedule or a formal and written document where questions were asked orally face-to-face. Naresh (2007) describes a questionnaire as “A structured technique for data collection that consists of a series of questions, written or verbal, that a respondent answers.” The questionnaires in this case were used to obtain primary data required for the project whereby it addressed all the research objectives which included the four elements of the marketing mix, i.e. product, price, place and promotion.

The questionnaire provided comparability of responses and facilitated analysis, thus the researcher found it to be the most appropriate tool for this type of data collection activity. It had a high response rate, since the researcher administered it personally, and it captured the respondent’s own responses. One type of questionnaire was administered to all customers.

A five point Likert scale where (1) will be Strongly Disagree, (2) Disagree, (3) Neither disagree nor Agree (4) Agree, (5) Strongly Agree in rating various statement was used. The
ratio scale was used in data measurement and both inferential and descriptive statistics was utilized to analyze the data.

3.5 Research Procedures
The research procedure included the preparation of the structured professional questionnaire. Pre-testing was done to check if the tools to be used were correct, and several changes were made on complex questions. Pre-test being a small scale trial of a particular research respondent, was done so as to change or make modification as in how long one took to get a questionnaire filled and was done before finalizing the research proposal, of which the findings were used to make filling easy by deleting or omitting unnecessary work.

The structured questionnaire was administered to the respondents during the day and evening when the supermarket was open. The researcher utilized the questionnaires on a one-to-one face interaction with the respondents after requesting them to participate. The researcher explained the purpose of the study and assured the respondents strict confidentiality of the information that they provided to gain an informed consent from them. The content of the informed consent included the status of the prospective participants; information that the data was to be used solely for research purposes, the study objectives, and data collection procedures.

Confidentiality pledge was emphasized orally and voluntary consent was requested by informing the respondents that they were free to participate, and had the right to withdraw and withhold information. The researcher was also responsible for creating a time frame so as to schedule the various required activities appropriately and had the proposal approved by the concerned review body beforehand.

3.6 Data Analysis Methods
At this stage, the completed questionnaires were edited for completeness and consistency before the processing of responses. The data was then coded to enable the responses to be grouped into various categories so as to employ quantitative methods of analyzing data.

Cooper and Schindler (2000) describe the Likert Scale as “the most frequent used variation of the summated rating scale. Summated scales consist of statements that express either a favourable or unfavourable attitude towards the object of interest.
The questionnaire was then uploaded and analyzed using the SPSS software. Ideally, the measurement used to collect data was reliable and valid. According to Burns and Bush (2010) “a valid measure is one that is truthful.” For this study, the validity of the questionnaire was achieved through pre-testing of the questionnaires and a pilot test of the survey.

3.7 Chapter Summary
This chapter covered the methods used to collect the information which was a descriptive research in nature where the study evaluated the influence of marketing strategies on the consumer preference of Nakumatt Blue Label Brands. The survey method of data collection was used which involved the use of questionnaires. The dependent variable was customer preferences while the independent variables included product, price, place as well as promotion.

The next chapter reports the findings of this study based on the research questions which were obtained from the administered questionnaires. The chapter highlights the findings of the study, which highlights as to what extent the various components of the marketing mix influence consumer preference when it comes to the purchase decisions that they make on the private retail brands.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction
This chapter presents the results and findings of the study of the research questions with regards to the data collected from the respondents. The initial section covers the background information with respect to the respondents; consequently the second section looks at how product attributes influences customer preferences, followed by findings on how prices influences consumer preferences as well as findings on how place influences consumer preferences and finally the last subsection looks at how promotion influences customer preferences. The response rate was at 100% as all the respondents fully participated in the study.

4.2 General Information
The general sample comprised of both male and female consumers of Nakumatt Blue Label brands.

4.2.1 Gender of the Respondents
As seen in table 4.1 majority of the respondents were females (51.4 percent) while men were 48.6 percent. This implies that in this study gender consideration was given attention. This is because of the constitutional requirement of 30 percent gender consideration.

Table 4.1: Gender of the Respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>47</td>
<td>48.6</td>
</tr>
<tr>
<td>Female</td>
<td>49</td>
<td>51.4</td>
</tr>
<tr>
<td>Total</td>
<td>96</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.2.2 Occupation of the Respondents
Table 4.2 further presents findings with regard to the occupation of the respondents. As seen in the table, the majority of the respondents were employed at 50 percent, 26.4 percent were in business, 16.7 percent were students while 6.9 were in the other category.
Table 4.2: Occupation of the Respondents

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>48</td>
<td>50.0</td>
</tr>
<tr>
<td>Business</td>
<td>25</td>
<td>26.4</td>
</tr>
<tr>
<td>Student</td>
<td>16</td>
<td>16.7</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>6.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>72</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.3 Influence of Product on Consumer Preference

The first objective of the study was to examine the influence of product attributes on consumer preference of Blue Label Brands. This subsection therefore presents findings relating to this aspect of the study.

4.3.1 Extent to which Product Influences the Preference of Blue Label Brands

Figure 4.1 presents findings with regard to the respondents’ view on the extent to which they were influenced by product attributes in order to buy blue label brands. As seen in the figure 4.1 it is evident that the product attributes influenced consumers to prefer blue label brands to a large extent (57 percent), medium extent (31 percent), small extent (3 percent) and no extent (1 percent), while 8 percent were not sure.

Figure 4.1: Influence of Product on Consumer Preference

4.3.2 Extent to which Product Benefits Influences the Preference of Blue Label Brands

Figure 4.2 presents findings with regard to how respondents prefer blue label brands because of product benefits.
As seen in figure 4.2 it was evident that the majority of the respondents strongly agreed (38 percent), that they prefer blue label brands because of product attributes, while 36 percent agreed 15 percent were uncertain, 4 percent disagreed while 7 percent strongly disagreed that that they prefer blue label brands because of product attributes.

**Figure 4.2: Influence of Product Benefits on Consumer Preference**

![Bar chart showing the distribution of responses regarding product benefits.]

4.3.3 Extent to which Product Quality Influences the Preference of Blue Label Brands

Figure 4.3 presents findings with regard to how the respondents prefer blue label products because they are of high quality.

As seen in figure 4.3 it was evident that the majority of the respondents strongly agreed (63 percent), that they prefer blue label brands because of high quality, while 22 percent agreed 1 percent were uncertain, 11 percent disagreed while 3 percent strongly disagreed that that they prefer blue label brands because of the high quality.

**Figure 4.3: Influence of Product Quality on Consumer Preference**

![Bar chart showing the distribution of responses regarding product quality.]

46
4.3.4 Extent to which Branding Influences the Preference of Blue Label Brands

Figure 4.4 presents findings with regard to how the respondents prefer blue label products because of the branding. As seen in figure 4.4 it was evident that the majority of the respondents strongly agreed (58 percent), that they prefer blue label brands because of branding, while 29 percent agreed, 8 percent were uncertain, 1 percent disagreed while 3 percent strongly disagreed that that they prefer blue label brands because of branding.

Figure 4.4: Influence of Branding on Consumer Preference

4.3.5 Extent to which Packaging Influences the Preference of Blue Label Brands

Figure 4.5 presents findings with regard to how the respondents prefer blue label products because of the packaging.

Figure 4.5 reveals that 65 percent of the respondents strongly agree, 17 percent agree, 11 percent are neutral, 4 percent disagree while 3 percent strongly disagree that they prefer blue label brands because of the packaging.

Figure 4.5: Influence of Packaging on Consumer Preference
4.3.6 Extent to which a Beautiful Color Influences the Preference of Blue Label Brands

Figure 4.6 presents findings with regard to how respondents prefer blue label brands because of their beautiful color.

Figure 4.6 reveals that 51 percent of the respondents strongly agree, 19 percent agree, 17 percent are neutral, 6 percent disagree while 7 percent strongly disagree that they prefer blue label brands because of their beautiful color.

**Figure 4.6: Influence of a Beautiful Color on Consumer Preference**

![Chart showing the distribution of responses to the influence of a beautiful color on consumer preference.]

4.3.7 Extent to which Affordable Packs Influence the Preference of Blue Label Brands

Figure 4.7 presents findings with regard to the respondents’ view on how they prefer blue label brands because of affordable packs.

As seen in figure 4.7 it was revealed that 71 percent of the respondents strongly agree, 14 percent agree, 11 percent are neutral, 3 percent disagree while 1 percent strongly disagree that they prefer blue label brands because of affordable packs.

**Figure 4.7: Influence of Affordable Packs on Consumer Preference**

![Chart showing the distribution of responses to the influence of affordable packs on consumer preference.]

48
4.3.8 Extent to which Big Value Packs Influence the Preference of Blue Label Brands

Figure 4.8 presents findings with regard to the respondents’ view on how they prefer blue label brands because of big value packs.

As seen in figure 4.8 it was revealed that 46 percent of the respondents strongly agree, 24 percent agree, 22 percent are neutral, 4 percent disagree while 4 percent strongly disagree that they prefer blue label brands because of big value packs.

Figure 4.8: Influence of Big Value Packs on Consumer Preference

4.3.9 Extent to which Different Categories Influence the Preference of Blue Label Brands

Figure 4.9 presents findings with regard to the respondents’ view on how they prefer blue label brands because of having different categories.

As seen in figure 4.9 it was revealed that 83 percent of the respondents strongly agree, 10 percent agree, 3 percent are neutral, 1 percent disagree while 3 percent strongly disagree that they prefer blue label brands because of having different categories.

Figure 4.9: Influence of Different Categories on Consumer Preference
4.3.10: Extent to which Availability Influences the Preference of Blue Label Brands

Figure 4.10 presents findings with regard to the respondents view on how they prefer blue label brands because they are easily available. As seen in figure 4.10 it was revealed that 85 percent of the respondents strongly agree, 7 percent agree, 4 percent are neutral, 1 percent disagree while 3 percent strongly disagree that they prefer blue label brands because they are easily available.

**Figure 4.10: Influence of Availability on Consumer Preference**

![Bar Chart](image)

4.4 Influence of Price on Consumers Preference

The second objective of the study was to examine the influence of price on consumer preference of private retail brands. The following subsection presents findings with regard to how the respondents regarded these elements of the study.

**4.4.1 Extent to which the Cheapness of Blue Label Brands Influences the Preference of Blue Label Brands**

Figure 4.11 presents findings with regard to how the respondents regarded the element of blue label brands being cheap. As seen in figure 4.11 it was revealed that 76 percent of the respondents strongly agree, 11 percent agree, 4 percent are neutral, 3 percent disagree while 6 percent strongly disagree that they prefer blue label brands because they are cheap.
4.4.2 Extent to which the relationship between Price and Perceived Quality Influences the Preference of Blue Label Brands

Figure 4.12 presents findings with regard to how the respondents regarded the element of price not influencing their perception of the quality of the product.

As seen in figure 4.12 it was revealed that 44 percent of the respondents strongly agree, 11 percent agree, 19 percent are neutral, 10 percent disagree, while 15 percent strongly disagree that the price did not influence their perception of the quality of the product.

4.4.3 Extent to which the relationship between Price and Purchasing Decision Influences the Preference of Blue Label Brands

Figure 4.13 presents findings with regard to how the respondents regarded the element of price not influencing their purchasing decisions. As seen in figure 4.13 it was revealed that 68 percent of the respondents strongly agree, 14 percent agree, 7 percent are neutral, 3 percent
disagree while 8 percent strongly disagree that the price did not influence their purchase decision.

Figure 4.13: Non-Influence of Price and Purchasing Decision on Consumer Preference

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<thead>
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4.4.4 Perception that Competing Brands being Expensive Influences Consumer Preference of Blue Label Brands

Figure 4.14 presents findings with regard to how the respondents regarded the element of competing brands being expensive. As seen in figure 4.14 it was revealed that 14 percent of the respondents strongly agree, 10 percent agree, 19 percent are neutral, 18 percent disagree while 39 percent strongly disagree that they do not buy competing brands because they are expensive.

Figure 4.14: Influence of Expensive Competiting Brands on Consumer Preference

<table>
<thead>
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</thead>
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<tr>
<td>Strongly Disagree</td>
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4.5 Influence of Place on Consumer Preference

The third objective of the study was to examine the influence of place on consumers preference of private retail brands in Nairobi. The following subsection presents findings
with regard to the respondents' views when it comes to how respondents regard the influence of place.

4.5.1 Extent to which Place Influences Consumer Preference of Blue Label Brands

Figure 4.15 presents findings with regard to the extent to which the location of the blue label brand influences consumer preferences. Figure 4.15 reveals that place influences customer preferences to a large extent (8 percent), medium extent (76 percent), not sure (7 percent), small extent (7 percent) and finally no extent (1 percent).

Figure 4.15: Influence of Place on Consumer Preferences

4.5.2 Extent to which Closeness of Blue Label Brands to Place of Residence Influences Consumer Preference

Figure 4.16 presents findings with regard to the extent to which closeness to place of residence influences customer preferences. Figure 4.16 reveals that the closeness of the supermarket to the place of residence influences customer preferences to a large extent (61 percent), medium extent (7 percent), not sure (6 percent), small extent (26 percent) and finally no extent (0 percent).

Figure 4.16: Influence of Closeness of Place on Consumer Preference
4.5.3 Extent to which Place Convenience Influences Consumer Preference of Blue Label Brands

Figure 4.17 presents findings with regard to the extent to which convenience of the retail stores influences customer preferences.

Figure 4.17 reveals that the closeness of the convenience of the supermarket influences customer preferences to a large extent (89 percent), medium extent (4 percent), not sure (1 percent), small extent (3 percent) and finally no extent (3 percent).

**Figure 4.17: Influence of Place Convenience on Consumer Preference**

![](image1.png)

4.5.4 The Extent to which Easy Accessibility Influences Consumer Preference of Blue Label Brands

Figure 4.18 presents findings with regard to the extent to which easy accessibility influences customer preferences. Figure 4.18 reveals that easy accessibility of the supermarket influences customer preferences to a large extent (89 percent), medium extent (3 percent), not sure (4 percent), small extent (3 percent) and finally no extent (1 percent).

**Figure 4.18: Influence of Easy Accessibility on Consumer Preference**

![](image2.png)
4.5.5 The Extent to which Efficient Systems Influence Consumer Preference of Blue Label Brands

Figure 4.19 presents findings with regards to the extent to which easy efficient systems influences customer preferences. Figure 4.19 reveals that efficient systems of the supermarket influences customer preferences to a large extent (83 percent), medium extent (6 percent), not sure (3 percent), small extent (7 percent) and finally no extent (1 percent).

Figure 4.19: Influence of Efficient Systems on Consumer Preference

4.5.6 Extent to which High Service Levels Influences Consumer Preference of Blue Label Brands

Figure 4.20 presents findings with regard to the extent to which high service levels influences customer preferences. Figure 4.20 reveals that high service levels of the supermarket influences customer preferences to a large extent (81 percent), medium extent (6 percent), not sure (4 percent), small extent (10 percent) and finally no extent (0 percent).

Figure 4.20: Influence of High Service Levels on Consumer Preference
4.6 The Influence of Promotions on Consumer Preference

The final objective of the study was to examine the influence of promotions on customer preferences. The following subsection looks at how respondents regarded this aspect of the study.

4.6.1 Extent to which First Impression Influences Consumer Preference of Blue Label Brands

Figure 4.21 presents findings with regard to how respondents regard the influence of first impressions. As seen in figure 4.21 it was revealed that 72 percent of the respondents strongly agree, 14 percent agree, 11 percent are neutral, 8 percent disagree while 1 strongly disagree that first impression of the brand quality was high.

**Figure 4.21: Influence of First Impression on Consumer Preference**

4.6.2 Extent to which Current High Impression Influences Consumer Preference of Blue Label Brands

Figure 4.22 presents findings with regard to how respondents regard the current impression of Blue Label Brands being high. As seen in figure 4.22 it was revealed that 69 percent of the respondents strongly agree, 11 percent agree, 17 percent are neutral, 3 percent disagree while 0 strongly disagree that the current impression of the brand quality is high.
Figure 4.22: Influence of High Current Impression on Consumer Preference

4.6.3 Extent to which Special Offers Influence Consumer Preference of Blue Label Brands

Figure 4.23 presents findings with regard to how respondents regard the influence of special offers on consumer preferences. Figure 4.23 reveals that special offers influences customer preferences to a large extent (60 percent), medium extent (11 percent), not sure (1 percent), small extent (11 percent) and finally no extent (17 percent).

Figure 4.23: Influence of Special Offers on Consumer Preference

4.6.4 Extent to which Celebrity Endorsement Influences Consumer Preference of Blue Label Brands

Figure 4.24 presents findings with regard to how respondents regard the influence of celebrity endorsements on customer preferences. Figure 4.24 reveals that celebrity endorsements influences customer preferences to a large extent (11 percent), medium extent (8 percent), not sure (3 percent), small extent (8 percent) and finally no extent (69 percent).
4.6.5 Extent to which Advertising Influences Consumer Preference of Blue Label Brands

Figure 4.25 presents findings with regard to how respondents regard the influence of advertisements on customer preferences. Figure 4.25 reveals that advertising influences customer preferences to a large extent (24 percent), medium extent (11 percent), not sure (1 percent), small extent (7 percent) and finally no extent (57 percent).

4.6.6 Extent to which Product Sampling Influences Consumer Preference of Blue Label Brands

Figure 4.26 presents findings with regard to how respondents regard the influence of product sampling on customer preferences. Figure 4.26 reveals that product sampling influences customer preferences to a large extent (56 percent), medium extent (13 percent), not sure (4 percent), small extent (28 percent) and finally no extent (0 percent).
4.6.7 Extent to which Event Sponsorship Influences Consumer Preference of Blue Label Brands

Figure 4.27 presents findings with regard to how respondents regard the influence of event sponsorship on customer preferences. Figure 4.27 reveals that event sponsorship influences customer preferences to a large extent (7 percent), medium extent (13 percent), not sure (1 percent), small extent (11 percent) and finally no extent (68 percent).

4.6.8 Extent to which Leaflets, Fliers and Posters Influence Consumer Preference of Blue Label Brands

Figure 4.28 presents findings with regard to how respondents regard the influence of event leaflets, fliers and posters on customer preferences.

4.28 reveals that event sponsorship influences customer preferences to a large extent (13 percent), medium extent (18 percent), not sure (6 percent), small extent (15 percent) and finally no extent (49 percent).
4.6.9 Extent to which Free Giveaways Influence Consumer Preference of Blue Label Brands

Figure 4.29 presents findings with regard to how respondents regard the influence of free giveaways on customer preferences. Figure 4.29 reveals that free giveaways influences customer preferences to a large extent (51 percent), medium extent (11 percent), not sure (4 percent), small extent (3 percent) and finally no extent (31 percent).

4.6.10 Extent to which Promotional Competitions Influence Consumer Preference of Blue Label Brands

Figure 4.30 presents findings with regard to how respondents regard the influence of free promotional competitions on customer preferences.

Figure 4.30 reveals that promotional competitions influences customer preferences to a large extent (33 percent), medium extent (17 percent), not sure (8 percent), small extent (6 percent) and finally no extent (36 percent).
4.6.11 Extent to which Internet Marketing Influences Consumer Preference of Blue Label Brands

Figure 4.31 presents findings with regard to how respondents regard the influence of free internet marketing on customer preferences. Figure 4.31 reveals that internet marketing influences customer preferences to a large extent (8 percent), medium extent (15 percent), not sure (4 percent), small extent (8 percent) and finally no extent (64 percent).

4.6.12 Extent to which Sales Promotions Influence Consumer Preference of Blue Label Brands

Figure 4.32 presents findings with regard to how respondents regard the influence of sales promotions on customer preferences. Figure 4.32 reveals that sales promotions influences customer preferences to a large extent (46 percent), medium extent (14 percent), not sure (3 percent), small extent (38 percent) and finally no extent (0 percent).
4.6.13 Extent to which Discounts Influence Consumer Preference of Blue Label Brands

Figure 4.33 presents findings with regard to how respondents regard the influence of discounts on customer preferences. Figure 4.33 reveals that discounts influence customer preferences to a large extent (78 percent), medium extent (8 percent), not sure (3 percent), small extent (11 percent) and finally no extent (0 percent).

4.7 Chapter Summary

In this chapter, the findings of the study based on the research questions were presented. The initial section covered the background information with respect to the respondents in terms of gender and occupation. Consequently the second section presented findings based on how product attributes influence customer preferences, followed by how prices influence consumer preferences as well as findings on how place influences consumer preferences and finally the last subsection presented on how promotion influences customer preferences. The response rate was at 100% as all the respondents fully participated in the study.
The next chapter is a discussion on the findings of the study, the conclusion derived and the recommendation for improvement for further research. The discussions and recommendations were based on the research objectives, which were whether and to what extent marketing strategies influence customer preferences of private retail label brands.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter has four sections which include the summary, discussion, conclusions, and recommendations in that particular order. The first section provides a summary of the important elements of the study, which includes the study objectives, methodology and the findings. The second section provides a discussion of the major findings of the study with respect to the specific objectives. The third section presents the conclusions made on the basis of the specific objectives, while using the findings and results which are obtained in chapter four.

5.2 Summary
The general objective of the study was to assess the influence of the marketing strategy on consumer preference of private retail brands in Nairobi. The study was guided by the following specific objectives; to determine the influence of product on consumer preference of private retail brands in Nairobi, to determine the influence of price on consumer preference of private retail brands in Nairobi, to determine the influence of place on consumers preference of private retail brands in Nairobi and to determine the influence of promotion on consumer preference of private retail brands in Nairobi.

The study targeted Nakumatt customers in the Nairobi County from which a sample size of 96 was selected through simple random sampling which was the main source of the primary data. The collected data was coded and analyzed using the SPSS version 20 in order to generate relevant findings such as frequencies and percentages as well as correlations and regression tables.

The study revealed that the product attributes largely influenced customer preference. This implied that the product attributes influence customers on what brand to choose. It was also revealed from the study that there was a positive significant relationship between price and customer preferences. This indicates that indeed price was a key influencing factor in consumer preferences.
The study also revealed that there was a positive significant relationship between place and customer preference. This implied that place or location of the consumer products was a key factor when it came to influencing customer preferences.

Finally the study revealed that there was a positive significant relationship between customer preferences and promotions. These findings implied that indeed promotions were key factors when it comes to enticing consumers on what type of brands to choose.

5.3 Discussion
This section gives a discussion based on the research objectives as follows; product attributes and consumer preference, price attributes and consumer preference, place attributes and consumer preference and finally promotions attributes and consumer preference.

5.3.1 Product Attributes and Consumer Preference
The study revealed that product attributes had a considerable influence on the consumers’ preference of private retail brands. The product attributes that were studied in this case constituted of the quality of the product, the brand, the packaging, the color, the pack sizes, the product categories and the product availability.

It was evident from the study that the majority of the respondents strongly agreed that they preferred the private retail brands because of the product attributes. The majority of the respondents were also in agreement that the brand was key in influencing their preference of the private retail brands. Packaging was also considered an important factor in influencing their preference of the private retail brands as well as the product color and the category that the product is featured in.

The findings agree with Vashisht (2006) in his description of the buying formula of consumer behavior towards a product, “To ensure purchase, the product or service and the trade name must be considered adequate and the buyer must experience a pleasant feeling of anticipated satisfaction while thinking of the product and/or service and the trade name. In some cases, an item, viewed as adequate is also liked and vice versa, but in other cases it may be different.
Vashisht (2006) continues to say that, ”When a buying habit is being established, it should be made clear to the buyer as to why the product or service is an adequate solution to his need or problem, and why the particular trade name will serve his needs best among the other alternatives available to him. It is necessary that the buyer must have a pleasant feeling towards the product or service to defend the purchase whenever his buying habit is challenged by a friend’s remark, a competing salesperson’s presentation, or a competitor’s advertisement. As long as the adequacy and pleasant feelings are present, repeat buying occurs.”

This theory can very well relate to the Nakumatt Blue Label Brand, whereby some consumers are inclined to buying it due to the fact that it is associated with the Nakumatt Retail brand which is a trusted brand. Therefore, it is very easy for them to have that pleasant feeling towards the brand since the Nakumatt Retail brand has gained a lot of heritage over the years riding on a ‘Trusted Quality at Real Value’ brand promise.

The findings affirm that when considering product attributes as a marketing element, issues such as brand, quality, design and packaging are very important and if the brand is acceptable to the customer and is of high quality, the loyalty of the buyer is won through satisfaction. Research has shown that there exists a relationship between product quality and customer loyalty.

5.3.2 Price and Consumer Preference
The study also revealed that price attributes had a considerable influence on the consumers’ preference of private retail brands. The price attributes that were studied in this case constituted of cheap pricing, the relationship between cheap pricing and the quality of the product, the association of price and the perceived product quality, the influence of price on the consumer purchase decision and the price comparison of competing brands in similar categories.

It was revealed from the study that there was a positive significant relationship between price and customer preference of private retail brands. Kotler and Armstrong (2006) define price as “the amount of money charged for a product or service, or sum of the values that consumers exchange for the benefits of having or using the product or service.”
The findings agree with Groucutt, Leadley and Forsyth (2004) who points out that price is the only variable of the marketing mix that is considered purely for revenue generating. However, just like all the other variables in the marketing mix, it cannot be considered purely independent and must relate to the rest of the mix. Kagira and Kimani (2010) highlights that “Price is one of the most flexible elements of the marketing mix, in that it can be changed quickly, unlike product features, promotion and distribution channels. Thus, it can be used as a competitive tool. The marketer can be able to change it very fast in the face of competitive onslaught.”

However, the price element should not be applied solely without integrating all the other elements of the marketing mix. A journal article by Gupta and Cooper (1992) indicates that “like store image, brand name is also an important contextual variable that affects consumers’ responses to price and price discounts. A well-established brand name conveys high image and high quality perceptions. Many studies on the price-quality relationship have found that brand name is an important moderating variable that helps control or stabilize the quality perceptions of a branded product even when its price is reduced.”

The findings on the other hand align with Groucutt, Leadley and Forsyth (2004) who argue that issues like inflation, interest rates, level of income, level of wealth/savings and the taxation system are also some of the other elements that motivate a customer to buy products and services in relation to price sensitivity. Lowering the price of products to attract customers can have its downside, according to Kotler and Armstrong (2006) who point out that reducing price too quickly in order to sell rather than convincing the buyer that the products are worth the high price might compromise on the consumer’s perception of the product quality. Cheap might be attributed to poor quality thus repelling the customer as opposed to attracting them.

Finally the findings agree with Renard (2002) who puts in the introduction to his thesis “Pricing is an issue that has received considerable attention in marketing. Price is a critical factor in the consumer’s buying process, as it is one of the most important attributes a consumer uses when making a purchase decision. A consumer perceives an actual price of a product and makes a judgment about it. This perception leads to a perception of the value of the transaction that conducts directly to the decision of purchasing the product or not.”
5.3.3 Place and Consumer Preference

The study also revealed that there was a positive significant relationship between place and customer preference. This implies that place or the locations of the consumer products are key when it comes to influencing customer preferences. The place attributes that were studied in this case constituted of the closeness to place of residence, convenience, accessibility, efficiency and service levels.

Kotler and Armstrong (2006), define place or distribution as a set of interdependent organizations involved in the process of making a product available for use or consumption by consumers. Place strategy calls for effective distribution of products among the marketing channels such as the wholesalers or retailers.

Having the right product available at the right place with the right price is important in influencing consumer purchase decision. The concept of place is, having the right goods available in the right quantities and at the right location when the customer needs them and where it is accessible for them to reach the product with ease. The place or the distribution channel system plays a major role in influencing consumer motives. Therefore a marketing strategy for distributing products can influence consumers in several ways.

The findings agree with Anilkumar (2012) who states that “First, the products that are convenient to buy in a variety of stores increase the chances of consumers finding and buying them. When consumers are seeking low-involvement products, they are unlikely to engage in an extensive search, so ready availability is important. Second, the products sold in exclusive outlets may be perceived by consumers as having a higher quality. In fact, one of the ways marketers create brand equity - that is favorable for consumer perceptions of brands - is by selling them in prestigious outlets. Third, the offering products by non store methods, such as on the Internet or in catalogues, can create the consumer perception that the products are innovative, exclusive, or tailored for specific target markets.”

In the same regard Kotler and Armstrong (2006) points out that “Place strategy in retail stores includes more than the question of how consumers access the stores, it also includes the availability of products in such stores.” What this means as explained by Anilkulmar (2013) is that, “A store can position or reposition a product by locating that product within a store. Products with high traffic volume are placed near the payment counters and low-traffic volume products at distant locations.”
Finally the findings agree with Dang (2014) who points out that, “It is understandable that consumers usually refer fast delivery, large assortment, and varieties add-on services as well. However, the greater service outputs, the higher channel costs and also, higher prices for customers. The key is that the companies must seek for the solutions to balance the service outputs and consumers’ needs.”

5.3.4 Promotion and Consumer Preference

Finally the study revealed that there was a positive significant relationship between customer preferences and promotions. These findings imply that indeed promotions are very key when it comes to enticing consumers on what type of brands to choose. The promotion attributes that were studied in this case constituted of special offers, celebrity endorsement, advertising, product sampling, event sponsorship, promotional materials, free giveaways, promotional competitions, online marketing, sales promotions and discounts.

The last tool of 4Ps marketing mix is promotion and is also one of the most powerful elements in the marketing mix. According to Kotler and Armstrong (2006), the promotion mix (or marketing communication mix) of a company is, “the specific blend of promotional tools that the company uses to persuasively communicate customer value and build customer relationships.” This specific blend of promotion tools includes; advertising, sales promotion, personal selling, public relations and direct marketing.

From the definition above, it can be seen that the main role of the promotion mix is to make the customers aware of the existence of the products and to persuade them to buy those products instead of ones from competitors. In another word, it is considered the communication aspect of the marketing mix. Kotler and Armstrong (2006) explain this by pointing out that, “After planning and developing a good product, setting a suitable product price, and making it available to customers, the companies now need to communicate their value propositions to customers.” This is to mean that the main aim of the promotion mix is to increase the consumers’ awareness of the product, leading to the increase in sales, and also creating brand loyalty. Similarly with the other tools of marketing mix mentioned previously, the information handed out to the consumers and activities executed in the promotion highly affect consumers’ perception of the products and in turn influences the purchase decision of the consumers.
The findings affirm that the challenge here is how to create an optimal mix of promotional tools so as to get the right message to the target consumer and to positively influence their perception of the brands. Most consumers receive so much information from the market and screen out a good deal of it due to clatter, hence it is important to devise a strategy that will be superior against the competitors so as to stand out from the share of voice and to be top of mind in the consumer's mind.

The findings agree with Ehmke, Fulton, and Lusk in an undated journal, “To be effective, your promotional efforts should contain a clear message targeted to a specific audience reached via appropriate channels. Your target audience will be the people who use or influence the purchase of your product. You should focus your market research efforts on identifying these individuals. Your message must be consistent with your overall marketing image, get your target audience’s attention, and elicit the response you desire, whether it is to purchase your product or to form an opinion.”

5.4 Conclusion
The purpose of the study was to assess the influence of the marketing strategy on consumer preference of private retail brands in Nairobi. The following are the conclusions based the findings and discussions.

5.4.1 Product Attributes and Consumer Preference
The study concluded that there was a positive significant relationship between product attributes and customer preferences. This implies that the product attributes highly influence consumers in relation to choosing private retail brands in Kenya.

5.4.2 Price and Consumer Preference
The findings led to a conclusion that there was a positive significant relationship between price and customer preferences. This indicated that indeed price is a key influencing factor in consumer preferences in relation to choosing private retail brands in Kenya.

5.4.3 Place and Consumer Preference
The study also concluded that there was a positive significant relationship between place and customer preference. This implied that place or location of the consumer products was key when in influencing customer preferences in relation to choosing private retail brands in Kenya.
5.4.4 Promotion and Consumer Preference
Finally the study concluded that there was a positive significant relationship between customer preferences and promotions. These findings implied that indeed promotions were very key in influencing customer preferences in relation to choosing private retail brands in Kenya.

5.5 Recommendations

5.5.1 Recommendation for Improvement

5.5.1.1 Product Attributes and Consumer Preference
In light of the findings, the study recommends that retail outlets should enhance their product attributes in terms of brand name, packaging, color and size in order to enhance if indeed they intent to enhance brand visibility and thus compete effectively in the retail market. This will help their products to stick in the minds of their target customers and as such enhance the product performance.

5.5.1.2 Price and Consumer Preference
The study recommends the need for retail outlets to carry out a careful analysis of product price point decision with respective to their brands so that they are at par with the market demand in order to ensure that consumers are not tempted to opt for other competitors but rather stick to their current brands.

5.5.1.3 Place and Consumer Preference
The study acknowledges that indeed place and distributions are essential tools in enhancing customer preference. As such, there is a need to effectively make use of the various elements of placement in order to enhance customer preference of private retail products.

5.5.1.4 Promotion and Consumer Preference
The study acknowledges the essential role played by promotions and as such recommends the need to enhance sales promotions in a bid to maintain high levels of brand awareness in the mind of consumers so as to effectively outdo the competition.

5.5.2 Recommendation for Further Studies
There were limitations for instance, the limited time and budget that was allocated for the study, the geographical area that the study was executed, the number of outlets that were
involved in the study and the limited number of the respondents that were involved in the data collection. The researcher therefore recommends that since the sector is still growing, it is important for the organizations to put into consideration the four marketing attributes that influence consumer preference of brands and execute a more intense study of its consumers in a wider region and involve more respondents so as to gather more substantial data. In this regard, therefore the researcher recommends that additional studies should be conducted in this area of this study.
REFERENCES


Renard, X. (2002). The effects of Price Promotion on Consumers’ price beliefs. Published master’s thesis, Concordia University, Montreal, Quebec, Canada.


Appendix I: Introduction Letter

8th June 2015
Attn: Neel Shah
Business Development Manager
Nakumatt Holdings Ltd.

Dear Sir,

REF: CONSUMER DATA COLLECTION
This letter is a follow up to the meeting we had at your office regarding my Master’s thesis in USIU in relation to Nakumatt Blue Label Brands for my marketing project.

Below please find a schedule of the outlets that I wish to collect data from and the execution dates. The target is to talk to about 12 consumers per outlet.

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<td>Saturday, 13th June 2015</td>
</tr>
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<td>7</td>
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<td>Mega</td>
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<td>Sunday, 14th June 2015</td>
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<tr>
<td>12</td>
<td>Junction</td>
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</table>

I would like to pick the approved memo for the go ahead on Wednesday, the 10th of June 2015 as I have a deadline for submitting my report before the end of the month.

As discussed and agreed, I will also share with you the research findings before I submit the report to my supervisor.

Your utmost support and consideration will be highly appreciated.

Thank you.
Yours faithfully,

Mukami Miriti
ID: 2175864