THE INFLUENCE OF MARKETING MIX ON CONSUMER PREFERENCE: A CASE STUDY OF NAIROBI COUNTY

BY

ABDIRIZACK MOHAMUD

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

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A Research Project Report Submitted to 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 2018
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 Africa in Nairobi for academic credit.

Signed: ______________________  Date: ______________________

Abdirizack Mohamud Abdullahi (645454)

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

Signed: ______________________  Date: ______________________

Dr. Peter Kiriri

Signed: ______________________  Date: ______________________

Dean, Chandaria School of Business
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ABSTRACT

The purpose of this study was to determine the influence of marketing mix on consumer preference of LPG energy in Nairobi County. This study was guided by the following research objective to determine the influence of product on consumer preference of LPG, to determine the influence of Price on consumer preference of LPG, to determine the influence of Place on consumer preference of and lastly to determine the influence of Promotion on consumer preference of LPG.

This study adopted a descriptive research design. The population of the study comprised of households in 5 estates in Nairobi County, Kenya. These estates included Nairobi West, Mountain View, South B, Eastleigh and Kilimani estate. An open structured questionnaire was used to collect the data. The questionnaire was administered by the researcher. The completed questionnaires were edited for completeness. A sample size of 95 households was obtained for the study. The data was analyzed and interpreted using descriptive statistics through frequency distribution and percentages. The findings were presented in the form of tables and figures.

On Product a number of factors were identified which included branding, packaging and quality. On branding majority of the respondents agreed that LPG brand promises and brand performances of LPG were aligned and met their expectations. Majority of the respondents were of the opinion that LPG is well packaged compared to other energy sources.

Findings penetration pricing, majority of the respondents confirmed that indeed they were likely to switch to a lower priced LPG brand that met their needs and expectations. Also a majority of the respondents agreed that price of LPG is a key factor when purchasing the product. And lastly on psychological pricing majority of the respondents were of the opinion that they are more convinced and willing to buy LPG products when prices are well displayed.

Under place, a number of factors were highlighted which included business location, stock availability and efficiency. On business location majority of the respondents felt that LPG distribution outlets were strategically and conveniently located in the estates.
Majority of the respondents prefer to purchase LPG products because they are readily available and in steady supply.

Findings on Promotion revealed that there was a positive significant relationship between customer preferences and promotions. A number of factors were investigated which included sales promotion, advertising and public relations. On sales promotion, majority of the respondents confirmed that indeed they were influenced to purchasing LPG products because of effective sale promotions. Majority of the respondents agreed that LPG advertisements create brand awareness. And lastly majority of the respondents felt public relations campaigns on LPG were effective to influence their brand preferences.

The study concluded that generally, marketing mix influences customer preference of LPG. On Product the study concluded 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.

The study recommends for new packing system that answers consumer need for convenience, portability, easy opening and safety measures so as to consider customer requirements. The study recommends that LPG companies should heavily invest in innovation to increase their product development that cannot be easily replicated by competitors. It is recommended that LPG Companies should invest in research and development, so as to develop cost effective methods in their operations in order to be able to adequately compete with our traditional source of energy. The study recommends for improved LPG distribution networks not only for product availability but also to enhance entrepreneurship in cylinders distribution, refilling and maintenance which contribute to the growth of the economy. Finally the study recommends for effective use
of sales promotions and advertisements so as to attract potential customers to adopting their products more easily.
ACKNOWLEDGEMENT

I humbly thank ALMIGHTY GOD for making all these things possible and for the gift of life. His grace has been sufficient always. Through Him, I can do all things. In him I trust and find the strength continue living.

I would like to express my gratitude to my supervisor, Dr. Peter Kiriri, for his guidance and encouragement throughout this study. Without his wisdom, direction and patience, this work would have been difficult.

I would also like to thank local authority of Nairobi County for granting me the authority to conduct this research. My sincere gratitude to my respondents who took part in my research despite their busy work schedules. This research project would not have been possible without their invaluable contribution.

I would like to thank my friends and classmates for the diversity in opinions and being there for me for the years. May you all succeed in all your endeavors.

Finally my sincere gratitude goes to my family for their unwavering encouragement and support. May God bless you.
DEDICATION

I would like to dedicate my research project to my family for their love and support during this study.
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<tr>
<td>ERC</td>
<td>Energy Regulatory Commission</td>
</tr>
<tr>
<td>FEMA</td>
<td>Forum for Energy Ministries of Arica</td>
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<tr>
<td>GOK</td>
<td>Government of Kenya</td>
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<tr>
<td>IEA</td>
<td>International Energy Agency</td>
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<tr>
<td>LPG</td>
<td>Liquefied Petroleum Gas</td>
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<tr>
<td>MDGS</td>
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<td>UNDP</td>
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<td>WDI</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

The year 2012 was declared the year of sustainable energy for all by the United Nations in recognition of the importance of energy for sustainable development (UNEP, 2012). This recognition presents an opportunity to raise awareness about the importance of increasing sustainable access to energy, energy efficiency, and renewable energy at the local, regional and international levels. Energy is central to everything that we do, from powering our economies to empowering women, from creating job opportunities to improving security. Provision of adequate, affordable, reliable and efficient energy lies at the heart of every country's core interests. Now more than ever, the world needs to ensure benefits of sustainable modern energy is available to all. Energy poverty is a threat to the realization of the Millennium Development goals (MDGs).

The World Summit for Sustainable Development (WSSD) made a call for the International community to take joint action and improve efforts to work together at all levels to improve access to energy services for sustainable development sufficient to facilitate the achievements of MDGs (ESMAP, 2002). Worldwide, more than two billion of the population lack access to clean and safe fuel thus rely on traditional biomass burning such as fuel wood, crop residues and cow dung (UNDP, 2000). Such fuels are used mostly in rural areas, though wood is also used as fuel by the urban poor (Ravalion, & Datt, 1996). Statistics show that nearly 2.4 billion people rely primarily on traditional biomass fuels for cooking and nearly 1.6 billion have no access to electricity network Worldwide. The World is hungry to global challenges and recognition of modern energies that are safe provides multiple opportunities to enhance equity, revitalization of the global economy and helps to protect the ecosystems that sustain the World.

The average annual growth in energy consumption between 1990 and 2003 was estimated at 1.6% (World Development Indicators [WDI], 2006). Energy consumption has increased even with rising energy taxes, demand-side interventions and supply shortages (Anderson, 2001). It is estimated that about 2 billion people, one third of the world’s population, continue to rely on traditional energy sources (firewood, wood for charcoal, industrial wood, wood wastes and farm residue) and are not able to take advantage of the opportunities made possible by modern forms of energy (electricity, wind/solar energy,
and petroleum fuels) [UNDP, 2000]. UNDP (2000) environmental report conferred that reliance on traditional sources of energy, especially wood fuel has adverse effects such as indoor pollution and health risk, environmental degradation and time wastage. Potential energy savings from the use of available efficient technologies is high and present significant case for switching from traditional to modern fuels.

Modern energy in its various forms is critical for achievement of economic, social and environmental development. In Africa, leaders have recognized that the current level of access to modern energy is very low compared to other countries and is a persistent impediment to survival and economic development (Woods, 2001). There has been concerted effort to promote use of modern fuels, especially in the households in the developing countries.

FEMA (2005) suggested energy targets which included; 50% of inhabitants in rural areas should use modern energy for cooking and 75% of the poor in urban and peri-urban should have access to modern energy. The desired transition from traditional fuels to modern fuels may not be widely achieved unless policy makers understand the factors that determine demand for the various forms of energy and formulate appropriate policies. A survey on energy demand in households, small scale industries and service establishments, showed that traditional energy account for 87% of total energy consumed in the households, small scale industries and service establishments, while electricity and petroleum account for 2% and 12% respectively (Kamfor, 2002). Rural and urban households often consume a mix of both traditional and conventional energy types depending on household income. The poor households use greater quantities of traditional fuels while higher income families tended to rely more on modern energy resources (Kartha & Leach, 2001).

The international LPG industry has grown over the years as new markets have emerged and consumption increased in nearly all regions of the world Purvin & Gertz, 2000 in (Graham, Pryor, & Sarna, 2000). Utilization of LPG as fuel in residential and commercial sectors has more than doubled in many developing countries, creating investment opportunities in the downstream LPG industry which include LPG storage, handling, distribution and marketing. The United Nations’ Sustainable Energy for All Initiative which was launched in 2011 sets as one of its three objectives universal access to modern energy services electricity and clean cooking and heating systems by 2030. About three
billion people rely on solid biomass or coal for cooking and heating, and smoke from such fuel use is estimated to cause four deaths every minute. The International Energy Agency (IEA) estimates that more than 40 percent of households newly gaining access to modern household energy by 2030 in the universal access scenario will do so by switching to LPG, and Kenya is not exempt from this scenario as is evident in the increased consumption of LPG in the country. LPG use is preferred over traditional fuels due to its clean burning characteristics, high calorific value, easy transportation as it can be liquefied, ozone friendliness, and is therefore, a solution to environmental degradation which is a major concern (Purvin & Gertz, 2000).

In Kenya, use of LPG is dominated by two primary end-use applications; cooking and lighting fuel in residential and commercial establishments and as process fuel in industrial manufacturing operations. Out of the total LPG consumed in the 2000, it was estimated that the domestic sector used 57.5%, while the commerce and industrial sector accounted for 38.3% (Kamfor, 2000). Liquidified Petroleum Gas is a combination of Butane and Propane which flammable combination of hydrocarbon gases that are used for cooking, heating appliance and even as motor vehicle fuel. LPG is derived from natural gas streams and it’s also found as by product of refining crude oil the gas is a combination of Butane and Propane, it is clean source of Energy because its odor less, Smoke less and has no soot. LPG has variety of usage this includes cooking, many household use it for cooking as its package in cylinders or in tank and its considered convenient and clear because its smokeless and has no soot and utensils remain clean.

There are over 40 companies involved in LPG marketing which include Total, Hass, Shell Kenol/Kobil, etc. Market access has been hindered by lack of ‘common-user’ LPG handling facilities, huge capital investment required for storage, bottling, distribution facilities and LPG equipment i.e. cylinders, valves and regulators. In the recent past, small scale LPG distributors operating within the estates in major towns have emerged. LPG marketing by the Oil Companies involves high unit capital and operating expenditure due to the volumes and high safety requirement, which makes LPG relatively expensive compared with other fuels (Kamfor, 2002). Safety implications and lack of consumer education on the use and handling of LPG have resulted in fear amongst potential LPG users, thus adversely influencing demand.
In Kenya, LPG remains a ‘lesser-used’ but desired fuel source in most households. Although the total LPG consumption in Kenya has increased over the years, raising from 37.3 thousand tons in 2000 to about 50 thousand tons in 2005 the per capita consumption is still low, estimated to be 1.4 kg per capita by year 2005, an improvement on the per capita consumption of 1.3 kg per capita registered in 2003. Main substitutes for LPG in households are kerosene, charcoal and electricity. Kerosene is regarded as a ‘poor man’s’ fuel and is used by approximately 92% of all households mainly for lighting. LPG is not widely used with only 7.8% households using it due to various constraints (Kamfor, 2000), yet according to Jochem, et.al., (2000) efficiency of a traditional fuel wood cooking stove is as low as 10-12 percent compared with Liquefied Petroleum Gas (LPG) stove efficiency of more than 40 percent.

1.2 Statement of the Problem

With 15,000 Kenyans dying every year and 40% of children not celebrating their 5th birthday due indoor pollution as a result of using solid fuels (WHO, 2015). Then there is an urgent need to act and provide an effective marketing mix to drive use of alternative and sustainable source of energy for domestic use this will save many lives that at risk of death due to inhalation of indoors gases as result of use of solid fuels, it will save a lot resource that are used for treatment of respiratory diseases and decrease child mortality rate. In Kenya, most households continue to rely heavily on traditional sources of fuel with its attendant socio-economic and environment problems which include massive deforestation and associated problems such as soil erosion, flooding, siltation of dams, loss of biodiversity.

Despite its clean-burning usefulness, versatility and tax waivers to bring down its price, LPG is not widely used in Kenya. The per capita consumption of LPG demand in Kenya has remained below the sub-Saharan average. According to Government of Kenya (GOK 2004), Energy Policy Sessional Paper No. 4 the Government acknowledge that consumption of LPG, like other petroleum fuels, has been constrained by among other factors, limited supply facilities and inadequate distribution infrastructure which result in high prices. Statistics show that 82 percent of the Kenyan population does not have access to modern energy and 80 percent of the population relies on traditional biomass for cooking.
It has also been noted in GOK (2004) that Kenya’s consumption level of LPG is very low, at 1.4 kilograms per capita compared to Africa’s average which is 8.3 kilograms per capita. This is owed to inadequate LPG supply and distribution infrastructure influenced by the marketing mix of the product. The Government has hence taken the initiative to encourage investment in LPG facilities throughout the country. For the development of appropriate policies and effective planning for investment and infrastructure required for promoting the use of LPG, it is imperative that the relative importance of the factors influencing demand are clearly understood.

Appiah-Adu (1998) in Ghana and Akimova (2000) in Ukraine found that marketing practices impact on performance much more than market orientation. Herein lies a major gap in knowledge. Marketing as a concept revolves around customer, profits and sales volume. Its implementation must involve the entire organization in an integrated manner. It focuses on obtaining information about customer needs and wants and taking action based on this information in order to satisfy the needs and wants.

There have been several previous studies done on LPG in Kenya. For example Kahira (2006) in a study on the strategic responses of petroleum importing and marketing companies in Kenya, found out that major environmental factors have impacted the industry and it was imperative that they respond accordingly with key strategies. Otieno & Awange (2006) concluded in a study on strategic implementation by major petroleum companies in Kenya, that the industry was constantly adopting strategies that fit with the environmental changes which included, product differentiation and new technologies. A study by Akinyi (2003) investigated the factors affecting demand of LPG in Kenya.

However no study has been done to investigate why there has been slow adoption of LPG gas as a source of energy in Kenya. It was against this background that this study was done to fill this gap in knowledge. This study sought to understand how the marketing mix elements (4 P’s -product, price, place and promotion) influenced the adoption of LPG in Kenya.
1.3 General Objective
The purpose of the study was to determine the influence of marketing mix on consumer preference of LPG in Kenya.

1.4 Specific Objectives

1.4.1 To determine the influence of product on consumer preference of LPG in Kenya.
1.4.2 To determine the influence of Price on consumer preference of LPG in Kenya.
1.4.3 To determine the influence of Place on consumer preference of LPG in Kenya.
1.4.4 To determine the influence of Promotion on consumer preference of LPG in Kenya.

1.5 Significance of the Study

1.5.1 Government
The low consumption LPG particularly in households has been of concern to the Government. In an endeavor to promote LPG use, the Government has zero rated LPG and instituted regulation framework for LPG cylinders and valves. This action is driven by the assumption that use of LPG is adversely influenced by the price of LPG and LPG equipment. Modelling of LPG demand, and particularly, estimating reliable price and income elasticities of LPG demand will provide further input for appropriate policy and investment decisions making regarding the energy markets. An in-depth understanding of the behavioral relationship between LPG demand and the macro-economic variables, will ensure institution of appropriate policies that would result in the shift from use of traditional fuels to LPG or other available modem fuels.

1.5.2 Energy Policy Makers
The study will add to the existing knowledge to a variety of energy policy makers. This will help in making sound policies which promote use of LPG in Kenya. Under Vision 2030 on attainment of clean sustainable energy will get closer to reality as this study will help in strategies of using clean sustainable energy.
1.5.3 LPG Marketers

The findings of this study will highlight the most effective marketing strategies that companies will use to adequately promote LPG in Kenya. The LPG companies will get useful information on marketing LPG and will go a long way in helping them come up with policies which promote the industry and help penetrate the untouched markets.

To the investor this study will give insights into the existing opportunities in the industry and be able to align the decisions. And finally to scholars this study will add to the existing body of information on use of LPG in Kenya and act as a future reference for scholars and academicians

1.5.4 Academicians and Researchers

This research will help academicians gain knowledge on the influence of marketing mix on consumer preference. This is because there is little research done about marketing mix and consumer preference. Therefore, this research provides a basis in which future scholars can expound and base their research on.

1.6 Scope of the Study

The study assessed the influence of marketing mix on consumer consumption of LPG in Kenya. The scope of this study was Nairobi County in Kenya. The target population comprised of households in 5 estates in Nairobi County which included Eastleigh, Nairobi West, South B, Kilimani and Mountain-View estate. The research went on for a period of six months starting from May 2017 to December 2017, however, there were a number of limitations when carrying out the study. For example, some of the residents were not willing to spare time to fill in the questionnaires therefore creating a challenge in data collection. However, through educating the respondents on the importance of the study, they become more willing to assist in proving the information.

1.7 Definition of Terms

1.7.2 LPG (Liquefied Petroleum Gas)

LPG is derived from natural gas streams and it’s also found as by product of refining crude oil the gas is a combination of Butane and Propane, it is considered to be clean and
reliable source of energy the gas has variety of usage this includes cooking many household use it for cooking as its package in cylinders or in tank and its considered convenient and clear because its smokeless and has no soot and utensils remain clean (National Energy Policy, 2012).

1.7.2 Clean Fuels
Modern fuels with significantly low levels of smoke emissions and reduced environmental implications. These include: Liquefied Petroleum Gas (LPG) biogas and electricity (International Energy Agency, 2006).

1.7.3 ERC (Energy Regulatory Commission)
A governing body that controls sources of energy which include electricity, petroleum and new and renewable sub-sectors. ERC is mandated by the Energy Act, 2006 to carry out the following functions: regulate the electrical energy, petroleum and related products, renewable energy and other forms of energy.

1.7.4 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).

1.7.5 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).

1.7.6 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 (Taloo, 2007).
1.7.7 Price
Price is a value placed on that which is exchanged the good, the idea or service (Dibb & Simkin, 2006).

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

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

1.7.10 Consumer Preference
The consumer’s ability to evaluate, prioritize and choose goods offered on the market on specific terms. (Baier & Wernecke 2005).

1.8 Chapter Summary
The chapter presented the background information on LPG and marketing mix in Kenya. It has also provided the statement of the problem, the importance of the study, the scope and the definitions of terms. The chapter also highlighted the four research objectives, which include; to determine the influence of product on consumer preference of LPG, to determine the influence of Price on consumer preference of LPG, to determine the influence of Place on consumer preference of and lastly to determine the influence of Promotion on consumer preference of LPG.

The next chapter will cover on literature review of the study. Chapter three will cover on research methodology of the study. Chapter four will provide the results and findings while chapter five will finally discuss, conclude and give recommendations of the study.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review of the study. The literature is based on the four research objectives, which include; to determine the influence of product on consumer preference of LPG, to determine the influence of Price on consumer preference of LPG, to determine the influence of Place on consumer preference of and lastly to determine the influence of Promotion on consumer preference of LPG. 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.

2.2 Product and Consumer Preference

Kotler and Armstrong (2006) defines as 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.

According to Kotler and Armstrong (2006), 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, he states that the 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.

Kotler, Rackham & Krishnaswamy (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 & 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 store image, brand name is also an important contextual variable that affects consumer’s 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 catalyzes 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, 2002; 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 flavors, 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 & Ghauri, 2004; Ranaweera & 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 customer’s value is the quality.
2.3 Price and 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) highlighted 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.

According to Kotler and Armstrong (2006), 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.

Further Kotler and Armstrong (2006) explains that 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 retailer's 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 straightforward. 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 travelers 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 as explained by Kotler (2003).

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 Xia et al. (2004)

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 management 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. 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. 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).

“Free” promotions do not produce the quality concerns that price discounts may stimulate (Munger & Grewal, 2001). An expensive product with a free gift tends to generate more sales than a price discount. However, adding a free gift with a high claimed value may create doubts about the primary item’s quality. Visually emphasizing a free gift can also lower an item’s perceived value (Nicolau, 2012). BOGO promotions tend to be less effective when an item has a limited shelf life or is less consumed (Sinha & Smith, 2000).

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. Even among customers who receive discounts, seeing others pay higher prices led them to buy less (Anderson & Simester, 2010).

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).
2.4 Place and Consumer Preference

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.

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. 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 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 consumers. Anderson (2006) also made it clear that among the biggest challenges of serving 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, and 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, and 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 (2003), 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) averts 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 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 & Giordano, 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 & Giordano, 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 (Bernard, Grazzi, & Tomasi, 2011).

According to Bernard et.al, (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. Promotion and 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 et.al. (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, 2009).

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 (Feng et.al., 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 flavored kind of tea but fears that the new flavor 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 (Thackeray, Neiger & Hanson, 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, 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 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), highlighted 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 fulfill 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 advertisement 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), emphasized 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 (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

This chapter has explored and reviewed literature review on marketing mix and customer preference. It reviewed literature review on the research questions which include; to determine the influence of product on consumer preference of LPG, to determine the influence of Price on consumer preference of LPG, to determine the influence of Place on consumer preference of and lastly to determine the influence of Promotion on consumer preference of LPG.

The next chapter presents the research methodology of the study. It reviews the research design, population and sampling method that was used in gathering, analyzing the data and reporting the results.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology of the study. It reviews the research design, population and sampling method that was used in gathering, analyzing the data and reporting the results. It gives details on population and sampling techniques, data collection methods, research procedure and data analysis procedure. Research methods involve form of data collection, analysis and interpretation that researchers propose for their studies (Cresswell 2009).

3.2 Research Design

This research adopted a descriptive research design. A descriptive research design is a scientific method, which involves observing and describing the behavior of a subject without influencing it in any way (Malhotra, 2007). A descriptive study attempts to describe a subject, often by creating a profile of a group of problem, people or events, through collections of data and the tabulation of frequencies on research variables and the research reveals who, what, when, where or how much (Cooper and Schindler, 2003). Descriptive research is considered appropriate because subjects are normally observed in their natural set up and can result in accurate and reliable information. This design lends itself to various approaches. This study adopted the survey approach. A survey in form of standardized questions in a questionnaire was used to collect data. A survey is defined by Malhotra (2007) as a method of collecting data from people about who they are, how they think and what they do (behavior). The independent variables of the study were product, price, place and promotion. The dependent variable of the study was consumer preference.

3.3 Population and Sampling Design

3.3.1 Population

Cooper and Schindler (2003) describe a population as the total collection of elements whereby references have to be made. A target population includes all cases about which the researcher would like to make generalizations while the accessible population
comprises all the cases that conform to the designated criteria and are accessible to the researcher as a pool of subjects for a study. In this study, the population comprised of households in 5 estates in Nairobi County in Kenya. These estates included Nairobi West, Mountain View, South B, Eastleigh and Kilimani estate.

Table 3.1 Population Distribution

<table>
<thead>
<tr>
<th>Estate</th>
<th>Total Population</th>
<th>Percentage</th>
<th>SS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastleigh</td>
<td>2,500</td>
<td>32</td>
<td>30</td>
</tr>
<tr>
<td>Nairobi West</td>
<td>1,800</td>
<td>23</td>
<td>22</td>
</tr>
<tr>
<td>South B</td>
<td>1,500</td>
<td>19.7</td>
<td>20</td>
</tr>
<tr>
<td>Kilimani</td>
<td>1,000</td>
<td>13.2</td>
<td>13</td>
</tr>
<tr>
<td>Mountain-View</td>
<td>800</td>
<td>10.6</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,600</strong></td>
<td><strong>100</strong></td>
<td><strong>95</strong></td>
</tr>
</tbody>
</table>


3.3.2 Sampling Design

3.3.2. Sampling Frame

A research sampling frame is that part of the research plan that indicates how cases are to be selected for observation. The design therefore maps out the procedure to be followed to draw the study’s sample. A sampling frame is a list of elements from which the sample is actually drawn and is closely related to the population under study (Cooper & Schindler, 2003). A list of elements from which a sample may be drawn is also called a working population. In this study, the sampling frame constituted of households in 5 estates in Nairobi County that used various sources of energy, with a total population of 7,600 households.

3.3.2.2 Sampling Techniques

The study adopted a clustered random sampling technique that enabled the researcher to capture the desired data across the population. According to William Zikmund and Barry Babin (2012), this type of sampling which selects members of the sample proportionally from each cluster. Considering the accessible population and the scope of the study, the method technique was sufficient to capture the required information across the various cluster. Simple random sampling was used for this research so as to increase the sample’s statistical efficiency and to provide adequate data for analysing the various clusters.
3.3.2.3 Sample Size

A sample is a subset of the population being studied (Cooper & Schindler, 2003), that include the process of selecting a few (samples) from a bigger group (the sampling population) to become the basis for estimating or predicting a fact, situation or outcome regarding the bigger group (Sapsford & Jupp, 2006). Samples should be as large as possible, in general the larger the sample the more representative and the more generalizable the results of the study are likely to be (Wolfer, 2007). According to Creswell (2013) the formula for selecting a sample size dictates that the researcher needs to account for the margin of error also known as the confidence interval, the researcher needs to state the confidence level, as well as the standard deviation. The sample size formula:

\[
    n = \frac{z^2pqN}{e^2(N-1)+z^2pq} \quad \text{(Kothari, 2004)}
\]

Where \( e \) is the error for this study, taken as 10%; \( p \) is the population reliability, taken as \( p = 0.5 \);
\( za/2 \) is the normal reduced variable at 0.05 level of significance and \( z = 1.96 \).

\[
    n = \frac{(Z)^2 x P*q(\text{Pop Size})}{e^2 (N-1)+z2pq}
\]

\[
    n = \frac{(1.96^2*0.5)*(0.5)*(7600))}{(0.1^2*(7600-1)+(1.96^2*0.5^2))}
\]

\[
    n = (3.8416 x 0.25x7600)
\]

\[
    n = 7299.04
\]

\[
    (75.99+0.960)
\]

\[
    n = 7299.04
\]

\[
    (76.95)
\]

\[
    n = 94.854
\]

\[
    n = 95
\]

Thus the sample size for the study was 95 households the respondents were the mothers.
3.4 Data Collection Method

The study collected primary data. The data collection method was through questionnaires. Maholtra (2007) explains that questionnaires are an important data collection tool. In addition, the use of mixed questionnaires with both close and open end questions was justified because they provided an effective and efficient way of gathering information within a very short time. Further, the questionnaires facilitated easier coding and analysis of data collected. The questionnaire was guided by scale ranging from strongly disagree to strongly agree. The questionnaires had closed ended questions divided into five sections: first section contained the respondent’s demographics with ten questions. The second section addressed product and consumer preference. The third section addressed price and consumer preference. The fourth investigated place and consumer preference. Finally, the fifth section addressed promotion and consumer preference.

3.5 Research Procedures

3.5.1 Pre test

To facilitate easier collection of data in the field an introduction letter was obtained from the University for Identification. This was preceded by seeking the approval of the relevant authority. After the approval and before the actual data collection the questionnaires were pretested for efficiency among 10 households who were not part of the study. A pilot test was administered to at least 10 households of the study sample. This is in line with Connelly (2008) who suggested that the pilot study sample should be at least 10% of the study sample. Pilot test was necessary in identifying and coming to face with realities and anticipated problems during the actual research. This enabled the researcher to fine tune the questionnaire for objectivity and efficiency of the process. The respondents were informed about the purpose of the study, the procedures, and assured of no potential risks or costs were involved. To render the study ethical, the rights to self-determination, anonymity, confidentiality and informed consent were keenly observed.

According to Mugenda & Mugenda (2009), this ensures the reliability of the data collected for the purposes of the research. A letter of introduction was attached to the questionnaire explaining the purpose of the study. The questionnaire was administered with the aid of a research assistant using drop and pick method from the respondents during week days. Each questionnaire was estimated to take fifteen minutes to complete and the respondents’ confidentiality was assured to be maintained.
3.5.2 Reliability Test

The pilot test was to measure the reliability of the data collection instrument (questionnaire). Reliability estimate shows the amount of measurement error in a test. Further, it is concerned with internal constituency of a test or a scale. Reliability is often measured using percentage. It refers to the number of times an actual value falls within a prescribed precision limit.

The study used the Cronbach alpha formulae to test the reliability of the data collection tool. The alpha was developed in 1951 by Lee Cronbach and lie between negative infinity and 1. However it is only the positive value that makes sense and hence the range used for the Cronbach alpha is between 0 and 1. A Cronbach alpha score of greater than 0.6 is considered to be good enough to assure reliability of the data collection tool. However Nunnaly (1978) has indicated 0.7 to be an acceptable reliability coefficient but lower thresholds are sometimes used.

3.5.3 Validity Test

Validity is the extent to which a test measures what it is supposed to measure or the subject matter of the study. The question of validity is raised in the content the form of the test, the purpose of the test and the population for whom it is intended. The pilot test was seek to answer the question “how valid is this test for the decision the study needs to make?” and “how valid is the interpretation?”

For the purpose of this study content validity was tested. Content validity refers to the extent to which a measuring instrument (questionnaire) provides adequate coverage of the topic under study. Thus emphasis on the validity test was on the content of the questionnaire and whether it address all the study variable.
3.6 Data Analysis Methods

To ensure easy analysis, the questionnaires were coded according to each variable of the study. This study used descriptive & inferential statistics. According to Mugenda and Mugenda (2009), descriptive analysis involves a process of transforming a mass of raw data into tables, charts, with frequency distribution and percentages, which are a vital part of making sense of the data. In this study, the descriptive statistics were used to give meaning to the data. The data was presented in charts, frequency tables and regression analysis which were used to determine the influence of marketing mix on customer perception. Regression analysis is a flexible method of data analysis that may be appropriate whenever a dependent variable is to be examined in relationship to any other factors expressed as independent variables (Cohen, Cohen, West, & Aiken, 2003). Relationships maybe non-linear, independent variables may be quantitative or qualitative, and one can examine the effects of a single variable or multiple variables with or without the effects of other variables taken into account.

Regression Equation

\[ Y = \alpha + \beta_1X_1 + \ldots + \beta_kX_k + \varepsilon. \]

Y is the dependent variable, while X1 Xk are the explanatory variables or the independent variables. \( \alpha, \beta_1, \ldots, \beta_k \) are regression coefficients.

Regression analysis helps one understand how the typical value of the dependent variable changes when any one of the independent variables is varied, while the other independent variables are held fixed. The study used regression analysis to test the relationship between marketing mix and customer perception of LPG products in a few estates in Nairobi County. SPSS Analysis was used to analyse the data.

3.7 Chapter Summary

This chapter presents the various methods and procedures the researcher adopted in conducting the study in order to answer the research questions raised in the first chapter. The chapter was organized in the following ways: the research design, population and sample, data collection methods, sampling design and sample size, research procedures and data analysis. The next chapter presents the results and findings of the study. The next chapter presents the results and the findings of the study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the results and findings of the study. The data was analyzed on the three research questions, which included; to determine the influence of product on consumer preference of LPG, to determine the influence of price on consumer preference of LPG, to determine the influence of place on consumer preference of and lastly to determine the influence of promotion on consumer preference of LPG.

4.2 General Information

This section provides the demographic characteristics of the respondents. These include the customer segment, gender, level of education, years of using LPG and estate. Information of the respondents was necessary because it allowed the researcher to determine whether the target audience had reached and if the information sought was gathered.

4.2.1 Gender of the Respondents

Gender was chosen as one of the respondents’ characteristics so as to ensure that there was no biasness. Majority of the respondents were women 56% were males whereas only 44% of the respondents were male as shown in Figure 4.1.
4.2.2 Level of Education

The respondents were asked to indicate their highest level of education and the following findings were noted. Respondents with education qualification of secondary level made up 58% of the total respondents, those with degree’s level qualification made up 25%, college level made up 10% while those with masters’ degree level made up 7%. Majorities of the respondents were of secondary education level holder’s, this is because majority of the residents at least hold a secondary education qualification this is indicated in Figure 4.2.

![Figure 4.2: Level of Education](image)

4.2.3 Years of LPG Usage

From the data obtained, 42.6% of the respondents had used LPG for over 10 years, 35.2% of the respondents indicated that they had used it for 6 to 10 years. 16.7% of the respondents indicated that they had used it for a period of 1 to 5 years whereas 5.6% of the respondents indicated that they had used LPG for less than a year. This depicts that most of the respondents have been using LPG long enough hence giving them a better understanding of the product. This is shown in Figure 4.3.
Figure 4.3: Years of LPG Usage

4.2.4 Residential Estate
From the data obtained, 38% of the respondents were from Eastleigh estate, 20% indicated them from Nairobi West, 18% were from South B, and 14% of the respondents were residents of Kilimani estate, whereas 10% of the respondents were from Mountain-View estate. This is an indication the all the estates participated in the study the results are shown in Figure 4.4.

Figure 4.4: Residential Estates
4.3 Product and Consumer Preference.
A number of factors evaluated the impact of marketing mix on consumer preference of
LPG in households of a number of estates in Nairobi County. Among the 4Ps was product
which had sub-factors such as branding, packaging and quality. The researcher sought to
find out how these sub-factors affected consumer preference of LPG.

4.3.1 Product Branding
The respondents were asked whether the brand promises and brand performances of LPG
were aligned and met their expectations. 47% of the respondents agreed, 23% strongly
agreed, 19% were not sure, 10% disagreed, while 1% of the population strongly disagreed
with the statement. From the above data, majority of the respondents agreed that LPG
brand promises of LPG were aligned and met their expectations. This is illustrated in
Figure 4.5.

![Figure 4.5: Branding](image)

4.3.2 Product Packaging
When the respondents were asked if they felt LPG is safer to use compared to other
sources of energy, 41% of the respondents agreed with the statement, 27% strongly
agreed, 15% were not sure, 11% disagreed, while another 6% of the respondent strongly
disagreed with the statement. Majority of the respondents were of the opinion that LPG is
safer to use compared to other sources of energy. The results are shown in Table 4.3.
Table 4.1 Product Packaging

<table>
<thead>
<tr>
<th>Extent of agreement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagreed</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Disagree</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Not Sure</td>
<td>13</td>
<td>15</td>
</tr>
<tr>
<td>Agreed</td>
<td>35</td>
<td>41</td>
</tr>
<tr>
<td>Strongly Agreed</td>
<td>23</td>
<td>27</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>85</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.3.3 Product Quality

When the respondents were asked whether LPG is characterized by reliability, durability, ease of maintenance and ease of use, 47% strongly agreed, 21% agreed, 18% were not sure, 12% disagreed with statement and 2% of the respondent strongly disagreed with the statement. Going by the response above, majority of the respondents agreed that LPG was characterized by reliability, durability, ease of maintenance, and ease of use as shown in Table 4.2.

Table 4.2 Product Quality

<table>
<thead>
<tr>
<th>Extent of agreement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagreed</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Disagreed</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Not Sure</td>
<td>15</td>
<td>18</td>
</tr>
<tr>
<td>Agreed</td>
<td>18</td>
<td>21</td>
</tr>
<tr>
<td>Strongly Agreed</td>
<td>40</td>
<td>47</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>85</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
4.4 Price and Consumer Preference

A number of factors evaluated the impact of marketing mix on consumer preference of LPG in households of a number of estates in Nairobi County. Among the 4Ps was price which had sub-factors such as penetration pricing, competitive pricing and psychological pricing. The researcher sought to find out how these sub-factors affected consumer preference of LPG.

4.4.1 Penetration Pricing

When the respondents were asked whether likely to switch to a lower priced LPG brand that meets their needs and expectations, 45% of the respondents strongly agreed, 24% agreed, 15% of the respondents were not sure, 11% said they disagreed with the statement while 5% disagreed. It is evident from the response that a majority of the respondents agreed that indeed they were likely to switch to a lower priced LPG brand that met their needs and expectations as shown in Table 4.3

Table 4.3 Penetration Pricing

<table>
<thead>
<tr>
<th>Extent of agreement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagreed</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Disagreed</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>Not Sure</td>
<td>13</td>
<td>15</td>
</tr>
<tr>
<td>Agreed</td>
<td>20</td>
<td>24</td>
</tr>
<tr>
<td>Strongly Agreed</td>
<td>38</td>
<td>45</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>85</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.4.2 Competitive Pricing

The respondent were asked if the price of LPG is a key factor when purchasing the product and 54.00% agreed, 33.00% strongly agreed, 0.00% were not sure, 10.00% disagreed while 3.00% strongly disagreed with the statement. The response clearly show that the majority of the respondents agreed that the price of LPG is a key factor when purchasing the product. This is illustrated in Figure 4.6.
4.4.3 Psychological Pricing

The respondents were also asked whether they more convinced and willing to buy LPG products when prices are well displayed and provided. 44% agreed, 25% strongly agreed with the statement, 19% were not sure, 8% disagreed, while 4% strongly disagreed with the statement. From the results majority of the respondents felt that they more convinced and willing to buy LPG products when prices are well displayed and provided as shown in Table 4.4.

Table 4.4 Psychological Pricing

<table>
<thead>
<tr>
<th>Extent of agreement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagreed</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Disagreed</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Not Sure</td>
<td>16</td>
<td>19</td>
</tr>
<tr>
<td>Agreed</td>
<td>37</td>
<td>44</td>
</tr>
<tr>
<td>Strongly Agreed</td>
<td>21</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>85</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
4.5 Place and Consumer Preference

A number of factors evaluated the impact of marketing mix on consumer preference of LPG in households of a number of estates in Nairobi County. Among the 4Ps was place which had sub-factors such as business location, stock availability and efficiency. The researcher sought to find out how these sub-factors affected consumer preference of LPG.

4.5.1 Business Location

The respondents were asked whether LPG distribution outlets were strategically and conveniently located in the estates. 45% agreed, 34% strongly agreed, 15% were not sure, 11% disagreed while 5% strongly disagreed with the statement. From the data obtained the results showed that indeed majority of the respondents felt LPG distribution outlets were strategically and conveniently located in the estates. This is illustrated in Table 4.5

<table>
<thead>
<tr>
<th>Extent of agreement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagreed</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Disagreed</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>Not Sure</td>
<td>13</td>
<td>15</td>
</tr>
<tr>
<td>Agreed</td>
<td>38</td>
<td>45</td>
</tr>
<tr>
<td>Strongly Agreed</td>
<td>20</td>
<td>24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>85</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.5.2 Stock Availability

The respondents were asked if they prefer to purchase LPG products because they are readily available and in steady supply and 49% agreed, 19% agreed, 13% were not sure, 12% disagreed while 7% strongly disagreed with the statement. Going by the above data majority of the respondents prefer to purchase LPG products because they are readily available and in steady supply as shown in Table 4.6
Table 4.6 Stock Availability

<table>
<thead>
<tr>
<th>Extent of agreement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Disagree</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Not Sure</td>
<td>11</td>
<td>13</td>
</tr>
<tr>
<td>Agree</td>
<td>42</td>
<td>49</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>16</td>
<td>19</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>85</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.5.3 Efficiency

The respondents were also asked if they felt the distribution channels of LPG products are well established and effective. 40% of the respondents agreed with the statement, 30% strongly agreed, 26.67% were not sure, 3.33% disagreed with the statement while 0% strongly disagreed. According to the results above it is evident that a majority of the respondents felt that distribution channels of LPG products are well established and effective as shown in Figure 4.7.

![Figure 4.7 Efficiency](image)

4.6 Promotion and Consumer Preference

A number of factors evaluated the impact of marketing mix on consumer preference of LPG in households of a number of estates in Nairobi County. Among the 4Ps was
promotion which had sub-factors such as sales promotion, advertising and public relations. The researcher sought to find out how these sub-factors affected consumer preference of LPG.

4.6.1 Sales Promotions
The respondent were asked whether they influenced to purchasing LPG products because of effective sale promotions and 52% agreed, 35% strongly agreed, 2% were not sure, 8% disagreed while 3% strongly disagreed with the statement. The response clearly show that the majority of the respondents agreed they were influenced to purchasing LPG products because of effective sale promotions. This is illustrated in Figure 4.8.

![Figure 4.8: Sales Promotions](image)

4.6.2 Product Advertising
When the respondents were asked whether LPG advertisements create brand awareness which is critical while making purchasing decisions, 45% of the respondents strongly agreed, 24% agreed, 15% of the respondents were not sure, 11% said they disagreed with the statement while 5% disagreed. It is evident from the response that a majority of the respondents agreed that LPG advertisements create brand awareness as shown in Table 4.7.
Table 4.7 Advertising

<table>
<thead>
<tr>
<th>Extent of agreement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagreed</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Disagreed</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>Not Sure</td>
<td>13</td>
<td>15</td>
</tr>
<tr>
<td>Agreed</td>
<td>20</td>
<td>24</td>
</tr>
<tr>
<td>Strongly Agreed</td>
<td>38</td>
<td>45</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>85</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.6.3 Public Relations

The respondents were asked whether they felt public relations campaigns on LPG were effective to influence their brand preferences. 45% agreed, 24% strongly agreed with the statement, 18% were not sure, 11% disagreed, while 2% strongly disagreed with the statement. From the results majority of the respondents felt public relations campaigns on LPG were effective to influence their brand preferences as shown in Table 4.8.

Table 4.8 Public Relations

<table>
<thead>
<tr>
<th>Extent of agreement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagreed</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Disagreed</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Not Sure</td>
<td>15</td>
<td>18</td>
</tr>
<tr>
<td>Agreed</td>
<td>39</td>
<td>45</td>
</tr>
<tr>
<td>Strongly Agreed</td>
<td>20</td>
<td>24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>85</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
Table 4.9: Regression Results of the Influence of Marketing Mix on Customer Perception.

<table>
<thead>
<tr>
<th>Variables</th>
<th>r²</th>
<th>Beta</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Mix</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product</td>
<td>0.20</td>
<td>0.41</td>
<td>4.0</td>
<td>0.01</td>
</tr>
<tr>
<td>Price</td>
<td>0.10</td>
<td>0.29</td>
<td>3.5</td>
<td>0.01</td>
</tr>
<tr>
<td>Place</td>
<td>0.20</td>
<td>0.32</td>
<td>2.3</td>
<td>0.01</td>
</tr>
<tr>
<td>Promotion</td>
<td>0.10</td>
<td>0.29</td>
<td>3.5</td>
<td>0.01</td>
</tr>
</tbody>
</table>

Notes: r² = .41 (p<.05)

From the table significant correlation coefficients were established between marketing mix and customer development. The values of beta coefficient and r² for product are 0.41 and 0.20, respectively. This implies that product improvement through proper branding, good packaging and quality results to a positive customer perception. Secondly the values of beta coefficient and r² for prices are 0.29 and 0.10, respectively. This implies that strategic pricing of LPG products through use of penetrating pricing, competitive pricing and psychological pricing leads to customers been more willing to purchase LPG products. Beta coefficient is significant at < 0.01 hence a positive relationship exists between pricing and customer perception. The values of beta coefficient and r² for place are 0.32 and 0.20, respectively. This implies that consumers adopt LPG products because the distribution outlets are strategically and conveniently located in the estates. Lastly, the values of beta coefficient and r² for promotion are 0.29 and 0.10, respectively. This shows a positive linear relationship was established between LPG promotions which included sales promotion, advertising and public relations. This implies that consumer purchasing decisions are highly influenced by effective sale promotions of LPG products.

4.7 Chapter Summary

This chapter discussed the results and findings of the study. It reported the findings of the research questions, which included; to determine the influence of product on consumer preference of LPG, to determine the influence of price on consumer preference of LPG, to determine the influence of place on consumer preference of and lastly to determine the influence of promotion on consumer preference of LPG. The data was presented by use of graphs and tables. The next chapter will cover on discussions, conclusions and recommendation of the study.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussions, conclusions and recommendations of the study. The chapter analyzes the research questions of the study which included; to determine the influence of product on consumer preference of LPG, to determine the influence of price on consumer preference of LPG, to determine the influence of place on consumer preference of and lastly to determine the influence of promotion on consumer preference of LPG. Finally, it provides recommendations and further research options.

5.2 Summary

The main purpose of the study was to determine the influence of marketing mix on consumer preference of LPG energy in Nairobi County. The marketing mix highlighted the 4Ps which included Product, Price, Place and Promotion. The study was guided by the following research questions which included; to determine the influence of product on consumer preference of LPG, to determine the influence of price on consumer preference of LPG, to determine the influence of place on consumer preference of and lastly to determine the influence of promotion on consumer preference of LPG.

The study used a descriptive research design. The target population comprised of 7,600 households in 5 estates in Nairobi County in Kenya. These estates include Nairobi West, Mountain View, South B, Eastleigh and Kilimani estate. The research adopted stratified random sampling technique which enabled sufficient representation of the desired data across the population. From the target population a sample size of 95 customers was obtained. The main method of data collection was through the use of questionnaires. Data presentation was done through the use of tables, graphs and charts. Both descriptive and regression statistics were used to describe features of the data and presentation was done through the use of tables and figures.

On Product a number of factors were identified which included branding, packaging and quality. On branding majority of the respondents agreed that LPG brand promises and brand performances of LPG were aligned and met their expectations. Majority of the respondents were of the opinion that LPG is well packaged compared to other energy
Findings on Price showed that a number of elements influenced the customer preference of LPG in Nairobi County. A number of factors were investigated such as penetration pricing, competitive pricing and psychological pricing. On penetration pricing, majority of the respondents confirmed that indeed they were likely to switch to a lower priced LPG brand that met their needs and expectations. Also a majority of the respondents agreed that price of LPG is a key factor when purchasing the product. And lastly on psychological pricing majority of the respondents were of the opinion that they are more convinced and willing to buy LPG products when prices are well displayed.

On Place, a number of factors were highlighted which included business location, stock availability and efficiency. On business location majority of the respondents felt that LPG distribution outlets were strategically and conveniently located in the estates. Majority of the respondents prefer to purchase LPG products because they are readily available and in steady supply. And lastly, on efficiency majority of the respondents agreed that majority of the respondents felt that distribution channels of LPG products are well established and effective.

Findings on Promotion revealed that there was a positive significant relationship between customer preferences and promotions. A number of factors were investigated which included sales promotion, advertising and public relations. On sales promotion, majority of the respondents confirmed that indeed they were influenced to purchasing LPG products because of effective sale promotions. Majority of the respondents agreed that LPG advertisements create brand awareness. And lastly majority of the respondents felt public relations campaigns on LPG were effective to influence their brand preferences.

5.3 Discussion

5.3.1 Product and Customer Preference
According to Grewal and Levy (2010), 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. From the study, majority of the respondents agreed that marketing mix components influenced their decisions in purchasing LPG products.

Kotler and Armstrong (2006) define a product as anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. In addition, Ferrell (2005), highlighted that the product is the core of the marketing mix strategy in which retailers can offer consumers symbolic and experiential attributes to differentiate products from competitors. According to Peter and Donnelly (2007), one of the key tasks of marketers is to differentiate their products from those of their competitors and create consumer perceptions that the product is worth purchasing. The study revealed that product attributes had a considerable influence on the consumers’ preference of LPG as source of energy. The product attributes that were studied in this case included brand, packaging and quality of the product.

The findings of the study 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. It was evident from the study that the majority of the respondents strongly agreed that they preferred certain LPG 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 LPG. This was in line with Yeshin (2006) who stated that branding 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. Packaging was also considered an important factor in influencing their preference of LPG, and a majority of the respondents strongly agreed that LPG is well packaged compared to other sources of energy.

Kerry and Butler (2008), concluded that Product packaging enables the manufacturer to highlight the product benefits which are quite key in determining consumers’ purchase decision. On quality, majority of the respondents agreed LPG was characterized by reliability, durability, ease of maintenance, and ease of use. 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.”

Further Vashisht (2006) highlights 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/her. The study 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.

5.3.2 Price and Customer Preference

Kotler and Armstrong (2006) defined 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 study also revealed that price attributes had a considerable influence on the consumers’ preference of LPG as a source of energy. The findings agree with Groucutt, Leadley and Forsyth (2004) pointed 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) highlighted 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. The prices attributes that were studied in this case included penetration pricing, competitive pricing and psychological pricing.

The finding of the study showed that majority of the respondents agreed that they would easily switch to a low priced LPG brand that meets their needs and expectations. This was in agreement with Keller (2003) who stated that, consumers are quite conscious of how much they pay for their goods and services. Creative pricing ideas can help differentiate the products and services in the market. Kagira and Kimani (2010) highlighted 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. The study found that consumers were very sensitive to price and would easily change from one brand to
another with changes in prices. Thus, it can be used as a competitive tool. On competitive pricing, the study found that majority of the respondents agreed that they compared prices of various LPG brands before purchasing. Hermann (2007), concluded 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. On penetration pricing, the study found that majority of the respondents agreed that they were likely to switch to a lower priced LPG brand that met their needs. As highlighted by 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. And lastly on psychological pricing the study found that majority of the respondents were of the opinion that they are more convinced and willing to buy LPG products when prices are well displayed. This was agreed to a study by Pride and Ferrell (2010), who stated that psychological pricing attempts to influence customer’s perception of price to make a product’s price more attractive.

The findings agree with Renard (2002) who stated that, 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 Customer Preference

The study also revealed that there was a positive significant relationship between place and customer preference. According to Kotler and Armstrong (2006), 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 attributes that were studied in this case included business location, stock availability and efficiency.
The study found that majority of the respondents felt that LPG distribution outlets were strategically and conveniently located in the estates. 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. 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. On stock availability, majority of the respondents prefer to purchase LPG products because they are readily available and in steady supply.

The findings agree with kumar (2012) who states that the products that are convenient to buy in a variety of stores increase the chances of consumers finding and buying them. 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. Further Jo (2005) averts that consumers are likely to prefer buying from an organization whose product availability is assured.

Lastly the study found that majority of the respondents agreed that distribution channels of LPG products are well established and effective. 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. According to Bianco (2001), 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.

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 Customer Preference

The study revealed that there was a positive significant relationship between customer preferences and promotions. These findings imply that indeed promotions are key when it comes to enticing consumers on what type of brands to choose. According to Kotler and Armstrong (2006), the promotion is the specific blend of promotional tools that the company uses to persuasively communicate customer value and build customer relationships. The promotion attributes that were investigated by study included sales promotion, advertising and public relations.

The study found that majority of the respondents felt that indeed they were influenced to purchasing LPG products because of effective sale promotions. This agreed to the findings of Kotler and Armstrong (2004), who stated that sales promotions are marketing 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 promotion interactivity results in an increase of brand awareness because of high transparency of the information. From the study sales promotions are very important in informing customers on product availability and use as stressed by Chikweche and Fletcher (2012), 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.

The study also found that majority of the respondents agreed that LPG advertisements create brand awareness. This reflected a study by Draganska and Klapper (2011), 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 which influence their preference over commodities. From the study found that majority of the respondents agreed that LPG advertisements create brand awareness, which is critical while making purchasing decisions.

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. Lastly the study found that majority of the
respondents agreed that public relations campaigns on LPG were effective to influence their brand preferences. This was in line with what Biber (2009) highlighted that, public relations 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. Through PR, companies attempt to improve their prestige and image with the public by distributing specific messages or ideas to target audience. An organization 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, and support the company in difficult times, Gregory (2010).

The study found that there was a positive relation between promotion and consumer preference of LPG. This influences consumers’ choices as well as decision making. This is in agreement with Macdonald and Sharp (2007), who stated 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.

5.4 Conclusions

5.4.1 Product and Customer Preference

The study concluded that there was a positive significant relationship between product attributes and customer preferences. The capacity of a firm to differentiate its products from other competitors will act as a source competitive advantage to the firm due to the product being able to meet a particular need to consumers. The product attributes that were investigated in the study included brand, packaging and quality of the product. The study concluded that if the brand is acceptable to the customer and is of high quality, the loyalty of the buyer is won through satisfaction. 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.

The study concluded that, product quality boosts customer’s probability of buying the product again and to share with others their positive experiences. The main reason that
consumers buy products is to gain benefits from it or to satisfy their needs and one of the most important aspect of a product that customer’s value is the quality.

5.4.2 Price and Customer Preference
The study concluded that there was a positive significant relationship between price attributes and customer preferences. The concluded that Price is a critical factor in the consumer’s buying process and one of the major important attributes a consumer uses when making a purchase decision. The study concludes that LPG companies should come up with competitive prices for their products that are matching the market rate as well as consumers’ expectations. The concluded 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 by companies.

On psychological pricing the study concluded that, companies can raise the price of their products, to position them as high quality products and to boost their image. While doing this, the companies should ensure that they meet consumers’ needs and expectations.

5.4.3 Place and Customer Preference
The study also concluded that there was a positive significant relationship between place and customer preference. This implied that place or location of LPG products was key when in influencing customer preferences. The study concludes that products should readily available and accessible to consumers with ease. The price attributes that were investigated in the study included business location, stock availability and efficiency the study concluded that companies need to choose a location where the business is the primary service provider of that market segment. Companies should adopt effective distribution of products among the marketing channels such as the wholesalers or retailers so as to widely reach target consumers.

The study revealed that, companies should aim to increase their distribution efficiency through inclusion of intermediaries in the channels of distribution. This results to better assortment of products, improved transaction systems and easier reach of goods by customers.

5.4.4 Promotion and Customer Preference
The study found there was a positive significant relationship between customer preferences and promotions. These findings implied that indeed promotions were very significant in influencing customer preferences in relation to choosing LPG brands in
Kenya. The findings of the study concluded that promotions are very key when it comes to enticing consumers on what type of brands to choose. The promotion attributes that were investigated in the study included sales promotion, advertising and public relations. The study concluded it increases sales in a very short period and thus hence an effective competitive tool that encourages the customers to switch to another brand. The study concluded that sales promotions result in increase of brand awareness because of high transparency of the information.

The study concluded that through public relations LPG companies can effectively and efficiently use public relations to create awareness of their products. The study concludes that 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. Hence companies can easily a positive image through strategic public relations.

5.5 Recommendations

5.5.1 Recommendation for Improvements

5.5.1.1 Product and Customer Preference

From the findings, the study recommends that LPG companies 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 market. This will help their products to stick in the minds of their target customers and as such enhance the product performance. The study recommends for new packaging system that answers consumer needs for convenience, portability, and easy opening and safety measurers so as to consider customer requirements. The study recommends that LPG companies should heavily invest in innovation to increase their product development that cannot be easily replicated by competitors.

The study recommends, the current Government policy to enhance LPG infrastructure through development of LPG handling facilities and allocation of more domestic revenue to the LPG infrastructure development. Policies addressing issues market hindrances like lack of common-user’ LPG handling facilities and LPG equipment i.e. cylinders, valves and regulators should be put in place. Policy approaches should thus be geared toward
strengthening the LPG legal framework, development of LPG infrastructure enhanced competition within the LPG market and ensuring macroeconomic stability and consistency in macroeconomic policies.

5.5.1.2 Price and Customer Preference
The study recommends the need for LPG companies 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. It is recommended that LPG companies should invest in research and development, so as to develop cost effective methods in their operations in order to be able to adequately compete with our traditional sources of energy.

LPG marketing by the oil companies involves high unit capital and operating expenditure due to the volumes and high safety requirement, which makes LPG relatively expensive compared with other fuels. Therefore the study recommends that the Government should subsidize taxes imposed on LPG products so as to reduce its price and associated costs. Lack of adequate LPG import handling and storage facilities at Mombasa and a relatively small market size has contributed to the high LPG importation costs and subsequently high retail prices. The study further recommends that the Government should invest in strategic importation and storage facilities for LPG products.

Another recommendations, is that the government should also subsidize initial infrastructure required for LPG use, such as cylinders and stoves so as to attract a large market and be affordable to the common man. This will make LPG products more affordable and will be able to gain competitive pricing among other alternative sources of energy. LPG companies should use of discounts to attract customers and gain their loyalty.

5.5.1.3 Place and Customer 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 LPG products. The study recommends that LPG companies should develop strategic distribution
channels through intermediaries like retailers and whole sellers so as to effectively reach to untapped consumers. The study recommends for improved LPG distribution networks not only for product availability, but also to enhance entrepreneurship in cylinders distribution, refilling and maintenance which contribute to the growth of the economy.

Further the study recommends that, LPG companies should use strategic channels of distribution to reduce the degree of uncertainty and increase product availability. They should come up with strategically located distribution stores in the estates so as customers are able to source their products more conveniently and with ease.

5.5.1.4 Promotion and Customer Preference
The study acknowledges the essential role played by promotions and as such recommends the need to enhance LPG sales promotions in a bid to maintain high levels of brand awareness in the mind of consumers so as to effectively outdo the competition. The study recommends for intensive sales campaigns that aim at consumer education on safe use and handling of LPG products so as to eliminate fear of use amongst potential users. The study recommends that the government should promote the use of LPG by disseminating information through various means and encouraging use of clean energy. LPG companies should work in consultation with the Government to make informed decisions about investments, marketing strategies and promotion programs so as to increase awareness and interest of LPG as a household fuel. Finally, the study recommends for effective use of sales promotions and advertisements so as to attract potential customers to adopting their products more easily.

5.5.2 Recommendations for Further Studies
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 especially on strategic ways of making LPG a more affordable source of energy.
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Chandaria School of Business,
United States International

University

County Administrator,
Nairobi County,
P.O. Box 30075-00100
City Hall, Nairobi.

Dear Sir/Madam,
I am an MBA student at USIU, Chandaria School of Business. As part of the requirement for the course, I am expected to undertake a research study on marketing mix and consumer preference of LPG in Nairobi County. I intend to conduct a research on households in 5 estates in Nairobi County which included Eastleigh, Nairobi West, South B, Kilimani and Mountain-View estate.

I intend to administer a self-completion questionnaires to a sample population comprising of 95 households within the organization. I therefore wish to seek your kind permission to undertake the study in your organization.

I would like to assure you that any information received will be purely for academic purposes and will be treated in strict confidence

Thank you in advance.
Yours faithfully,

Abdirizack M Abdullahi.
APPENDIX II: AUTHORIZATION LETTER

Abdirizack M Abdullahi.
Chandaria School of Business,
United States International University

Dear respondent,

I am an MBA student at USIU, Chandaria School of Business.

I am currently conducting a study on the influence of marketing mix on consumer preference and Nairobi County as the case study. I am therefore requesting for your assistance by filling the attached questionnaires to the best of your knowledge.

The information provided will be used purely for academic purposes and it will be treated in strict confidence. Do not include your name. Any additional information you might feel is necessary for this study is welcomed. You can write at the back side of the questionnaire.

Your cooperation in this regard will be highly appreciated. Thanking you in advance.

Yours faithfully,

Abdirizack M Abdullahi.
APPENDIX III: QUESTIONNAIRE

This study is a requirement for the partial fulfillment for the award of a Master’s degree in Business Administration (MBA). The purpose of this research is gather information on the effectiveness of using modern technology in marketing communication.

Please note that any information you give will be treated with extreme confidentiality and at no instance will it be used for any other purpose other than for this project. Your assistance will be highly appreciated. I look forward to your prompt response.

Section A.

1. Gender

   Male [ ]

   Female [ ]

2. What is your highest education level? (Tick as applicable)

   Secondary [ ] College [ ]

   Bachelor’s degree [ ] Master’s [ ]

   Others-specify………………………………………………..

3. Years of using LPG as a source of energy (Tick as applicable)

   Less than 1 year [ ] 6-10 years [ ]

   1-5 years [ ] Over 10 years [ ]

4. Please indicate your estate (Tick as applicable)

   Eastleigh [ ] Nairobi West [ ]

   South B [ ] Kilimani [ ]

   Mountain-View [ ]

   Other (specify)………………………………………………..
PART B

SECTION A - PRODUCT AND CONSUMER PREFERENCE.

Guiding scale in each statement - Strongly Disagree (1), Disagree (2), Not Sure (3), Agree (4), Strongly Agree (5).

<table>
<thead>
<tr>
<th>Please indicate to what extents do you agree or disagree with the following statements keeping in mind change management in your organization.</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>LPG as a source of energy meets my needs, wants and expectations.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>LPG companies use well established and unique branding which convey important information such as quality, quantity, price and safety guidelines.</td>
<td></td>
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</tr>
<tr>
<td>The brand promises and brand performances of LPG companies are aligned and meet my expectations.</td>
<td></td>
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</tr>
<tr>
<td>LPG is safer to use compared to other sources of energy like firewood, kerosene and charcoal.</td>
<td></td>
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<tr>
<td>LPG packaging is appropriate and accommodates convenience, proper storage, portability, easy opening and tamper resistant</td>
<td></td>
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</tr>
<tr>
<td>The packaging of the product clearly highlights the product benefits and usage procedures.</td>
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<tr>
<td>LPG is of high quality compared to kerosene, firewood and charcoal.</td>
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<tr>
<td>The quality of LPG is high importance to me as compared to its price while I am making purchasing decisions.</td>
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<tr>
<td>LPG is characterized by reliability, durability, ease of maintenance, and ease of use.</td>
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</tr>
</tbody>
</table>

Kindly indicate and explain any other factor affecting LPG as a product.
**SECTION B- PRICE AND CONSUMER PREFERENCE.**

*Guiding scale in each statement - Strongly Disagree (1), Disagree (2), Not Sure (3), Agree (4), Strongly Agree (5).*

<table>
<thead>
<tr>
<th>Please indicate to what extents do you agree or disagree with the following statements keeping in mind change management in your organization.</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>The price of LPG products in the market is fair.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The prices of LPG products are uniform and relatively similar across the various outlets in the estate.</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Am likely to switch to a lower priced LPG product that matches the quality characteristic of my current brand.</td>
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</tr>
<tr>
<td>Am price conscious of new LPG products in the market.</td>
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<tr>
<td>LPG products that are low priced in the market are likely to be of low quality.</td>
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</tr>
<tr>
<td>Prices of LPG products meet my expectations</td>
<td></td>
<td></td>
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<tr>
<td>LPG price products are reasonable, acceptable and justifiable.</td>
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<tr>
<td>The constant price fluctuations of LPG products affect my willingness to purchasing them.</td>
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<tr>
<td>I am more convinced and satisfied when prices of LPG products are well displayed and provided.</td>
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<tr>
<td>Factors like inflation, interest rates, level of income and the taxation affect LPG prices.</td>
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</tbody>
</table>

Kindly indicate and explain any other factor affecting LPG price

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SECTION C- PLACE AND CONSUMER PREFERENCE.

Guiding scale in each statement -Strongly Disagree (1), Disagree (2), Not Sure (3), Agree (4), Strongly Agree (5).

<table>
<thead>
<tr>
<th>Please indicate to what extents do you agree or disagree with the following statements keeping in mind change management in your organization.</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>LPG outlets are well and conveniently located in the estates.</td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>LPG products are easily accessible in the outlet stores in the estates</td>
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</tr>
<tr>
<td>Am likely to purchase because LPG products because they are readily available.</td>
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</tr>
<tr>
<td>LPG products are conveniently delivered to my door step by my distributor in the estate.</td>
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<tr>
<td>Stock run-outs by certain LPG brands cause inconveniences and lack of confidence in the product.</td>
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</tr>
<tr>
<td>The distribution channels of LPG products are well established and effective.</td>
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<tr>
<td>Information on where I can source LPG products is readily available.</td>
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<tr>
<td>LPG products are delivered in good time when I place orders</td>
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<tr>
<td>I can easily source for LPG products around the estate.</td>
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</tbody>
</table>

Kindly indicate and explain any other factor affecting LPG distribution

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SECTION C- PROMOTION AND CONSUMER PREFERENCE.

*Guiding scale in each statement - Strongly Disagree (1), Disagree (2), Not Sure (3), Agree (4), Strongly Agree (5).*

<table>
<thead>
<tr>
<th>Please indicate to what extents do you agree or disagree with the following statements keeping in mind change management in your organization.</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Am well informed of the available LPG products through sales promotions and adverts.</td>
<td></td>
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</tr>
<tr>
<td>Am influenced to purchasing LPG products because of effective sale promotions.</td>
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<tr>
<td>LPG sales promotions communications are usually very complete, clear and precise.</td>
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<tr>
<td>Sales promotions of LPG are convincing and influence my purchasing behaviour.</td>
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<tr>
<td>LPG sales promotions like discounts increase my loyalty towards the product.</td>
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<tr>
<td>Through the various LPG advertisements I am able to relate easily my energy needs.</td>
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<tr>
<td>LPG advertisement creates brand awareness which is critical while making purchasing decisions.</td>
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<tr>
<td>Public relations materials such newsletters, annual reports and bulletins on LPG companies are readily available for reference</td>
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<tr>
<td>Public relations on LPG has effectively improved a positive image hence boosting customer confidence.</td>
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</table>

Kindly indicate and explain any other factor affecting LPG promotion

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THANK YOU FOR YOUR TIME.