FACTORS AFFECTING BEER CUSTOMER SATISFACTION IN THE BREWERIES INDUSTRY: A CASE STUDY OF THE EAST AFRICAN BREWERIES LIMITED IN KENYA

BY

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UNITED STATES INTERNATIONAL UNIVERSITY – AFRICA

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Research Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Executive Masters in Organizational Development (EMOD)

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STUDENT DECLARATION

I, the undersigned declare that this is my original work and that it has not been submitted to any other College, Institution or University other than the United States International University for academic purposes.

Signed: ___________________ Date: _______________________

Olga Madodo (644991)

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

Signed: ___________________ Date: _______________________

Prof: George K’Aol

Signed: ___________________ Date: _______________________

Dean, Chandaria School of Business
ABSTRACT

The purpose of this study was to determine the factors that affect customer satisfaction in the breweries industry in Kenya. The study was guided by three research questions, namely; what are the organizational factors that affect customer satisfaction in the breweries industry in Kenya? What are the individual factors that affect customer satisfaction in the breweries industry? Finally, what are the external factors that influence customer satisfaction in the Breweries Industry?

In this study, a descriptive research design was adopted. The population of the study comprised of distributors, retailers, wholesalers and bars within Nairobi constituting 691 possible respondents. Stratified sampling techniques was used to determine a sample size of 216 from the total population. Data was collected using structured questionnaires based on the research questions. Descriptive statistics included frequencies distribution, percentages, mean and standard deviation. Inferential statistical analysis used included correlations, and regression.

The study findings regarding organizational factors that affect customer satisfaction revealed that there was a strong positive relationship between organizational factors and customer satisfaction, r (0.692); p ≤ 0.05. The study findings regarding individual factors that affect customer satisfaction revealed that there was a weak positive relationship between individual factors and customer satisfaction, r (0.278); p ≤ 0.05. The study findings regarding external factors that influence customer satisfaction revealed that there exists a strong positive relationship between external factors and customer satisfaction, r (0.789); p ≤ 0.05. A multiple regression analysis indicated a weak relationship existed between individual factors, organizational factors and external factors; R = (0.314), P ≤ 0.05.

In conclusion, the relationship between individual factors and customer satisfaction, brand preference, perceived value, perceived quality and loyalty were significant in enhancing customer satisfaction. Equally, the relationship between organizational factors and customer satisfaction were statistically significant. Product price, product quality, product promotion, product brand, and organizational brand image all influence and enhance employee job performance. Finally, the relationship between competency based performance external factors and customer satisfaction was statistically significant.
Competition, atmospherics and marketing saturation, socio-economic and political issues were all critical components in enhancing customer satisfaction.

Recommendations for improvement includes; EABL should enhance value for customers through promotions and after sales service. Secondly, EABL should ensure competitive pricing for breweries products to enhance customer satisfaction. Lastly, EABL enhance mechanisms for political and social economic engagements within the communities of operations so as to enhance customer satisfaction.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

Customer satisfaction is increasingly becoming the major concern of most organizations today (Gianforte, 2003). In the twenty first century, globalization has enhanced the modern business environment and customer satisfaction, and provided a fair play for marketing and business practice. Businesses are becoming more customer-oriented owing to the realization that customer retention and loyalty are fundamental aspects of business survival (McCullough, Berry & Yadav, 2000). Global marketing concepts have placed an emphasis on the delivering of satisfaction to customers and the realization of profits through enhanced customer acquisition and retention. In fact, customer satisfaction contributes to the realization of customer loyalty for organizations in the current multi-competitive global business milieu (Oh, 2007).

According to Dapkevicius and Melnikas (2009), the recent past has witnessed a paradigm shift with regard to valuation of customers by business organizations. Anderson and Mittal (2000) contend that there has been a shift from transaction marketing to relationship marketing the latter being more customer-oriented while the former was more profit-oriented. As a result, establishment, retention as well as the enhancement of long-term customer relationships has become a challenge (Dovaliene, Gadeikien & Pilgrimiene, 2007). However, Anderson and Mary (2008) argues that there exists empirical evidence associating customer retention with customer satisfaction.

Customer satisfaction has fundamental importance in business growth and competitive advantage in the increasing global economy. According to Cengiz (2010), organizations that form marketing mix components do realize customer loyalty and satisfaction. The simple act of appreciating the customers’ expectations does enhance customer satisfaction. Therefore, maintaining customers’ relationship is one of the key aspects of organizational growth. Equally, Anderson and Mary (2008), argue that customer satisfaction is a result of well-maintained relationships between the client and the organization.

In the breweries industry, customer retention and acquisition is so intense due to the high levels of substitute products in any given market (Dapkevicius & Melnikas, 2009). Bruijin (2011) contends that the brewery industries all over the world are also struggling to retain
their customers in an increasingly competitive market. Customer satisfaction has therefore become a major preoccupation for executives and marketing managers (Conklin, Powaga & Lipovetsky, 2004). Global economic shocks as well as the global socio-cultural transformations, do affect the breweries industry just like any other sectors of the global economy. As a result, there is need for the operators within the breweries industry to address customer satisfaction and retention dynamics in order firms to remain afloat and profitable (Cengiz, 2010).

According to Conklin et al (2004), in 2010 alone 236 billion liters of alcoholic beverages were sold of which beer constituted the upwards of 78%. Consequently, this findings indicates that breweries sector is vibrant and a major contributor to national economies in various countries. According to EABL (2012), report, beer products were the biggest revenue earner with estimated sales exceed $ 325 billion. In the recent years, fundamental transformation within the industry has focused on enhancing the market share through customer satisfaction. As a result, EABL brewery products can now be accesses within East and Central Africa region. According to Bruijn (2011), the most competitive brewery markets in Africa are Kenya, South Africa, Ghana, and Nigeria.

Conklin, et al., (2004) contents that globalization has great implications on how the breweries industry is run. Local players who do not have established brands or customer loyalty are at a great risk of losing dissatisfied customers. Breweries within Africa must ensure that customer acquisition, retention, loyalty and most definitely satisfaction are at the Centre of their business models. The current nature of the modern customers with myriads of opportunities and substitute products makes their satisfaction a fleeting venture for most brewery firms (Muturi, 2004).

In Sub Saharan Africa, East African Breweries Limited (EABL), SAB Millers, Sechaba Breweries Holdings Limited, Accra Breweries Limited, Nigerian Breweries Limited, Tanzanian Breweries Limited and Zambian Breweries are the major sources of brewery products (Anderson, Fornell & Rust, 2007). East Africa has had a vibrant brewery sector, with EABL taking the majority market share.

The origins of the Kenyan breweries industry dates back as far as populations have existed in the land that is Kenya. However, the modern history the industry is attributable to the 1900s particularly to 1922 during the colonial period when Charles and George Hurts
established the first industry in Kenya (Muturi, 2004). Initially, EABL was incorporated as a private organization named “Kenya Breweries Limited” which it retains to date. Since its establishment in 1922, the Kenyan beer industry has continued to expand and forecasts indicate that the industry will expand by an estimated value of 2% over the next half a decade and that the market volumes will expand by at least 4%. This anticipated expansion is pinned on the fact that quality of the country’s beer enjoys international fame (EABL, 2012).

The main alcoholic beverages company in Kenya is the Kenya Breweries Limited (KBL), currently, a subsidiary of the EABL. EABL’s most dominant brand is Tusker Lager. Other brands include Pilsner, Bell Larger, Alvaro, Malta Guinness, Uganda Waragi, Guiness, Senator, Jonny Walker and Smirnoff (Nderitu & Ngugi, 2014). Tusker enjoys over 30 percent of the Kenyan market selling in the upwards of 700,000 helicopers annually (EABL, 2014).

The alcoholic beverages industry has significantly expanded in Kenya just as elsewhere in Africa. Nine alcoholic beverages companies currently operate in Kenya. Increase in alcoholic beverage companies has led to an increase in competition, and as a result, increase in customer centric approach to marketing (Ali, 2014). EABL Kenya Limited controls 80% of the beer market in Kenya. However, in recent years, the company has faced stiff competition from mainly local companies such as Keroche Industries and Kenya Wine Agencies Limited (KWAL). Consequently, in Kenyan market, customers who would otherwise consume EABL’s products now have a wide array of substitutes at much lower and affordable prices (Nderitu & Ngugi, 2014).

EABL is also facing stiff competition from small companies such Konyangi who are flooding the market with cheaper brands. The uphill battle for EABL is to make its customers satisfied and loyal to its products (EABL, 2012). In a market analysis done by Ali (2014), shows that Keroche breweries, and the KWAL are the biggest competitors of EABL products. Equally, London Distillers, Sierra Beer, Heineken as well as Castle Brewing, have penetrated the market causing major problems for EABL’s in their quest to retain customers, and remain profitable.

Competition notwithstanding, EABL enjoys loyalty among customers specifically with the Tusker lager brand (EABL, 2012). To fend off competition, EABL has adopted a
multiplicity of marketing strategies so to enhance customer’s satisfaction, and loyalty. EABL marketing strategies aim at ensuring the realization of customers’ needs and expectations, prioritize customer’s choices, and establish a pool of loyal satisfied clients (Oh, 2007).

According to Musia (2013), other factors such as customers’ tastes and preferences, perceived value, perceived quality, and perceived price equally contribute towards customer’s satisfaction in the brewery sector. Product price constitutes buyer’s remorse, if value derived does not equal cost of the product. It is necessary therefore, that firm in the breweries sector should do market segmentation, pricing, and sales in a manner that caters to the specific needs of clients (Ali (2014). Musia (2013), explain further that cost of products in the beer industry influences the rate of customer satisfaction. Similarly, brewery products availability, and the taste of the beer significantly influences customer satisfaction (Bruijn, 2011).

A firms advertising can have a tremendous influence on customer satisfaction. Company’s processes equally do influence customer’s satisfaction. In most organizations’ internal factors and operational procedures have a relationship with customer satisfaction (Musia, 2013). Other factors that influence customer satisfaction from are usually beyond the control of the organization. In most instances, there is nothing much brewery firms can do to control inflation. Inflation influences price of brewery products. According to Vlamudi (2010), higher inflation rates leads to higher prices, which leads to customer disquiet and dissatisfaction. It is necessary and critically important, for brewery firms to profile customer-specific factors that relates satisfaction. Equally, it is essential to profile those factors that do not. Companies that do manage to enhance customer’s satisfaction do cater to clients specific needs, compared to those that do not (Gianforte, 2003).

On the other hand, Dovaliene et al., (2009), argues that external to the organization do also influence customer satisfaction in the brewery sector. These factors may relate to the competitors marketing mix, government regulation and policies as well as the prevailing economic circumstances. Some of these external factors are vulnerable to the manipulation by powers within the organizations, while others are not (Oh, 2007). It is therefore incumbent upon organizations in the breweries sector to determine whether they should deal with individual factors, internal factors, or external factors.
1.2 Statement of the Problem

The transformations in the global as well as local breweries industry has created a situation in which the survival and profitability of beer companies is dependent largely on their capacity to provide customer satisfaction (Nderitu & Ngugi, 2014). This is true for the Kenyan breweries industry in which EABL remains the dominant actor. Nonetheless, the extent to which the company has appreciated the issue of customer satisfaction is uncertain.

The study done by Ali (2014) argues, that there is limited scholarly attention that has focused on the analyses of customer satisfaction in the brewery industry. Besides, empirical studies on the factors that affect customer satisfaction within the breweries industry in Kenya are limited if not non-existent. In addition, past studies conducted on customer satisfaction take holistic approach and pays little regard for apparently sector-specific and industry-specific factors that may affect customer satisfaction. The beer industry is one such sector that has attracted little scholarly attention. As such, it is necessary for a beer industry-specific factors affecting customer satisfaction are assessed (Dovaliene et al., 2009).

However, with the current surge in competition within the breweries industry, especially among the various players including the Keroche industry, Kenya Wine Agencies Limited (KWAL) as well as the SAB Millers necessitates the need to examine how EABL deals with the issue of customer satisfaction. Furthermore, as Kotler, et al., (2009) contend, volatility in the brewery sector has made it difficult to ascertain individual, internal and external factors that influence customer satisfaction.

It is necessary to assess whether the breweries industry in Kenya has achieved this aspects of customer satisfaction and if this is not the case to establish some of the strategies the EABL can implement in addressing customer’s expectations and satisfactions. Furthermore, it is crucial to examine the company-specific factors or internal factors as well as the external factors that influence customer satisfaction. There are also individual of customer specific factors that influence customer satisfaction (Henning-Thurau & Klee, 2010).

The motivations for the study emerges from the fact that while previous studies have been conducted on customer satisfaction in the breweries industry, not much has been done on
the factors affecting customer satisfaction in the breweries industry in Kenya. The literature on the factors affecting customer satisfaction in the breweries industry in Kenya is non-existent making (Muturi, 2010). As Ali (2014) contends much of the study that focused on the breweries, industry in Kenya have concentrated on the issue of competition.

Equally, Musia’s (2013) studies examined competition in the breweries industry mostly treated customer satisfaction as inherent contributor to a firm’s competitive advantage rather than a stand along factor. It is therefore imperative to fill this knowledge gap by examining the various factors that affect customer’s satisfaction the breweries industry in Kenya. Furthermore, it is crucial to identify some of the strategies that the EABL can employ to enhance customer satisfaction in a highly competitive environment. This study seeks to bridge the knowledge gap by examining factors that influence customer satisfaction in the breweries sector with keen bias on individual factors, organizational factors, and external factors.

1.3 Purpose of the Study

The purpose of this study was to determine the factors that affect customer satisfaction in the breweries industry in Kenya.

1.4 Research Questions

1.4.1 What are the individual factors that affect customer satisfaction in the breweries industry?

1.4.2 What are the organizational factors that affect customer satisfaction in the breweries industry in Kenya?

1.4.3 What are the external factors that influence customer satisfaction in the Breweries Industry?

1.5 Justification of the Study

The study will be of crucial importance to various stakeholders in the Kenyan breweries industry. Some of the groups that stand to benefit from the study include the East African Breweries Limited, the shareholders in the breweries industry as well as academicians and future researchers.
1.5.1 East African Breweries Limited

The EABL will gain from the study by acquiring crucial information that can facilitate strategy formulation. The information regarding the factors affecting customer satisfaction in the breweries industry will enable the EABL to assess the company’s existing state of its relationship with its customers. By determining the factors affecting customer satisfaction, the study will provide vital information that EABL managers can exploit positively to enhance customer satisfaction at EABL.

The organizations managers can manipulate some of the organizational process, which affect customer satisfaction to ensure that customer satisfaction levels are increased as both a marketing strategy as well as a way enhancing organization’s profit objective. In fact, the company can use the study finding to train marketers on strategic marketing in its endeavor to retain its customer portfolio.

1.5.2 Shareholders in the Breweries Industry

Shareholders in the EABL (Kenya) will benefit from the study in that the study will provide them with information about the multiplicity of factors that affect customer satisfaction hence the profitability of the company. In so doing the study will place the shareholders in a more informed position to positively influence the marketing strategy to ensure that the organization retains its customers and acquires more customers which will certainly mean more earning for them.

1.5.3 The Government of Kenya

In any political system, the government remains the custodian of its citizens and guards their rights whether or not it has the capacity to address their specific demands. This study will be crucial to the government of Kenya in that the information and findings established by this study will prove vital in the formulation of policy regarding alcoholic beverages and the organizational practices with regard to customer satisfaction in the beer industry in Kenya.

1.5.4 Academicians and Researchers

The study will provide vital information, which will prove vital to academicians, economic analysts as well as those who will be interested in researching about customer
satisfaction in the breweries industry. The study provides the platform for further research in the area of customer satisfaction especially in the breweries or beer industry. The study findings will be significant to future researchers in the study could inform their literature by being part of literature review in their studies. Academicians and analysts will benefit from the study by being acquainted with vital information that can inform and buttress their analysis of the trends in the breweries industry and allow them to make informed forecasts about the industry and customer trends.

1.6 Scope of the Study
The target population of the study comprised of 691 external customers who purchase EABL products including distributors, retailers, wholesalers and bar owners operating within Nairobi. The sample size for the study comprised of 216 respondents and the study was conducted over a period three month. The study was limited to Nairobi County due to resource and time constraints.

1.7 Definition of Terms
Some of the definitions used in the study are defined in the sections below.

1.7.1 Customer Satisfaction
Customer satisfaction refers to the extent to which the products and services produced by a given organization meet the customer expectations (Summerlin & Hosdon, 2005).

1.7.2 Customer Satisfaction Measurement
Customer satisfaction refers to a management-led process in which data on customer satisfaction is continuously gathered though customers survey studies to determine the extent to which the organizational products and/ or services are meeting the customers’ expectations (Anderson & Mittal, 2000).

1.7.3 Competitive Advantage
Competitive advantage refers a condition or a situation that places an organization in financially favorable position or a superior business especially with regard to the organizations key competitors (Vadlamudi, 2010). According to Ali (2014), it is the creation of a perceived or real advantage for a product or a brand over rival products in the eyes of the target market.
1.7.4 Individual Factors

The individual or personal factors are subjective qualities, beliefs and perceptions that influence how a person responds to situations or perceive the company’s products and services as well as the personnel and which may make a person to view the products and services as either satisfactory of otherwise (Bennett, 2004).

1.7.5 Organizational Factors

The organization factors are elements that are internal to a business establishment of a firm that has the potential of affecting the process within the organization as well as how the company relates with customers and respond to the customer needs (Muturi, 2004).

1.7.6 External Factors

The external factors are the identifiable elements in the demographic, regulatory, political, physical and political as well as the technological, which affect the survival, growth and operation that affect business survival (Dube, Renaghan & Miller, 2010).

1.8 Chapter Summary

The chapter has introduced the study. The chapter has thus presented the background of the study and stated the problem as well as the purpose of the study. The chapter has also outlined the research questions that the study addresses. The chapter has also indicated the significance of the study, the scope of the study and defined terms and concepts used throughout the study. The next chapter, Chapter 2 provides a review of literature with regard to the three research questions, Chapter 3 provides study methodology, Chapter 4 provides study results and findings and finally chapter 5 provides study discussions, conclusions, and recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter examines the existing literature on the factors affecting customer satisfaction. The literature review draws upon secondary materials written around the research topic. The literature review mostly focuses on literature that relates to the three research questions namely; the organizational factors affecting customer satisfaction, the individual factors affecting customer satisfaction and the external factors affecting customer satisfaction.

2.2 Individual Factors Affecting Customer Satisfaction

According to Achana and Srivatava (2013), there exists certain individual attributes that do influence the customers perception of satisfaction. According to Dapkevicius and Melnikas (2009), these attributes are subjective and inherent and are not necessarily influenced by the organizational factors or environmental factors but are rather a product of the customers’ characteristics. Some of the individual factors that affect customer satisfaction include the following; brand preference by customers, customer needs and emotions, products perceived value and quality be the customer, customers’ attitudinal loyalty and customers’ expectations. Each of these factors affects customer satisfaction in the following ways.

2.2.1 Brand Preference

According to Abu-Bakr, Mavondo and Clulow (2013), consumer preferences are a set of individual or subjective tastes as determined by utility of various bundles of goods. Tastes and preferences allow the customers to conduct a post-use evaluation on usage of products. Post evaluation helps a customer rank products according to how the product meets or fails to meet customers’ expectations (Anderson et al., 2007). The primary function of brand is to guarantees performance and speaks to the expectations of the customers (Oh, 2007).
In the breweries sector, value of a product can take the form of money, brand, and preference among others (Oh, 2207). Value of a product is reflected in the way customers be reflected in the way customers offer return businesses to the brewery firms. According to Christian and Sunday (2013), brand preference is a measure of the extent to which a customer or customers will choose a specific brand at the expense of other present brands, and is or are willing to accept substitutes when that brand is not available.

The customer may only draw satisfaction by using the chosen brand and will be dissatisfied should they fail to get the brand of suitable alternatives. According to Ali (2013), brand satisfaction is the perceived product attributes such as quality or price as well as to a sense of belonging to a group or a social class when the customer uses the brand. A successful brand images allows the customers to recognize their individual or subjective needs and desires that the brand is able to satisfy (Sonder et al., 2007).

2.2.2 Customer Need and Emotions

Henning-Thurau and Klee (2010) contends that satisfaction is the emotional connector to a product. Brewery firms do cherish the idea of customers emotionally connected to their brand. In fact, most brewery firms’ design their advertisement to possess the ability to activate customer’s emotional connection to their product. Therefore, the ability for a brewery firms to conceptualization and activate factors of client satisfaction, is not only essential, but also necessary (Oh, 2007).

Customers have to interpret value, preference, and taste. Brewery firms on the other hand have to integrate value, preference, and taste, but from the customers’ perspective. The concept of satisfaction has to appreciate cognitive elements of clients mind, mannerism, and purchase habits. Failure to profile customer’s habits by breweries most often leads to disappointed and dissatisfied customers. Customer’s perception of quality influences their level of satisfaction (Krishnan & Olshvsky, 2003). Walter et al (2013) contends that in modern times, customers are looking for emotional satisfaction from the products that they by in addition to the functional benefits that they derive from the products.

According to Oh, (2007), customers utilize their emotions and attitude to make judgement on a product. Customers, who are satisfied with a product, usually have a positive
appreciation towards a product. However, customers dissatisfied with a product do reflect negatively towards a product. It is therefore necessary for organizational to profile what makes customers satisfied, and dissatisfied with their products (Conklin et al., 2004). The totality of the customer’s overall satisfaction is a function of the products ability to invoke emotional connection, and positive perception towards the product (Jakpar & Na, 2012).

2.2.3 Perceived Value

According to Li (2013), customers’ perceived value most often goes for reality. Customers’ ascribes a product as satisfying is contingent upon the products ability to meet a perceived value that had been placed on it priory. If the price that the costumer pays for a product is too high, but the quality of the product is high as well, then the customer considers the product as satisfying (Alexandris, Dimitriadis & Markata, 2002). The converse is equally true such that if the customer had pay a higher price for the product, but the product falls short of providing the perceived value, then the customer feel dissatisfied (Ibrahim, 2013).

Nonetheless, according to Achana and Srivatava (2013), high or low prices do not necessarily translate to higher or poor product qualities respectively. However, it is worth noting that if a product does not attain a perceived value for customers’ over a period of time, customers’ do switch to substitute products perceived to possess the value customers; need (Dapkevicius, Melnikas, 2009). According to Kotler et al (2009), customers’ in the modern globalized world are increasingly expecting high quality products from brewery firms. As a result, the perceptions that customers are having towards given brewery products and their perceived value influences their ability to ascribe satisfaction or not (Nderitu & Ngugi, 2014).

2.2.4 Perceived Quality

According to Dapkevicius and Melnikas (2009), perceived quality has a significant relationship with customer satisfaction. A customer based on quality can judge a product as superior or inferior. Kotler, et al., (2009), argues that perceived quality acts as an intermediary between extrinsic cue and customer perceived value. According to Kotler and Armstrong (2007), customers do have the inherent ability to segment products based
on quality. Significantly, products with high quality perceptions have higher satisfaction rates compared to products with poor quality.

According to Anderson and Mittal (2000), perceived quality can easily be construed to mean overall assessment of product’s ability to satisfy a customer’s need. The connection between perceived quality and customer satisfaction has been determined in previous research. McCullough et al., (2000), argues that the relationship between product qualities is not only significant, but also strong and positive.

Nonetheless, other researchers’ have indicated contradicting finding especially in the breweries industry concerning the positive association between the perceived quality and customer satisfaction. There has been no agreement as to whether there exists a relationship between apparent quality and contentment on purchase intentions (Oliver, 2007). According to Tslotsou (2005), some researchers have argued that there is no connection between the two quality and customer satisfaction. Others researchers’ have contended that perceived quality is not necessarily an individual matter as companies may have a lot of influence over perceived quality.

Cengiz (2010) explains further that perceived quality is the extent of compliance rate between the customer’s perceived performance and customer expectations. When the former meets or surpasses the latter then the customer derives a feeling of satisfaction but when it fails to meet the latter, then the customers overall assessment of the experience is dissatisfaction. According to Oliver (2007), therefore, it correct to say that perceived quality is a subjective concept that is based on a post-use evaluation of the performance of the product against expectation.

2.2.5 Attitudinal Loyalty

According to Christian and Sunday (2013), loyalty can be construed as the association between an individual's attitudinal predisposition towards an object and the repeat patronage of that object. Preferences result in attitudinal loyalty, as the customers tend to develop an attitude of liking or preferring certain products to others (Jakpar & Na, 2012). According to Achana and Srivatava (2013), when customers fail to use the product a
previous product, but rather goes for the substitutes, it confers dissatisfaction towards the previous product.

Attitudinal loyalty implies the customer’s tendency to remain loyal his or her consumption or purchase of a given product (Jakpar & Na, 2012). The attitudinal loyalty often result from the past experiences that a customer has had after using the product or the perceptions that those around him or her have created about the product. Attitudinal loyalty therefore influences the customer to perceive satisfaction as only achievable from the use of that particular product.

Friends could influence the attitudinal loyalty in the beer industry and colleague who may make a person remain loyal to a particular brand and derive satisfaction only when they use that brand (Christian & Sunday, 2013). According to Oliver (2007), customers’ intrinsic commitment to remain loyal to and maintain preference for a product in view of situational factors such as competitor’s practices entails attitudinal loyalty. The attitudinal loyalty implies the consumers’ psychological attachment to a product and could even imply attitudinal advocacy towards the company.

The customer draws a sense of satisfaction from associating with the organization and its brands (Jaiswal & Niraj, 2007). This arises from the fact that the customer may have drawn repeated satisfaction from the product and has developed confidence in using the product. Attitudinal loyalty arises out of a series of intricate yet non-distinguishable feelings that precipitate a kind of overall attachment by the customer to the product (Anderson & Mittal, 2000).

### 2.2.6 Customer Expectations

Oliver (2007) contends that expectations are invariably reflected by the customers’ level of satisfaction. The expectations indicate both the current and past product evaluation upon experience by the customer (Warui & Ngugi, 2013). According to Musia (2013), customer expectations can be placed under certain categories depending on the level of satisfaction experienced. This includes: explicit expectations, implicit expectations, static performance expectations, dynamic performance and interpersonal expectations. These aspects of customer expectations affect customer satisfaction in the beer industry in
different ways. For instance, according to Gianforte (2003), the implicit expectations are based on the products’ ability to satisfy a distinct performance standard. The implicit expectations are inspired by norms of performance that had been initially formed.

According to Vadlamudi (2010), customers’ expectations often become implicit, reflecting established norms and values regarding performance. Customer expectations refer to the entirety of perceived benefits that customers have from a company’s products and services. If a product exceeds expectation, customers are satisfied. Conversely, when a product falls below expectation, customers are dissatisfied (Abu-Bakr et al., 2013).

Customers expectations is based on the dissonance theory which indicates that prior to purchase, customers do make cognitive comparison between product expectations vis-à-vis perceived performance (Anderson et al., 2007). The post-usage approach allows customers’ to assess the product based on the effects the product had on them. In the breweries industry, post alcohol usage hangover is crucial in assessing the breweries products (Warui & Ngugi, 2013).

According to Achana and Srivatava (2013), when conceived in the cognitive and affective sense, customer satisfaction means products ability to satisfy the intended need or purpose. Further, they argue that prior to making purchase, customers already have a predetermined expectations of what they hope the service of a product will be like. Thus, customer’s perception of satisfaction is based on some post-use evaluation of the product (Conklin et al., 2004). According to Chang and Wildt (2008), the globalization has led to increased competition between beer companies in trying to present quality products that wins customers satisfaction and loyalty.

Customers’ expectation regarding quality has transformed as customers are becoming more aware of what they want from a beer and at what prices (Warui & Ngugi, 20013). The expectations of customers are often quiet subjective and dynamic and this has direct implications on how they perceive satisfaction. According to Conklin et al (2004), most of the time, before deciding to purchase a product, customers already hold a perception that a product will satisfy the needs and desires that they want to realize.
2.3 The Organizational Factors Affecting Customer Satisfaction

Several organization specific factors affect customer satisfaction in different ways. Some of these appertain to the quality of the products and services as well as internal organizational processes, which affect the first two factors and ultimately customer satisfaction (Gianforte, 2003). Such organizational factors that affect customer satisfaction include the quality of the product, the price that the company has placed on its products, the level of the availability of the product in the market, the product brand and the product image. Each of these factors affects customer satisfaction in the following ways (Chang & Wildt, 2008).

2.3.1 Product Quality

The issue of quality in a product has been of great importance in the business sphere as it goes to the very essence of survival for business dealing in products. The basic assumption that both manufacturers and consumers have is that value in a product is derived from the products very quality (Achana & Shrivatava, 2013). The quality of a product implies the hidden and the apparent characteristics of the product that the customer looks for in a product. The product can be conceived under five approaches; these are the transcendent approach; the consumer-based approach; the manufacturer-based approach and the value based approach (Tsotsou, 2005).

The transcendent approach to product quality underscores all the other approaches and conceives some form of innate excellence in the standards and value of the product. This high value standard is what the manufacturer endeavors to put in a product and what the consumer aims to derive from a product after purchasing it. Therefore, the product quality is highly imperative when it comes to customer satisfaction (Ali, 2013).

Customers are always looking for value for their money in both the services and products that they purchase (Vadlamudi, 2010). Product quality is among the most overriding factors in customer satisfaction (Nderitu & Ngugi, 2014). Poor quality products precipitate low satisfaction levels for customers while high quality products have the effect of bringing about high satisfaction levels (Warui & Ngugi, 2013). The user-based, after use
evaluation occurs when the customer assesses the product based on products ability to meet or surpass the customer’s expectations (Kotler, Keller, Ang, Leong & Tan, 2009).

According to Jakpar and Na (2012), two aspects of the product can be discerned: the quality of design and the quality of conformance. The quality of design implies devising the product to meet the needs and the desires of the customers. The extent to which the meets certain standard designation is what is conceived as the quality of conformance (Jakpar & Na, 2012). These two features are crucial in determining the extent to which the customers will perceive the product as satisfying their expectations (Warui & Ngugi, 2013). Therefore, the customers overall perception of the products satisfaction is pinned on the extent to which the customer perceive the salient and specific qualities of the product as satisfying. In other words, overall satisfaction draws from the salient component features of the product (Chakraborty, Srivatava & Marshall, 2007).

According to Oliver (2007), there is also value-based dimension to customer satisfaction with respect to quality, which is value-based. The value-based approach to customer satisfaction compares product quality against performance at a give satisfactory price for the customer or conformance. The customer uses the prices as the unit of measuring the quality of the product (Jakpar & Na, 2012). The value-based approach thus conceives product quality as the ability of the product to meet customer needs and desires or expectation in general at a specific price, which is reasonable for the customer (Achana & Srivatava, 2013).

2.3.2 Product Price

According to Ali (2014), customer satisfaction is brought about by the product’s ability to provide value for money. A product price is a sensitive decision for both the manufacturer and the customer especially in a competitive market such as the beer market (Chang & Wildt, 2008). Price is the principle means through which the customers judge a product in the market and is indicative of the quality of the product (Jakpar & Na, 2012). While the beer companies perceive price in terms of the extent to which they facilitate the profit objective, customers perceive the products in terms of their ability to provide value for money in terms of quality (Musia, 2013).
According to Li (2013), product price is a fundamental element or factor in customer satisfaction and affects consumer choice (Kotler et al., 2009). The consumers are very cautious about the cost they incur when they purchase a product and when they have to part with a lot of cash, they demand value for their money. According to Li (2013), customers do exercise a lot of discretionary on spending limit and would drag when it comes to paying for products that are priced outside their intended expenditure limit.

Ultimately, it is perceived by consumers that high price products are of high quality and better than low-priced products, which are assumed to be of poor or lesser quality. Consequently, if the consumers part with huge amount of cash and realized that the product is of low quality they ultimately perceive the product as highly unsatisfying and these may lead to a situation where the consumers may opt to such for alternatives and may actually become quite receptive to competitors (Warui & Ngugi, 2013).

Li (2013) contend that pricing sends a strong message to customers regarding quality and as such low product prices are result in the product being perceived in terms of quality and as such may result in mixed sentiments about satisfaction. Thus customers that are looking for quality will not care much about the price they pay but will be disappointed if the product fails to meet their expectations regarding quality. On the other hand, customers looking for cheaper products will feel dissatisfied if all the products are priced so highly (Jaiswal & Niraj, 2007).

2.3.3 Product Promotion and Availability

Promotion is one of the essential and an integral part of the four P’s of the market mix (Schiffman & Kanuk, 2004). It is the process of communicating the various attributes of the products to the potential and actual consumers. The promotional mix comprises, among others personal selling, sales promotion and advertising as well as publicity and direct marketing. Promotion is crucial for customer satisfaction because it creates a mental image of the product qualities, value and features and thereby allow the consumers to make a pre-use conclusions about the product (Thakur & Singh, 2012). The prejudgment have a high potential of affecting the customers post-use assessment of the product as satisfying of not.
According Dapkevicius and Melnikas (2009), promotion is the process through which not only the existence of the product is made known to public and potential customers, it is also through promotion that the products qualities is communicated to the public. Promotion should therefore be conducted cautiously in such a way that customer satisfaction remains the ultimate goal.

Furthermore, as Gianforte (2003) explains, the promotion should not entirely contain the positive attributes of the product but should inform the customers of the potential dangers and side effects of the products. These will facilitate the post-usage evaluation by the customers in tandem with the products misgivings as communicated in the promotional campaign. In fact, as Bruijin (2011) contends, with sensitive products, such the alcoholic beverages, promotion can and should be used to create a proper relationship with the customers in a manner that allows the customers to evaluate the product on the basis of the information that was given.

The failure for promotional campaigns to effectively communicate all the attributes of a product leads to poor evaluation. Krishnan and Olshvsky (2003) contends that promotion lessens the guilt that customers may have when they decide to use a product. Indeed, according to Ali (2014), consumers of beer products find solace in the adverts that portray alcohol consumption as a stylish activity, helps lessen the guilt associated with alcohol consumption that may be common in the society today, and this brings about satisfaction in the minds of the consumers.

Consumers are always in a constant search of products to satisfy their present or future desires, the availability of a product at the time when the consumer wants it leads to satisfaction (Ali, 2013). According to Chakraborty et al (2007), the patronage reason that is common to virtually all the customers when they visit a particular store is that they will obtain the product they and at a price that they can afford, is important to the customers in that it allows them to fulfill some immediate or future need. Merchandizing, contends Bruijin (20111), is all about availing the products that the customers want in places where they are able to find them. Therefore, customers derive a sense of satisfaction when they can obtain a product readily when they so desire and this is the essence of product availability.
2.3.4 Product Brand

According to Abu-Bakr et al., (2013), customers do find significance in identifying with better product brands. It is therefore imperative that brewery firms market their products as the best products on the market. That way, it is much easier to get customers who would like to identify themselves with quality. According to Krishnan and Olshvsky, (2003), argues that companies make products while the customers make the brand. In essence, the relationship between a brand and a product is an intricate one as the relationship between customers and organizations.

Studies on product branding and product brand indicates a positive relationship with customer satisfaction (Ibrahim, 2013). The link between customer satisfaction and product brand emerges from the fact that customers seek functional benefits as well as emotional experiences in a brand (Walter, Cleff & Chu, 2013). According to Brakus, Schmitt and Zarantonello (2009), brand experience is the nexus from which the customers draw satisfaction or dissatisfaction. Product brand is linked to cognitive yet subjective internal responses that influences the customers’ ability to like or dislike a product. Customers sensations, cognitions, feelings and behavioral responses for the cognitive ability they informs a client’s choice (Walter et al., 2013).

Product brand is a vital factor in customer satisfaction (Krishnan & Olshvsky, 2003). The product brand is based on the customers’ perceptions about a brand, which becomes embedded in the customer’s mind. The brand does not imply the physical characteristics of the product; it however does imply a combination of crucial factors, which corresponds to the customer’s overall evaluation of the company (Warui & Ngugi, 2013).

Furthermore, the brand is an assurance to the customers of quality and availability, elements that are crucial in the customers’ assessment of whether the brand meets and exceeds expectations or fails to do so (Krishnan & Olshvsky, 2003). According to Ali (2014), branding has been at the center of EABL’s (Kenya) marketing strategy in the current business environment in which it faces intense competition from other companies such as Keroche Industries and Kenya Wine Agencies Limited (KWAL), London Distillers, Sierra Beer, Heineken as well as Castle Brewing.
According Ibrahim (2013), customers tend to derive satisfaction from the brands that they trust. Furthermore, the customer who are satisfied by the brands have less concern about the price of the products and develop brand loyalty in that they are never attracted to other brands from the competitors. Brands do draw customer loyalty owing to the fact that they provide pride through name recognition, and social standing in a given peer group for being identified with the brand (Sonder, Omar, Wahid, Ismail & Harun, 2007).

Equally, the fundamental role that a brand plays in customer satisfaction relates to the fact that competitors cannot imitate a brand while a product can be copied. Customers’ therefore can still draw the same level of satisfaction from a product brand even when substitute products exists on the market. The products of the EABL continue to have a wide customer base perhaps because the customers are looking for satisfaction through the product brand (Sonder, 2007). Therefore, it could be assumed that identifying with the superior quality brands of the EABL bestows upon the consumers a feeling of great satisfaction.

2.3.5 Product Image

The product image is the mental creation which is developed by the consumers upon a few impressions among a conglomeration of impressions (Thakur & Singh, 2012). According to Christian and Sunday (2013), brand image is a significant factor in customer satisfaction in that customers often do posses brand expectations, which are a set of subjective evaluations of one brand over specific alternatives. The assessment thus becomes whether a brand is able to satisfy customer expectations about it or not or whether it can actually exceed expectations (Li, 2013).

Consumers are able to connect the product image with the needs and desires which the product satisfies, and distinguish such products from others that the competitors place in the market (Schiffman & Kanuk, 2004). In the contemporary business context, branding implies the formal introduction of the company to potential customers on what the company does and what it can provide to the customers (Nderitu & Ngugi, 2014).

The image that the company establishes for its brand is vital in that it affects how the customers perceived of the company and the products as well as how the customers will
remember the brand and the company in the long run (Sonder, 2007). The brand image creates a perception in the minds of the customers that a brand will have positive effects on them and as such, acts as a factor of analysis for the customers on the satisfaction that they have derived from the product.

2.4 External Factors Affecting Customer Satisfaction

Dapkevicius and Melnikas (2009) contend that customer satisfaction and organizational external factors do have a strong positive correlation. External factors are essential components that influences organizations’ ability to understand the environment through which the organization exists, and how to leverage certain aspects of the environment for competitive advantages. According to Anderson and Mittal (2000), external or environmental factors do influence customer satisfaction.

Equally, Dapkevicius and Melnikas (2009), contends that external factors are crucial in determining customer satisfaction. However, they further argue that external factors do not necessarily have a linear relationship, or a straightforward linkage with customer satisfaction rather an intricately and intertwined relationship. External factors web into organizational factors and individual factors that determine customer satisfaction (Muturi, 2004). Competition, the atmosphere (or the customers immediate environment), the level of market saturation of the desired product, increase in the cost of production inputs and materials, as well as socio-economic and political factors at the time are some of the key external factors affecting customer satisfaction (Anderson & Mittal, 2000).

2.4.1 Competition

According to Vadlamudi (2010), the beer industry is a 325-billion-dollar dollar global industry, resilient, and with vicious competition. The massive entry in to the beer industry by other players over the years has equally enhanced competition. The upshot of these developments has been intense competition among and between companies in the beer industry (Vadlamudi, 2010). According to Christian and Sunday (2013), the high-octane-type competition in the beer industry has been a factor in customer satisfaction in the beer industry.
Ali (2013) contends that within the Kenyan beer industry, brand manufacturers are facing intense competition from a multiplicity of domestic or local and foreign brands, which is precipitating a rise in promotional and production costs as they try to make the customers aware of their own brands and produce quality products, which meet customer expectations.

Competition is a major environmental factor, which has a direct impact on customer satisfaction (Musia, 2013). In Kenya, stiff competition characterize several brewery companies EABL (Kenya). These companies include Keroche Industries and Kenya Wine Agencies Limited (KWAL), London Distillers, Sierra Beer, Heineken as well as Castle Brewing all of which are contending to have a share of the Kenyan beer market. With competition comes the perceptible fact that customers are exposed to a variety of product alternatives with different qualities and prices (Abu-Bakr et al., 2013).

According to Christian and Sunday (2013), competition in the beer industry has led to a situation where numerous brands now floods the market. Customers now have more choices and more information regarding the brand qualities, which have created higher expectations than before and raised the bar for disconfirmation or confirmation of expectations with respect to product or service experience (Dapkevicius & Melnikas, 2009).

Furthermore, competition has led to increased consumer sensitization and satisfaction, as customers are flooded with many alternatives (Anderson & Mittal, 2000). These alternative products includes those that have been produced by the local companies as well as foreign beers (Musia, 2013). For instance, if a consumer prefers the taste of a high-calories beer from outside the country, they will get it. If they prefer local low calorie beer, they will equally find it. Taste and preference rules the customer’s choice. In such an environment, competitors are able to influence customer satisfaction owing the quality of the products and their prices (Oliver, 2007).

It has been asserted that customers make a cognitive comparison between the qualities of the products that they use against the expectations. Nevertheless, they also make comparisons between the products and prices of offered on the products against what
competitors are offering (Musia, 2013). If the comparison reveals that the competitors are offering better deals than the current company is, the customers will derive a feeling of dissatisfaction from the company’s products (Warui & Ngugi, 2013).

### 2.4.2 Atmospherics

The imperativeness of the atmosphere on customer satisfaction has gained increasing attention especially within the hospitality industry. It has been found that there exists an association between the attainment of distinctive atmosphere and customer satisfaction (Ryu, 2010). According to Henning-Thurau and Klee (2010), the physical environment is an important determinant of consumer psychology, which forms the basis for the customers’ satisfaction and disconfirmation. Nderitu and Ngugi (2014) contend that physical surrounding deliberately and unconsciously prior to and after drinking.

According to Abu-Bakr et al (2013), the atmosphere in which a product is purchased influences the customer’s perceptions about satisfaction. One of the most influential factors in customer satisfaction especially in the beer industry relate to where the products is bought and consumed. Thus, atmospherics can be conceived as the special attention that is accorded to the designing of where a product is both bought and purchased and which is quite influential in customer satisfaction sometimes more that the product itself (McCullough et al, 2000).

The environment therefore produces a specific emotional effect which enhances the buyers’ purchase and satisfaction probabilities (Abu-Bakr et al, 2013). According to Henning-Thurau and Klee (2010), the atmosphere is experienced through a variety of senses including touch, sound, sight and scent all which affect the customers perceptions about the qualities of a product hence satisfaction. Nonetheless, despite the impact that the atmosphere has on the customers’ perception about satisfaction, little research has been conducted to assess the impact of the atmosphere on customers’ satisfaction in the beer industry (McCullough et al., 2000).

Nderitu and Ngugi (2014) contend that customers feel more satisfied when they drink in a serene and secure environment than when they take drinks in a poor and insecure environment. Therefore, the presentation of the restaurant environment must be taken into
consideration in creating more a meaningful experience to restaurant patronage (Oh, 2007). Atmospherics can therefore be conceptualized as the concerted effort of designing the retail shops and bars to produce specific emotional effects in the customer, which has an effect of enhancing customer satisfaction.

The key attributes of the atmosphere, which produce a satisfying effect, which include sound, touch and scent (Conklin et al., 2004). Customers perceive store atmosphere through a combination of visual (color, lighting, proximity and number of visual elements); aural (music type, sound level); tactile (cleanliness); and olfactory (scent); cues present within the service environment (Chakraborty et al., 2007).

2.4.3 Market Saturation

The beer industry is a multi-market industry featured by competition between and among domestic and local companies that are trying to catch a niche for themselves in the beer market (Musia, 2013). As such, the companies avail new products brands everyday and the result of these has been the saturation of the beer market (Henning-Thurau & Klee, 2010). Both the conventional beers as well as the craft beer currently saturate the beer market, the craft beer which is the traditional beer by small breweries and local brewers has expanded despite stringent regulations by the governments such as has been the case in Kenya (Ali, 2013).

The saturation of the market even though a negative development to the beer manufacturers and companies, it has been a welcome development for the consumers of beer. This is because due to market saturation, customers currently have a wide variety of brands and products to choose from in pursuit of satisfaction. Essentially the wide alternative of foreign beers, domestic beer as well as the craft beers offer substantive choices for the customers which has expanded the customer’s chances of satisfaction (Christian & Sunday, 2013).

Furthermore, due to market saturation, customers are currently showing greater price sensitivity as they search for value among the many brands that they are flooded with by the different companies (Warui & Ngugi, 2013). The market saturation, which has led to several new products being availed to the customers, is leading to greater dimensions for
satisfaction by the customers among the different companies. Certainly, the saturation of the market precipitates customer satisfaction not only by providing a variety of product and quality alternatives but it also lead to the moderation of product prices which give customers great contentment (Musia, 2013).

2.4.4 The Increase in Cost of Raw Material Inputs and Production

High cost of production threatens business operations as it increases the overhead costs of a business (Chakraborty et al., 2007). The nexus between high production costs and high cost of raw materials leads to increases in product price, which eventually affects customer’s perception and satisfaction. According to Oh (2007), raw material in the breweries sector includes barley, molasses, fuel, and other costs related to meeting government regulatory standards, as well as the prevailing economic conditions.

Increase in cost of raw materials is exacerbated by too much regulations informs of taxation which leads to high costs of production. The high costs of production affect the quality and prices that are charged on beer products thereby passing the cost down to the customers. According to Achana and Srivatava (2013), one such factor, which may precipitate an increase in the cost of production and ultimately in the increase in the prices charged on products is the surging costs of barley and hops.

Between April and July 2012, the price of barley expanded by 26.06% leading to higher costs of production and high prices of beer products (Nderitu & Ngugi, 2014). This can lead to customer dissatisfaction as the customers feel that they pay too much than what they get in return. They feel that there is no value for the money they part with. Furthermore, the persistently charging and ever increasing oil prices have a direct impact of precipitating the costs of production (Musia, 2013).

2.4.5 Prevailing Socio-economic and Political Issues

Values refer to certain beliefs that people have about different forms of behavior or products (Achana & Srivatava, 2013). Changes in how a society values an item or a behavior can greatly affect a business. The political and legal dimensions of the external environment, which influence public perception about norms and values, include
regulatory parameters within which an organization must operate. Political parties create
or influence laws, and business owners must abide by these laws. Tax policies, trade
regulations, and minimum wage legislation are just a few examples of political and legal
issues that may affect the way an organization operates (Ryu, 2010).

The technological dimension of the external environment impacts the scientific processes
used in changing inputs (resources, labor, money) to outputs (goods and services). The
success of many organizations depends on how well they identify and respond to external
technological changes. For example, one of the most significant technological dimensions
of the last several decades has been the increasing availability and affordability of
management information systems (also known as MIS). Through these systems, managers
have access to information that can improve the way they operate and manage their
businesses (Musia, 2013).

The economic dimension reflects worldwide financial conditions. Certain economic
conditions of special concern to organizations include interest rates, inflation,
unemployment rates, gross national product, and the value of the Kenyan Shilling against
other currencies. Nevertheless, some businesses traditionally benefit in poor economic
conditions. The alcoholic beverage industry, for example, traditionally fares well during
times of economic downturn (Nderitu & Ngugi, 2014).

Although the basic management functions of planning, organizing, staffing, leading, and
controlling are the same whether a company operates domestically or internationally,
managers encounter difficulties and risks on an international scale. Whether it be
unfamiliarity with language or customs or a problem within the country itself (think mad
cow disease), managers encounter global risks that they probably would not have
encountered if they had stayed on their own shores (Ryu, 2010).

2.5 Chapter Summary

Chapter two has examined literature on factors that affect customer satisfaction. The
chapter has assessed literature relating to the three research questions namely the
organizational factors affecting customer satisfaction, the individual or personalistic
factors affecting customer satisfaction and the external factors affecting customer
satisfaction. The next chapter, Chapter 3, presents the research methodology that guided this study.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
This chapter discusses the research design that the researcher used in this study. It also presents the population and sampling design, data collection methods, research procedures and data analysis methods that the researcher employed in this particular study.

3.2 Research Design
According to Mugenda and Mugenda (2005), research design specifies the methods and procedures for collecting and analyzing the needed information. It indicates a framework or blueprint for the research as well as the research methods chosen to determine the information needed. It defines the sampling method, sample size, measurement and data analysis processes (Schindler & Cooper, 2014).

This study adopted a descriptive research survey design. A descriptive survey was adopted for its’ ability to consolidate both qualitative and quantitative data. A descriptive survey was appropriate for this study because structured and semi structured data was easily collected (Schindler & Cooper, 2014). According to Mugenda and Mugenda (2005), a descriptive research design provides a valid and accurate representation of factors and variables, which pertain to the research questions.

3.3 Population and Sampling Design

3.3.1 Population
A population is defined as the set of individuals, objects, or data from where a statistical sample can be drawn (Saunders et al., 2014). Population is the entire group of individuals, events or objects having a common observable characteristic (Copper & Schindler, 2014). Cooper and Schindler further add that a population is the total sum of collected units from which the researcher draws conclusions of the study.
The population for this study consisted of 691 distributors, retailers, wholesalers and bars in Nairobi. A suitable sample size for the study was drawn from this population. This population was considered to possess the qualities desired and had the capacity to facilitate the realization of the specific objectives of the study. Table 3.1 shows population distribution employed in the study.

Table 3.1: Population Distribution

<table>
<thead>
<tr>
<th>Type of Population</th>
<th>Population Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributors</td>
<td>151</td>
</tr>
<tr>
<td>Wholesalers</td>
<td>170</td>
</tr>
<tr>
<td>Retailers</td>
<td>140</td>
</tr>
<tr>
<td>Bars</td>
<td>230</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>691</strong></td>
</tr>
</tbody>
</table>

3.3.2 Sampling Design

3.3.2.1 Sampling Frame

A sampling frame is the list of individuals or events, source material or device from which a sample is drawn (Mugenda & Mugenda, 2005). It comprises a list of all those within a population who can be sampled, and may include individuals, households, organizations or institutions (Saunders et al., 2014). The sampling frame for this study comprised of distributors, retailers, wholesalers and bars operating within Nairobi that purchase EABL’s products. The list of the distributor and wholesalers and bars was obtained from EABL marketing department.

3.3.2.2 Sampling Technique

The study adopted a stratified sampling technique. The strata consisted of distributors, suppliers and bar owners. Once the strata were established, simple random sampling was used to pick respondents from each strata.
3.3.2.3 Sample Size

Sample size can be defined as the number of observations used for calculating estimates of a given population (Smith, 2009). To determine the sample size, Adams and Schancheveldt (1985) formula was used to give a sample size of 216 as follows:

\[
\text{Sample Size} = n \div [1 + (n \div P)]
\]

Where: Confidence Level of 95%,

Calculating for n,

\[
n = 1.960 \times 1.960 \dfrac{[0.10(1 - 0.10) \div (0.04 \times 0.04)]}{0.09 \div 0.0016} = 1.960 \times 110.25 = 216.09
\]

Table 3.2: Sample Size Distribution

<table>
<thead>
<tr>
<th>Type of Population</th>
<th>Population (P)</th>
<th>Sample (%)</th>
<th>Sample Size (n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributors</td>
<td>151</td>
<td>31%</td>
<td>47</td>
</tr>
<tr>
<td>Retailers</td>
<td>170</td>
<td>31%</td>
<td>53</td>
</tr>
<tr>
<td>Wholesalers</td>
<td>140</td>
<td>31%</td>
<td>44</td>
</tr>
<tr>
<td>Bars</td>
<td>230</td>
<td>31%</td>
<td>72</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>691</strong></td>
<td><strong>31%</strong></td>
<td><strong>216</strong></td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

The study utilized structured questionnaires to collect the required data from the respondents. The questionnaire comprised of four sections, namely: Section I: Background information; Section II: The organizational factors affecting customer satisfaction at the EABL, Kenya; Section III: Individual factors affecting customer satisfaction at the EABL,
Kenya; Section IV: external factors affecting customer satisfaction at the EABL, Kenya. A five point Likert scale that ranged from strongly disagree to strongly agree was used.

3.5 Research Procedures

Mugenda and Mugenda (2005) explain that research procedures refer to a detailed description of the steps taken by the researcher to conduct the study. For this study, the draft questionnaire was developed first. A pilot test was conducted using 20 questionnaires to collect preliminary data to enable the testing of validity and reliability. During the pilot study, the researcher randomly distributed the research questionnaires to 20 respondents in the pilot study. The results of the pilot study were used to enhance the effectiveness of the data collection instrument and to define the procedure to be applied in the actual study.

Only after assessing the results of the pilot study and addressing any issues resulting from it did the actual data collection commence. However, before the actual data collections, the researcher obtained the permission to conduct the actual study. In the course of the survey, the researcher approached and administered the questionnaires to respondents within each strata. The data was collected within a period not exceeding two weeks.

3.6 Data Analysis Methods

Before analysis, data collected from questionnaires obtained from respondents was reviewed carefully and checked for completeness and consistencies. Descriptive statistics were analyzed using frequency tables, percentages and mean. The results were presented using tables and figures. Inferential statistical analysis for the study included correlations linear regression, and multiple regression. Regression was used to determine the level of significance in relationship between customer satisfaction and the individual, organizational and external factors. Pearson Correlation was also used to establish the existence, nature and strength of the relationships between research variables and customer satisfaction. The data analysis was done using the SPSS as a tool.

3.7 Chapter Summary

This chapter has addressed the research design applied in the study. The research design chosen for this study was a descriptive research design. Chapter Four will provide the research findings and result of the study. It also include the study population and sampling
design, data collection methods, research procedures and data analysis methods employed in the study. The next chapter will cover the results and findings.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter deals with study findings based on the research questions. The study findings and results are chronologically organized and do present finding on research question one first, then findings of research question two and finally the findings on research question three. The findings are presented in tables and figures. Two hundred and sixty one questionnaires were distributed, but only one hundred and fifty questionnaires were received back constituting a response rate of 57%.

4.2 Background Information

The following results were obtained when the respondents were asked to provide some general information.

4.2.1 Respondents Classification by Designation

The results on respondent’s designation are presented in Table 4.1. According to the results, 13% of respondents were distributors, 22% were wholesalers, 30% were retailers while 35% indicated that they were bar keepers.

Table 4.1: Respondents Classification by Designation

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Distribution</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percent (%)</td>
</tr>
<tr>
<td>Distributors</td>
<td>19</td>
<td>13</td>
</tr>
<tr>
<td>Wholesalers</td>
<td>34</td>
<td>22</td>
</tr>
<tr>
<td>Retailers</td>
<td>45</td>
<td>30</td>
</tr>
<tr>
<td>Bar Keepers</td>
<td>52</td>
<td>35</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
<td>100.0</td>
</tr>
</tbody>
</table>
4.2.2 Respondents Experience in the Breweries Industry

Figure 4.1 shows results regarding the respondents’ experience in the brewery sector. It was found that 21.3% of the total respondents had an experience of less than a year while 37% of the respondents had a work experience of between 1-5 years the in the sector. Equally, 39% respondents had an experience of between 6-10 years, 14%, of the respondents had a work experience between 11-15 years, and finally, 8% of the respondents had over 15 years of work experience in the sector.

![Bar chart showing years of experience in the sector]

**Figure 4.1: Years of Experience in the Sector**

4.2.3 Classification of Respondents by Beer Consumption

Figure 4.2 shows the results obtained when the respondents were asked whether they consume beer. About twenty three percent of respondents indicated that they did not take beer, 42% indicated that they do consume beer but not regularly while 35.3% of respondents indicated that they do consume beer.
Figure 4.2: Classification of Respondents by Beer Consumption

4.2.4 Friends or Family Members Who Consume Beer

Table 4.2 represents the results obtained from the respondents when asked whether they had relatives or friends who take beer. Eight percent of respondents (8%) strongly disagreed that they did not have any relatives or friends who consumed beer, while 18% of the respondents disagreed. Similarly, 33.3% indicated they weren’t sure that their relatives or friends consumed beer. However, majority of respondents, 40.7% acknowledged that they have friends and relatives who consumed beer.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Frequency</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td>Disagree</td>
<td>27</td>
<td>18</td>
</tr>
<tr>
<td>Not sure</td>
<td>50</td>
<td>33.3</td>
</tr>
<tr>
<td>Agree</td>
<td>61</td>
<td>40.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>150</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
4.3 Individual Factors Affecting Customer Satisfaction

This part of the chapter presents the results that were obtained when the respondents were asked questions in regards to individual factors affecting customer satisfaction.

4.3.1 Most Important Individual Factors affecting Customer Satisfaction

Table 4.3 shows the results obtained when the respondents were asked to identify the individual factor they considered to mostly affect customer satisfaction in the brewery industry. About nine percent (8.7%) of respondents indicated brand preference, 12% indicated that customers’ needs and emotions, while 18% indicated that the perceived value was the most crucial individual factor that affected customer satisfaction in the breweries sector. The study findings also shows that 14.7% indicated perceived quality as the most important factor, 14.7% indicated loyalty, while 32% indicated customer loyalty as the individual factor that affects customer satisfaction in the breweries sector.

Table 4.3: Most important individual factors affecting customer satisfaction

<table>
<thead>
<tr>
<th>Individual Factors</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (n)</td>
</tr>
<tr>
<td>Brand Preference</td>
<td>13</td>
</tr>
<tr>
<td>Customer Need and Emotions</td>
<td>18</td>
</tr>
<tr>
<td>Perceived value</td>
<td>27</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>22</td>
</tr>
<tr>
<td>Attitudinal Loyalty</td>
<td>22</td>
</tr>
<tr>
<td>Customer Expectations</td>
<td>48</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
</tr>
</tbody>
</table>

4.3.2 Taste and Preference

Figure 4.3 shows the results obtained when respondents were asked a question tastes and preferences, and their effect on customer satisfaction. Six percent (6%) of the respondents indicated that they strongly disagreed, 8% of the respondents indicated that they disagreed that tastes and preferences affected customers satisfaction, while 24% were not sure. On
the other hand, 34.7% of the respondents agreed that taste and preferences do affect customer satisfaction.

![Figure 4.3: Taste and Preference](image)

**4.3.3 Degree of Influence of Brand Preference on Customer Satisfaction**

Table 4.4 illustrates the results obtained by the researchers when they asked the respondents in the brewery from the study on the extent to which the beer brand affects customer satisfaction in the industry. About seven percent (7.3%) of respondents indicated that beer brand does not affect customer satisfaction at all, while the majority of respondents, 45.3% strongly believed that brand preference affects customer satisfaction levels in brewery industry.

**Table 4.4: Degree of Influence of Brand Preference on Customer Satisfaction**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Distribution</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percent (%)</td>
<td></td>
</tr>
<tr>
<td>Not at all</td>
<td>11</td>
<td>7.3</td>
<td></td>
</tr>
<tr>
<td>Very Little</td>
<td>14</td>
<td>9.4</td>
<td></td>
</tr>
<tr>
<td>To a great extent</td>
<td>37</td>
<td>24.7</td>
<td></td>
</tr>
<tr>
<td>Extensively</td>
<td>68</td>
<td>45.3</td>
<td></td>
</tr>
<tr>
<td>Not sure</td>
<td>20</td>
<td>13.3</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>150</strong></td>
<td><strong>100</strong></td>
<td></td>
</tr>
</tbody>
</table>
4.3.4 Customer Needs and Emotions Affect Satisfaction

Figure 4.4 represents the results on whether customer needs and emotions affects customer satisfaction. The study findings shows that 4.7% of the respondents strongly disagreed, while 14% just disagreed that customer needs and emotions affect customer satisfaction. However, 32.6% of the respondents were not sure whether customer emotions affects satisfaction, while, 42% of respondents strongly agreed strongly that customer needs and emotions strongly affect customer satisfaction.

![Bar Chart]

**Figure 4.4: Customer Needs and Emotions Affect Satisfaction**

4.3.5 Importance of Customer Emotions in Affecting Customer Satisfaction

Table 4.5 shows the results on importance of customer needs and emotions and satisfaction. About fourteen percent of the study respondents disagreed that customer emotions and needs were not important contributor to customer satisfaction while 32.6% of the respondents were not sure that customer needs and emotions are an important factor contributing to customer satisfaction. Majority of respondents, 43.4% indicated that customer emotions were significantly important in determining or influencing customer satisfaction.
Table 4.5: Importance of customer emotions in affecting customer satisfaction

<table>
<thead>
<tr>
<th>Statement</th>
<th>Distribution</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percent</td>
</tr>
<tr>
<td>Not important</td>
<td>21</td>
<td>14</td>
</tr>
<tr>
<td>A little important</td>
<td>65</td>
<td>43.4</td>
</tr>
<tr>
<td>Important</td>
<td>47</td>
<td>31.3</td>
</tr>
<tr>
<td>Very important</td>
<td>17</td>
<td>11.3</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
<td>100</td>
</tr>
</tbody>
</table>

4.3.6 Customers perceived product value and customer satisfaction

Figure 4.5 shows the results perceived value of the products and services and their effect on customer satisfaction in the brewery sector in Kenya. The study findings indicates that 5.3% of respondents strongly disagreed while 24% indicated that they were not sure as to whether perceived value affected satisfaction. However, majority of respondents (41.3%) indicated that customer perceived value of products and services significantly contributes to customer satisfaction in the brewery sector.

Figure 4.5: Customers Perceived Product Value and Customer Satisfaction
4.3.7 Attitudinal Loyalty and Customer Satisfaction

Table 4.6 shows the results and findings on the extent to which attitude towards breweries products and services influences customer satisfaction. About four percent (4%) of respondents indicated that attitude does not influence customer satisfaction, 20% of respondents felt that attitude affects customer satisfaction to a very little extent while the majority of respondents (39.3%) believed attitude towards a product and services extensively influences customer satisfaction.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Distribution</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percent (%)</td>
</tr>
<tr>
<td>Not at all</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Very little</td>
<td>30</td>
<td>20</td>
</tr>
<tr>
<td>To a great extent</td>
<td>38</td>
<td>25.4</td>
</tr>
<tr>
<td>Extensively</td>
<td>59</td>
<td>39.3</td>
</tr>
<tr>
<td>Not sure</td>
<td>17</td>
<td>11.3</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
<td>100</td>
</tr>
</tbody>
</table>

4.3.8 Customers’ Expectations and Customer Satisfaction

Figure 4.6 presents the study findings on customers’ expectations and their influence on their levels of satisfaction. Six percent (6%) of respondents indicated that customer expectation does not influence customer expectation at all while 20.7% of the respondents were not sure whether customer expectation influences customer satisfaction. The majority of respondents (33.3%) strongly agreed that customers’ expectations do affect customers’ level of satisfaction.
4.3.9 Extent to which Individual Factors Affect Customers’ Satisfaction

Figure 4.7 shows the study findings on the extent to which individual factors affect customer satisfaction. Study findings show that 4.7% of respondents felt that individual factors do not influence customer satisfaction at all, while 28.75% believed that individual factors to a very little extent do influence customer satisfaction. Majority of respondents, (40%) indicated that individual factors do influence customer satisfaction to a greater extent.

Figure 4.7: Extent to which Individual Factors Affect Customers’ Satisfaction
4.3.10 Correlation between Individual Factors and Customer Satisfaction

A correlation analysis was conducted between individual factors and customer satisfaction to establish whether there was any relationship between the variables. The study findings in Table 4.7 indicated that a weak relationship does exists between individual factors and customer satisfaction, $r (0.278); p \leq 0.05$.

Table 4.7: Correlation between Individual Factors and Customer Satisfaction.

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Customer Satisfaction</th>
<th>Individual Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>150</td>
</tr>
<tr>
<td>Individual Factors</td>
<td>Pearson Correlation</td>
<td>.278**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.029</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>150</td>
</tr>
</tbody>
</table>

4.3.11 Linear Regression between Individual Factors and Customer Satisfaction

Linear regression analysis was conducted to determine the level of relationship significance between individual factors and customer satisfaction. The linear regression model was $Y = \beta_0 + \beta_1X_1$. The study findings in Table 4.9 indicates a positive relationship exist individual factors and customer satisfaction, $r = (0.145), p \leq 0.05$. Table 4.8 adjusted $R$ square of 0.251, indicates that 25.1% of variation in customer satisfaction is attributable to variations in individual factors. The formula used to compute the relationship was:

Customer Satisfaction = $2.101 + 145X_1$
Table 4.8: Linear Regression Summary between Individual Factors and Customer Satisfaction

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.278a</td>
<td>.256</td>
<td>.251</td>
<td>.426</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Individual Factors

Table 4.9: Linear Regression Coefficients between Individual Factors and Customer Satisfaction

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>t</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>2.101</td>
<td>.424</td>
<td></td>
<td>1.598</td>
</tr>
<tr>
<td>Individual Factors</td>
<td>.145</td>
<td>.070</td>
<td>.278</td>
<td>3.509</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Satisfaction

4.4 The Organizational Factors Affecting Customer Satisfaction

The following results were obtained when the researcher asked the respondents several questions concerning the organizational factors affecting customer satisfaction.

4.4.1 Organizational Factors Affecting Customer Satisfaction in Brewery Industry

Table 4.10 presents study findings on the organizational factor affecting customer satisfaction in the brewery industry. The study findings show that 28% of respondents indicated product quality as the most important organizational factor affecting customer satisfaction, while 29.3% indicated product price as the most important organizational factor affecting customer satisfaction in the brewery industry. Similarly, 22% indicated product promotion and availability, while 15% of respondents felt that product brand was the most important organizational factor affecting customer satisfaction in the brewery industry.
Table 4.10: Organizational factors affecting customer satisfaction

<table>
<thead>
<tr>
<th>Statements</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Product Quality</td>
<td>42</td>
</tr>
<tr>
<td>Product Price</td>
<td>44</td>
</tr>
<tr>
<td>Product Promotion and Availability</td>
<td>33</td>
</tr>
<tr>
<td>Product Brand</td>
<td>23</td>
</tr>
<tr>
<td>Product Image</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
</tr>
</tbody>
</table>

4.4.2 Value for Customers Money in the Product Purchased

Figure 4.8 shows the study findings regarding whether customers always look for value for money in products they purchase. The study findings indicate that 5.3% strongly disagreed that they always look for value in products and services, 11.3% of the respondents equally disagreed, while the majority of respondents (38%) indicated that they do look for value for money in products and services they spend their money on.

Figure 4. 8: Value for Customers Money in the Product Purchased
4.4.3 Effects of quality products on customers’ satisfaction
Table 4.11 shows the study findings on whether quality products effects customer satisfaction. 10% of the respondents strongly disagreed while 12.7% equally disagreed. However, majority of respondents (36.7%) felt that quality products do influence customers satisfaction.

Table 4.11: Effects of quality products on customers’ satisfaction

<table>
<thead>
<tr>
<th>Statement</th>
<th>Distribution</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percent (%)</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>Disagree</td>
<td>19</td>
<td>12.7</td>
</tr>
<tr>
<td>Not sure</td>
<td>29</td>
<td>19.3</td>
</tr>
<tr>
<td>Agree</td>
<td>55</td>
<td>36.7</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>32</td>
<td>21.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>150</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

4.4.4 Extent to which Product Price Affects Customers’ Choice

Figure 4.9 shows study findings on effect of product price on customers’ choice. The results indicates that 8% of respondents felt that product price did not influence customer’s choice at all, while 20.7% of respondents felt that price does influence customer’s choice only to a very little extent. Majority of respondents (36.7%) felt that product price does influence customer’s choice to a very large extent.
4.4.5 Effects of Adverts on Customers Satisfaction in the Brewery Industry

Table 4.12 shows the results and findings on the effect of advertising on customer satisfaction. The study indicates that 6% of respondents strongly disagreed that advertising influences customer satisfaction while 25.3% of respondents were not sure whether adverts had any effects on customers’ satisfaction. Majority of respondents (42.7%) agreed that adverts have a great influence on customers’ satisfaction in the brewery sector.

Table 4.12: Effects of Adverts on Customer’s Satisfaction in the Brewery Industry

<table>
<thead>
<tr>
<th>Statement</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>9</td>
</tr>
<tr>
<td>Disagree</td>
<td>24</td>
</tr>
<tr>
<td>Not sure</td>
<td>38</td>
</tr>
<tr>
<td>Agree</td>
<td>64</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>150</strong></td>
</tr>
</tbody>
</table>

4.4.6 Quality Products Precipitate Satisfaction for Customers

Figure 4.10 shows the results on whether quality products precipitate satisfaction for customers. According to the findings, 10% of respondents strongly disagreed that quality
products do precipitate customers’ satisfaction while 28% of respondents felt that quality product precipitates satisfaction for customers. However, majority of respondents (30%) disagreed that quality product precipitates customers’ satisfaction.

![Figure 4.10: Quality Products Precipitate Satisfaction for Customers](image)

### 4.4.7 High Prices Leads to Low Satisfaction

Table 4.13 shows the results obtained from the respondents whether high prices lead to low satisfaction. About seven percent (6.7%) of respondents strongly disagreed that high prices lead to low satisfaction 15.3% disagreed while 18.7% indicated that they were not sure whether high prices led to low satisfaction. The majority of respondents (38.6%) believed that high prices leads to low satisfaction.
Table 4.13: High Prices Leads to Low Satisfaction

<table>
<thead>
<tr>
<th>Statement</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>10</td>
</tr>
<tr>
<td>Disagree</td>
<td>23</td>
</tr>
<tr>
<td>Not sure</td>
<td>28</td>
</tr>
<tr>
<td>Agree</td>
<td>58</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>31</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>150</strong></td>
</tr>
</tbody>
</table>

4.4.8 Product Brand and Customers Satisfaction in the Brewery Industry

Figure 4.11 shows the study findings on product brand and customer satisfaction. The findings indicates that 8.7% of respondents felt that product brands were not important factor in influencing customer satisfaction while 24% believed that product brands do influence customer satisfaction to a very little extent. However, majority of respondents (36%) agreed that product brands are an essential factor in influencing customer satisfaction.

![Bar Chart](image)

Figure 4.11: Product Brand and Customers Satisfaction in the Brewery Industry
4.4.9 Brand Acts as a Factor of Analysis for the Customers

Table 4.14 shows the results obtained when the respondents were asked if whether the brand acts as a factor of analysis for the customers’ satisfaction. The study shows that 11.3% of respondents strongly disagreed that brands do act as factors of analysis for customers while 21.3% of respondents indicated that they were not sure whether brands do act as a factor of analysis for customers. Majority of the study respondents (28.7%) agreed with the fact that brands do act as a factor of analysis for customers.

Table 4.14: Brand Acts as a Factor of Analysis for the Customers

<table>
<thead>
<tr>
<th>Statement</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>17</td>
</tr>
<tr>
<td>Disagree</td>
<td>34</td>
</tr>
<tr>
<td>Not sure</td>
<td>32</td>
</tr>
<tr>
<td>Agree</td>
<td>43</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>150</strong></td>
</tr>
</tbody>
</table>

4.10 Extent to Which Organizational Factors Affect Customers’ Satisfaction

Figure 4.12 shows the results on the extent to which organizational factors affects customer satisfaction. About nine percent (9.3%) of respondents indicated that organizational factors are not important in influencing customer satisfaction while 28% believed that organizational factors do influence customer’s satisfaction. The majority of the study respondents (46%) indicated that organizational factors are important in influencing customer satisfaction.
4.4.11 Correlation between Organizational Factors and Customer Satisfaction.

A correlation analysis was conducted between organizational factors and customer satisfaction to establish whether there was any relationship between the variables. The study findings in Table 4.15 indicated that a strong relationship does exist between organizational factors and customer satisfaction, \( r (0.692), p \leq 0.05 \).

Table 4.15: Correlation between Organizational Factors and Customer Satisfaction.

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Customer Satisfaction</th>
<th>Organizational Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>150</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Factors</td>
<td>Pearson Correlation</td>
<td>0.692**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.019</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>150</td>
</tr>
</tbody>
</table>

4.3.11 Linear Regression between Organizational Factors and Customer Satisfaction

Linear regression analysis was conducted to determine the level of relationship significance between organizational factors and customer satisfaction. The linear regression model was \( Y = \beta_0 + \beta_2X_2 \). The study findings in Table 4.17 indicate a positive relationship exists organizational factors and customer satisfaction, \( r = (0.692), p \leq 0.05 \).
Table 4.8 adjusted R square of 0.430, indicates that 43% of variation in customer satisfaction is attributable to variations in organizational factors. The formula used to compute the relationship was:

**Customer Satisfaction = 1.524 + 1.228X_2**

**Table 4.16: Linear Regression Summary between Organizational Factors and Customer Satisfaction**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.692a</td>
<td>.437</td>
<td>.430</td>
<td>.38250</td>
</tr>
</tbody>
</table>

b. Predictors: (Constant), Organizational Factors

**Table 4.17: Linear Regression Coefficients between Organizational Factors and Customer Satisfaction**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>1.524</td>
<td>.300</td>
<td></td>
<td>3.734 000</td>
</tr>
<tr>
<td>Organizational Factors</td>
<td>1.228</td>
<td>.096</td>
<td>.692</td>
<td>1.376 .019</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Satisfaction

**4.5 External Factors Affecting Customer Satisfaction**

The following section presents study findings on external factors affecting customer satisfaction.

**4.5.1 Most Important Environmental Factors Affecting Customer Satisfaction**

Table 4.18 shows the study findings factors identified as most important in the external environment that affects customer satisfaction. According to the study findings 16% or respondents indicated competition as the most important environmental factor affecting
customers’ satisfaction while 18.7% indicated atmospheric factors as the most important in influencing customer satisfaction. Majority of respondents (30%) indicated market saturation as the most important environmental factor affecting customers’ satisfaction in the brewery industry.

Table 4. 18: Most Important Individual Factors affecting Customer Satisfaction

<table>
<thead>
<tr>
<th>Statement</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Competition</td>
<td>24</td>
</tr>
<tr>
<td>Atmospheric</td>
<td>28</td>
</tr>
<tr>
<td>Market Saturation</td>
<td>45</td>
</tr>
<tr>
<td>The Increase in Cost Raw Material Inputs and Production</td>
<td>34</td>
</tr>
<tr>
<td>Prevailing Socio-economic and Political issues</td>
<td>19</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
</tr>
</tbody>
</table>

4.5.2 Competition in the Breweries Industry and Customers’ Satisfaction

Figure 4.13 shows the study finding on what extend competition influences customer satisfaction in the breweries industry. According to the study findings, 11.3% of the respondents strongly disagreed that competition influences customer satisfaction while 18% of respondents were not sure whether competition in the breweries industry led could lead to customer satisfaction. Majority of study respondents (36%) indicated that competition in the breweries sector does affect levels of customer satisfaction.
4.5.3 Serene Environment for Consuming Beer Facilitates and Customers Satisfaction

Table 4.19 shows the results obtained when the respondents were asked whether providing a serene environment for consuming beer products facilitates customers satisfaction. According to the study findings, 6% of respondents strongly disagreed, 12% disagreed while 20.7% of respondents indicated that they were not sure whether providing a serene environment for consuming beer products facilitates customers satisfaction. Majority of respondents (40.7%) agreed that providing a serene environment for consuming beer products facilitates customers satisfaction.
Table 4.19: Serene Environment Facilitates Customers Satisfaction

<table>
<thead>
<tr>
<th>Statements</th>
<th>Distribution</th>
<th></th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percent</td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>9</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Disagree</td>
<td>18</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Not sure</td>
<td>31</td>
<td>20.7</td>
<td></td>
</tr>
<tr>
<td>Agree</td>
<td>61</td>
<td>40.7</td>
<td></td>
</tr>
<tr>
<td>Strongly agree</td>
<td>31</td>
<td>20.7</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>150</strong></td>
<td><strong>100</strong></td>
<td></td>
</tr>
</tbody>
</table>

4.5.4 Impact of Market Saturation on Customers Satisfaction

The figure 4.14 shows the results obtained when the respondents were asked the extent to which market saturation affects customers’ satisfaction. According to the study findings, 6% of respondents believe that market saturation does not affect customers’ satisfaction at all. 7.3% indicated that market saturation affects customers’ satisfaction to a very little extent while the majority of respondents (47.3%) indicated that market saturation affects customers’ satisfaction to a great extent.

![Figure 4.14: Impact of Market Saturation on Customer Satisfaction](image)

Figure 4.14: Impact of Market Saturation on Customer Satisfaction
4.5.5 Prevailing socio-economic conditions affects customers satisfaction

Table 4.20 indicated study findings on the extent to which socio-economic conditions affect customers’ satisfaction. About nine percent (8.7%) of the respondents strongly disagreed that the prevailing socio-economic conditions affect customers’ satisfaction while 17.3% of respondents indicated that they were not sure as to whether socio-economic conditions affect customers’ satisfaction. Majority (34.7%) of respondents, agreed to the fact that socio-economic conditions do affect customers’ satisfaction.

Table 4. 20: Prevailing Socio-economic Conditions Effects on Customers Satisfaction

<table>
<thead>
<tr>
<th>Statements</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>13</td>
</tr>
<tr>
<td>Disagree</td>
<td>16</td>
</tr>
<tr>
<td>Not sure</td>
<td>26</td>
</tr>
<tr>
<td>Agree</td>
<td>52</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>43</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
</tr>
</tbody>
</table>

4.5.6 Increase in Cost of Raw Material Negatively on Customers Satisfaction

Figure 4.15 shows the results the extent to which increase in the cost of raw material inputs and products impacts on customers satisfaction. According to the study findings, 25.3% of respondents strongly agreed that the increase in the cost of raw material inputs and products affects negatively on customers satisfaction while 18.7% of respondents indicated that they were not sure whether increase in the cost of raw material inputs and products affects negatively on customers satisfaction. Only 7.3% of respondents strongly disagreed respectively that the increase in the cost of raw material inputs and products affects negatively on customers satisfaction.
4.5.7 Extent to Which Environmental Factors Affect Customers’ Satisfaction

Table 4.21 shows the figures of results that were obtained when the respondents were asked to what study findings on the extent to which external factors affected customers affected customer satisfaction indicated that 11.3% of the respondent felt that external factors does not affect customer satisfaction at all while the majority of respondents (33.3%) indicated that external factors do affect customer satisfaction in the beer industry to great extent.

Table 4.21: Extent to which Environmental Factors Affect Customers’ Satisfaction

<table>
<thead>
<tr>
<th>Statements</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Not at all</td>
<td>17</td>
</tr>
<tr>
<td>Very little</td>
<td>49</td>
</tr>
<tr>
<td>To a great extent</td>
<td>50</td>
</tr>
<tr>
<td>Extensively</td>
<td>30</td>
</tr>
<tr>
<td>Not sure</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>150</strong></td>
</tr>
</tbody>
</table>
4.5.8 Most Important Factor Influencing Customer’s Satisfaction

Table 4.23 shows the study findings on the most important set of factors that influence customers’ satisfaction in the beer industry. According to the findings, 14.7% of respondents felt that individual factors were the most important set of factors that influenced customer satisfaction while 26.7% of respondents indicated that they thought organizational factors were the most important set of factors that influenced customers’ satisfaction in the beer industry. Equally, 26% indicated that environmental factors were the most important set of factors that influenced customers’ satisfaction while 24.6% indicated that a combination of individual factors, and external factors greatly affected customer satisfaction.

Table 4. 22: Most Important Factor Influencing Customers

<table>
<thead>
<tr>
<th>Statement</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Individual factors</td>
<td>22</td>
</tr>
<tr>
<td>Organizational factors</td>
<td>40</td>
</tr>
<tr>
<td>Environmental factors</td>
<td>39</td>
</tr>
<tr>
<td>a combination of these</td>
<td>37</td>
</tr>
<tr>
<td>Not sure</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
</tr>
</tbody>
</table>

4.5.8 Correlation between External Factors and Customer Satisfaction.

A correlation analysis was conducted between external factors and customer satisfaction to establish whether there was any relationship between the variables. The study findings in Table 4.22 indicated that a strong relationship does exists between external factors and customer satisfaction, r (0.789), p ≤ 0.05.
Table 4.23: Correlation between External Factors and Customer Satisfaction.

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Customer Satisfaction</th>
<th>Organizational Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>150</td>
</tr>
<tr>
<td>External Factors</td>
<td>Pearson Correlation</td>
<td>.789**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>150</td>
</tr>
</tbody>
</table>

4.5.9 Linear Regression between External Factors and Customer Satisfaction

Linear regression analysis was conducted to determine the level of relationship significance between organizational factors and customer satisfaction. The linear regression model was $Y = \beta_0 + \beta_3X_3$. The study findings in Table 4.24 indicates a positive relationship exist external factors and customer satisfaction, $r = (0.789)$, $p \leq 0.05$. Table 4.23 adjusted R square of 0.512, indicates that 51.2% of variation in customer satisfaction is attributable to variations in external factors. The formula used to compute the relationship was:

Customer Satisfaction = 0.621 + 0.441$X_3$

Table 4.24: Linear Regression Summary between External Factors and Customer Satisfaction

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.789a</td>
<td>.562</td>
<td>.512</td>
<td>.28142</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), External Factors
Table 4.25: Linear Regression Coefficients between External Factors and Customer Satisfaction

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>0.621</td>
<td>.120</td>
</tr>
<tr>
<td>Organizational Factors</td>
<td>0.441</td>
<td>.146</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Satisfaction

4.5.10 Multiple Regression between Individual, Organizational, and External Factors

Since there existed a significant relations between individual factors, organizational factors and external factors, a multiple regression analysis was conducted to determine the level of relationship significance for the variables. The regression model was:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e \]

According to the findings, all variables were statistically significant, (R= 0.314), p ≤ 0.05. The study findings in Table 4.26 indicates a positive relationship exist external factors and customer satisfaction, r = (0.789), p ≤ 0.05. Table 4.26 adjusted R square of 0.088, indicates that 8.8% of variation in customer satisfaction is attributable to variations in individual factors, organizational factors and external factors. The formula used to compute the relationship was:

Customer Satisfaction = 4.491 – 0.164X_1 + 0.235 X_2 + 0.320 X_3

Table 4.26: Multiple Regression between Individual, Organizational, and External Factors Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.314a</td>
<td>.099</td>
<td>.080</td>
<td>.37254</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Environmental, Organizational, Individual
b. Dependent Variable: Customer satisfaction
Table 4. 27: Multiple Regression between Individual, Organizational, and External Factors Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>4.491</td>
<td>.429</td>
<td></td>
<td>7.457</td>
</tr>
<tr>
<td>Individual</td>
<td>-.164</td>
<td>.027</td>
<td>-.170</td>
<td>-2.118</td>
</tr>
<tr>
<td>Organizational</td>
<td>.235</td>
<td>.014</td>
<td>.197</td>
<td>2.488</td>
</tr>
<tr>
<td>Environmental</td>
<td>.320</td>
<td>.032</td>
<td>.355</td>
<td>1.939</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer satisfaction

4.6 Chapter Summary

According to the study findings regarding individual factors that affect customer satisfaction revealed that there exists a weak positive relationship between individual factors and customer satisfaction, $r (0.278); \ p \leq 0.05$. The study findings regarding organizational factors that affect customer satisfaction revealed that there exists a strong positive relationship between organizational factors and customer satisfaction, $r (0.692); \ p \leq 0.05$. The study findings regarding external factors that influence customer satisfaction revealed that there exists a strong positive relationship between external factors and customer satisfaction, $r (0.789); \ p \leq 0.05$. The following chapter five presents the study summary, discussions, conclusions, and recommendations for improvement.
5.0 DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This is the final chapter of the study. As such, it provides the summary of the study as well as a discussion of the major results of the study. The discussion is divided into three thematic parts and focuses on the major findings regarding the three research questions. The chapter also provides the conclusion of the study and the study recommendations.

5.2 Summary

The purpose of this study was to determine the factors that affect customer satisfaction in the breweries industry in Kenya. The study was guided by three research questions, namely; what are the organizational factors that affect customer satisfaction in the breweries industry in Kenya? What are the individual factors that affect customer satisfaction in the breweries industry? Finally, what are the external factors that influence customer satisfaction in the Breweries Industry?

In this study, a descriptive research design was adopted. The population of the study comprised of distributors, retailers, wholesalers and bars within Nairobi. Stratified sampling techniques was used to determine a sample size of 216 from the total population of 691 potential respondents. Data was collected using structured questionnaires based on the research questions. Descriptive statistics included frequencies distribution, and percentages. Inferential statistical analysis used included correlations, and regression.

The study findings regarding organizational factors that affect customer satisfaction revealed that there was a strong positive relationship between organizational factors and customer satisfaction, $r (0.692); p \leq 0.05$. The study findings regarding individual factors that affect customer satisfaction revealed that there was a weak positive relationship between individual factors and customer satisfaction, $r (0.278); p \leq 0.05$. The study findings regarding external factors that influence customer satisfaction revealed that there exists a strong positive relationship between external factors and customer satisfaction, $r (0.789); p \leq 0.05$. A multiple regression analysis indicated a weak relationship existed
between individual factors, organizational factors and external factors; \( R = 0.314 \), \( p \leq 0.05 \).

5.3 Discussions

5.3.1 Individual Factors affecting Customer Satisfaction

The study findings on individual factors that affect customer satisfaction revealed that there exists a positive relationship between individual factors and customer satisfaction, \( r (0.278); p \leq 0.05 \). The study also revealed that the relationship between individual factors and customer satisfaction was significant. These study findings are in line with Ali (2014) who contended that there exists a significant, strong relationship between individual factors and customer satisfaction. However, in as much Ali’s findings revealed a strong positive relationship, this study has presented a weak positive relationship. Some of the factors that have contributed to the significance of the relationship include customer perceived value, perceived quality, expectation and loyalty. Equally, post-use evaluation of beer products in regards to tastes and preferences, brands, needs and emotions connection, as well as the extent to which customer expectation were met enhanced the relationship between individual factors and customer satisfaction (Abu-Bakr et al., 2013).

More so, the study findings revealed that individual factors greatly influence customer satisfaction. Customers’ expectations and loyalty is built on the precept of perceived value. The more customers perceive products to be of quality, of standard, of good price, the more they commit their loyalty, and the more they are satisfied with the products. For instance, according to Gianforte (2003), customer expectations are based on the products’ ability to satisfy a distinct performance standard. The direct relationship between customer satisfaction can turn inverse, should the perceived value loose its hold on the clients taste.

According to Oh (2007), customers’ satisfaction regarding a product’s performance has a positive relationship customer satisfaction. Equally, tastes and preferences by the customers concerning the product influences their choice for the product. It is therefore incumbent upon brewery companies to build customer tastes into products, and conduct customer post-use evaluation. Anderson et al., (2007) urged that products that fail to meet the preference threshold, usually lack post usage survey. This study findings have
indicated that majority of respondents believed that tastes and preferences have a strong positive relationship with customer satisfaction. On the other hand, as had been noted by Oh (2007), customer expectation and perceived value are the foundations upon which individual factors influence customer relations. This is particularly true, for this study, and equally in alignment with study done by Anderson et al (2007).

Customer’s perception of the product brand is tied to the brands’ ability to deliver value for money. Therefore, the price a customer pays for the product influences satisfaction while at the same time reducing customer remorse. However, when there is a significant disparity in price Vis a Vis value gained, buyer’s remorse ensues, and the product suffers negative perception and customer dissatisfaction (Alexandris et al., 2002). For this study, customer perceived value of a product, and customer’s satisfaction were strongly correlated.

According to Anderson and Mittal (2000), perceived quality does not necessarily influence customer satisfaction in isolation. A myriad of other factors like the reputation of company, other quality products form the company, and social influence from peers. However, for this study, the relationship was positive, weak, but significant.

5.3.2 The Organizational Factors Affecting Customer Satisfaction

The study findings regarding organizational factors that affect customer satisfaction revealed that there exists a strong positive relationship between organizational factors and customer satisfaction, r (0.692); p ≤ 0.05. This study confirms Vadlamudi (2010) research that indicated the existence of a significant relationship between organizational factors and customer satisfaction in the breweries sector. Quality of products, quality of price, and quality of service were all fundamental influencers of customer satisfaction. Poor quality products for instance, precipitate low satisfaction levels, with customers preferring to go for other substitute products with higher quality (Warui & Ngugi, 2013). Customers are always looking for value for their money in both the services and products that they purchase (Vadlamudi, 2010).

Quality as organizational factor is interlinked with individual factors such as and preferences. Oliver (2007) argues that value-based approach to customer satisfaction
enhances customer satisfaction compared to traditional mechanisms of developing product from an organizational perspective. If the aim of product and service marketing in the breweries is to win customer loyalty, secure commitment, and satisfy customers. Organizational structure and factors are built to support the delivery of satisfaction to customers (Jakpar & Na, 2012).

Organizational brand do equally influence customers satisfaction. This study confirms a study done by Jakpar and Na (2012), who argued that organizational brand, and product brand all have significant relationship with customer satisfaction. A correlation analysis conducted for this study between organizational factors and customer satisfaction a significant positive and strong relationship between organizational factors and customer satisfaction.

According to Oliver (2007), the availability of quality products helps an organization build a reputation that yields customer loyalty and satisfaction. The availability of a product, and how it is promoted, packaged, and advertised influences customer’s satisfaction. Consumers are always in a constant search of products to satisfy their present or future desires, the availability of a product at the time when the consumer wants it leads to satisfaction (Ali, 2013). However, promotion provides the basis upon the customers will assess the performance of the products, that is, the customer’s post-usage evaluation of a beer product.

Achana and Srivatava (2013) suggested that beer producers who are keen in designing their adverts that play to customers tastes and preferences, increases chances for sales volume, out of which, if products are quality, customer satisfaction ensues. The brand does not imply the physical characteristics of the product; it however does imply a combination of crucial factors, which corresponds to the customer’s overall evaluation of the company (Warui & Ngugi, 2013). On the issue of brand loyalty and customer satisfaction, Walter, Cleff and Chu (2013) contend that a significant relationship does exist between organizational brand royalty and customer satisfaction. Brand royalty plays a significant role in ensuring that competitors within the industry are kept at bay. Equally, brand royalty enhances psychological capital within the internal environment and external
environment making customer satisfaction at the prime of organizational brands (Schiffman & Kanuk, 2004).

5.3.3 External Factors Affecting Customer Satisfaction

The study findings regarding external factors that influence customer satisfaction revealed that there exists a strong positive relationship between external factors and customer satisfaction, \( r (0.789); p \leq 0.05 \). This finding equally revealed that competition within the breweries sector contributes significantly to customer satisfaction. This confirms the study done by Anderson and Mittal (2000) that indicates the existence of a strong positive relationship between external factors and customer satisfaction. The industry atmosphere similarly contributes significantly to the relationship between external factors and customer satisfaction (Muturi, 2004).

Competition is probably the principle environmental factor, which has a direct impact on customer satisfaction (Musia, 2013). This is because through competition, customers are able to access a larger variety of products and at reasonable prices there by increasing the quality of the products that they access as well as the price that they have to pay for it leading to greater satisfaction. The study results indicated that the largest proportion of the respondents thought competition was the single most important factor affecting customer satisfactions in the beer industry. Another reason as to why competition is such a compelling factor in customer satisfaction in the beer industry is probably because the competition allows other producers to venture into local markets bring products of greater quality than what is produced locally. Furthermore, customers are able to access products, which are associated with class, which they initially could not find (Ali, 2014). Anderson and Mittal (2000) have contended that competition may lead to increased consumer satisfaction, as customers are flooded with many alternatives.

The study findings indicated that business environment in which beer produced and consumed plays a significant role in shaping perceptions and customer satisfaction. According to Abu-Bakr et al (2013), business environment produces has effect that can enhance or distort customer’s satisfaction. According to Henning-Thurau and Klee (2010), the physical environment is an important determinant of consumer psychology, which forms the basis for the customers’ satisfaction and disconfirmation. Nderitu and Ngugi
(2014) contend that physical surrounding deliberately and unconsciously prior to and after drinking.

Market saturation, which is closely linked to competition, is a very significant factor influencing customer satisfaction as the study has determined. Through market saturation, customers currently have a wide variety of brands and products to choose from in pursuit of satisfaction. Essentially the wide alternative of foreign beers, domestic beer as well as the craft beers offer substantive choices for the customers which has expanded the customer’s chances of satisfaction (Christian & Sunday, 2013).

The beer industry faces lots of regulations informs of taxation, which leads to high costs of production. The high costs of production affect the quality and prices charged on beer product. The higher the taxes, the higher the price, which has significant relationship with customer satisfaction. Political parties create or influence laws, and business owners must abide by these laws. Tax policies, trade regulations, and minimum wage legislation are just a few examples of political and legal issues that may affect the way an organization operates (Ryu, 2010).

5.4 Conclusions

5.4.1 Individual Factors affecting Customer Satisfaction
The study concludes that individual factors including brand preferences, tastes and preferences, customer needs, expectations, and perceived product quality are fundamental factors that facilitate customer satisfaction in the breweries industry. However, these factors are subjective and vary markedly among individuals. Furthermore, the individual factors are influenced by other factors including the organizational and environmental factors and as such are can only be manipulated to an extent by the managers.

5.4.2 The Organizational Factors Affecting Customer Satisfaction
Organizational factors are intrinsic to the organization; therefore, branding, pricing, quality are all significant components that enhance customer satisfaction. The organizations’ management in the breweries industry can potentially manipulate these factors to ensure that customers derive satisfaction from their products. Nonetheless, these factors while being highly independent are influenced by individual and external factors as
far as customer satisfaction is concerned. Product prices and product quality and dependent on the prevailing economic conditions and the competition, which affect customer satisfaction.

5.4.3 External Factors Affecting Customer Satisfaction

External factors are equally significant in enhancing customer satisfaction. Competition, environment, market share are all significant components of external environment that enhance customer satisfaction. For instance, competition and cost of prevailing economic condition do have direct influence in the product quality and product prices and as such affect customer satisfaction greatly but rather indirectly. The study findings have duly established that external environment factors in relation to customer satisfaction are strong, positive, and significant.

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 Individual Factors affecting Customer Satisfaction

The managers at the EABL and other organization should appreciate the influence of personal factors on customer satisfaction. In so doing, they should implement a product design strategy that appeals to greater number of customers. EABL and other organizations in the breweries industry can take a market segmentation strategy and design their products in a manner that make the products appeal to different categories of individuals. A potentially successful strategy can be that which provides products that correspond to and appreciate customers’ social status and age. Design a product that appeal to different genders is also a potentially effective strategy given that women also consume beer.
5.5.1.2 Organizational Factors Affecting Customer Satisfaction

The managers at the EABL and other organization in the breweries industry should acknowledge the organizational factors affecting customer satisfaction. They should realize that the organizational factors are within the manipulative reach of the management and as such should strategize their organizational activities and functions to facilitate the improvement of the organizational factors that influence customer satisfaction. Such factors as product price, product quality, brand image are some of the imperative organizational factor which can be manipulated to enhance customer satisfaction.

5.5.1.3 External Factors Affecting Customer Satisfaction

Managers at EABL and other organizations should acknowledge the impact of external factors in the breweries industry. The managers and organizations in the industry should implement policies that will address the external factors that affect customer satisfaction in the breweries industry. The managers should control and strategically use environmental factors such as competition and market saturation to ensure that they maintain customers’ loyalty to their products and have a competitive advantage vis-à-vis their competitors. Such as the EABL, managers who are currently facing stiff competition from other companies such as Keroche Industries and Kenya Wine Agencies Limited should pursue a competitive strategy that provides greater profitability.

5.5.2 Recommendations for Future Research

Future researchers should conduct more research on customer dynamics in the breweries industry, principally how customers perceive satisfaction to provide information that may allow for the evaluation of this study. Future researchers should focus on how a specific factor affects customer satisfaction in the Breweries industry. Such an assessment will facilitate the understanding of customers in the breweries industry.
REFERENCES


APPENDIX I: LETTER OF INTRODUCTION

Name: Madodo, Olga

P.O.X

Tel. [Mobile] +254

Date

Dear Sir/Madam,

RE: LETTER OF INTRODUCTION

I am a student at the United States International University (USIU-AFRICA) currently pursuing a Master’s Degree in International Business Administration. In partial fulfillment of my master’s program, I am currently working on my master’s thesis entitled, “Factors Affecting Customer Satisfaction in the Breweries Industry: a Case Study of the East African Breweries Limited in Kenya”.

The purpose of this study will be to determine the factors that affect customer satisfaction in the breweries industry in Kenya. The reason of this letter is to request for your permission and assistance towards the completion of the study allowing me to conduct the study within your organization, among the companies managers and among the organization’s retailers. I declare to abide by the University rules and guidelines concerning research undertaking. I will also observe utmost ethical standards in the process of conducting the research.

The study will be beneficial to the respondents in that it will present their concerns and suggestions to managers at EABL, which may lead to product enhancement, product expansion and price reductions. These are possible changes, which the customers may find particularly rewarding.

Yours Sincerely,

Madodo, Olga
APPENDIX II: STRUCTURED QUESTIONNAIRES

The purpose of this study will be to determine the factors that affect customer satisfaction in the breweries industry in Kenya. The researcher is specifically, in obtaining information regarding three areas of interest, namely; one, the organizational factors that affect customer satisfaction in the breweries industry in Kenya; Two, the individual factors that affect customer satisfaction in the breweries industry; and thee, the external factors that influence customer satisfaction in the Breweries Industry.

Please read each question carefully and answer it to the best of your ability, where necessary check [ √ ] the boxes provided. There are no correct or incorrect responses; your answers are crucial to the study. Please Note: all responses to this survey are completely confidential any identifying information will be removed from this survey instrument and destroyed as soon as all data has been collected and processed.

Thank you for your participation in this study

Section A: Background Information

1. To what category do you belong?

| Distributors |  |
| Retailers |  |
| Wholesalers |  |
| Bars |  |

2. Kindly, indicate your experience the Breweries sector.

[ ] Less than a year       [ ] 1 - 5 years
[ ] 6 – 10 years           [ ] 11 – 15 years
[ ] Over 15 years

3. Do you consume beer?

[ ] No                     [ ] Sometimes       [ ] Yes

4. Do you have friends or family members who take beer?

[ ] No                     [ ] Yes
5. To what extent would you say that you are acquainted with the individual, organizational and environmental factors affecting customer satisfaction in the beer industry?

[] Not at all    [] Very Little
[] To a great extent [] extensively

Section B: Individual Factors affecting Customer Satisfaction

1. In the table below are some of the individual factors that have been identified to affect customer satisfaction in the breweries industry. Kindly, tick next to the one you think is most important.

<table>
<thead>
<tr>
<th>Individual Factors Affecting Customer Satisfaction</th>
<th>Tick [✓]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Preference</td>
<td></td>
</tr>
<tr>
<td>Customer Need and Emotions</td>
<td></td>
</tr>
<tr>
<td>Perceived Value</td>
<td></td>
</tr>
<tr>
<td>Perceived Quality</td>
<td></td>
</tr>
<tr>
<td>Attitudinal Loyalty</td>
<td></td>
</tr>
<tr>
<td>Customer Expectations</td>
<td></td>
</tr>
</tbody>
</table>

2. Do you agree that customers have tastes and preferences, which affect their post-use evaluation of the beer brands that they use?

[] Strongly disagree    [] Disagree
[] Not Sure             [] Agree     [] Strongly agree

3. a) To what extent would you say that brand preference affects customer satisfaction in the beer industry?

[] Not at all    [] Very Little
[] To a great extent [] extensively
[] Not Sure

4. Do you agree that customers have need and emotions, which affect their satisfaction?

[] Strongly disagree    [] Disagree
[] Not Sure             [] Agree     [] Strongly agree
5. Are customer emotions important in affecting customer satisfaction?

[ ] Not Important
[ ] A little Important
[ ] Important
[ ] Very Important

6. a) Would you agree that customers have perceived value that they place on the product and that customer satisfaction is dependent on the product to meet the perceived value?

[ ] Strongly disagree
[ ] Disagree
[ ] Not Sure
[ ] Agree
[ ] Strongly agree

7. To what extent would you say that customers have attitudes towards certain products (attitudinal loyalty), which make them realize satisfaction only when they use those specific products?

[ ] Not at all
[ ] Very Little
[ ] To a great extent
[ ] extensively
[ ] Not Sure

8. Do you agree that customer expectations affected their post-use evaluation of whether a product is satisfying?

[ ] Strongly disagree
[ ] Disagree
[ ] Not Sure
[ ] Agree
[ ] Strongly agree

9. Would you agree that customer expectations, regarding a product before they use it affect their post-use assessment of the product as satisfying or not?

[ ] Strongly disagree
[ ] Disagree
[ ] Not Sure
[ ] Agree
[ ] Strongly agree

10. To what extent would you say that individual factors are vital in affecting the customer satisfaction?

[ ] Not at all
[ ] Very Little
[ ] To a great extent
[ ] extensively
[ ] Not Sure
Section C: The Organizational Factors Affecting Customer Satisfaction

1. In the table below are some of the organizational factors that have been identified to affect customer satisfaction in the breweries industry. Kindly, tick next to the one you think is most important.

<table>
<thead>
<tr>
<th>Organizational Factors Affecting Customer Satisfaction</th>
<th>Tick [✓]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Quality</td>
<td></td>
</tr>
<tr>
<td>Product Price</td>
<td></td>
</tr>
<tr>
<td>Product Promotion and Availability</td>
<td></td>
</tr>
<tr>
<td>Product Brand</td>
<td></td>
</tr>
<tr>
<td>Product Image</td>
<td></td>
</tr>
</tbody>
</table>

2. Customers are always looking for value for their money in products that they purchase and when they find this in the products, they are satisfied. Do you agree?

[] Strongly disagree [] Disagree
[] Not Sure [] Agree [] Strongly agree

3. a) Do you agree that poor quality products precipitate low satisfaction levels for customers while high quality products have the effect of bringing about high satisfaction levels?

[] Strongly disagree [] Disagree
[] Not Sure [] Agree [] Strongly agree

4. To what extent would you say that product price is a fundamental element or factor in customer satisfaction and affects consumer choice?

[] Not at all [] Very Little
[] To a great extent [] extensively
[] Not Sure
5. Do you agree that consumers of beer products find solace in the adverts that portray alcohol consumption as a stylish activity, helps lessen the guilt associated with alcohol consumption brings about satisfaction in the minds of the consumers when they use beer?

[] Strongly disagree        [] Disagree
[] Not Sure                [] Agree        [] Strongly agree

6. Please indicate your level of agreement with the following statements.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Not Sure</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality products precipitate satisfaction for customers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High prices lead to low satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7. How important would you say that product brand is a vital factor in customer satisfaction?

[] Not Important        [] A little Important
[] Important           [] Very Important

8. Do you agree that the brand acts as a factor of analysis for the customers on the satisfaction that they have derived from the product?

[] Strongly disagree        [] Disagree
[] Not Sure                [] Agree        [] Strongly agree

9. To what extent would you say that organizational factors affect customer satisfaction?

[] Not Important        [] A little Important
[] Important           [] Very Important
Section D: External Factors Affecting Customer Satisfaction

1. In the table below are some of the environmental factors that have been identified to affect customer satisfaction in the breweries industry. Kindly, tick next to the one you think is most important.

<table>
<thead>
<tr>
<th>External Factors Affecting Customer Satisfaction</th>
<th>Tick [√]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competition</td>
<td></td>
</tr>
<tr>
<td>Atmospherics</td>
<td></td>
</tr>
<tr>
<td>Market Saturation</td>
<td></td>
</tr>
<tr>
<td>The Increase in Cost of Raw Material Inputs and Production</td>
<td></td>
</tr>
<tr>
<td>Prevailing Socio-economic and Political Issues</td>
<td></td>
</tr>
</tbody>
</table>

2. Do agree that the presence of competition offers a variety of brands and prices, which increase the chances of customer satisfaction?

[] Strongly disagree  [ ] Disagree
[] Not Sure           [ ] Agree    [ ] Strongly agree

3. Providing a serene environment in which customers consume the beer products facilitates customer satisfaction. Do you agree?

[] Strongly disagree  [ ] Disagree
[] Not Sure           [ ] Agree    [ ] Strongly agree

4. Do you agree that customers make a post-usage evaluation about products performance against expectations and when comparisons reveal that the competitors are offering better deals than the current company, the customers derive a feel of dissatisfaction from the company’s products?

[] Strongly disagree  [ ] Disagree
[] Not Sure           [ ] Agree    [ ] Strongly agree

5. To what extent would you say market saturation positively affects customer satisfaction?

[] Not at all         [ ] Very Little
[] To a great extent  [ ] extensively
[] Not Sure
6. Would you agree that because of market saturation customers have a wide variety of brands and products to choose from in pursuit of satisfaction?

[] Strongly disagree        [] Disagree
[] Not Sure                [] Agree           [] Strongly agree

7. a) Do you agree that the prevailing socio-economic conditions affect customer satisfaction?

[] Strongly disagree        [] Disagree
[] Not Sure                [] Agree           [] Strongly agree

8. Do you agree that the increase in cost of raw material inputs and production impacts negatively on customer satisfaction?

[] Strongly disagree        [] Disagree
[] Not Sure                [] Agree           [] Strongly agree

9. To what extent would you say that environmental factors affect customers’ satisfaction?

[] Not at all               [] Very Little
[] To a great extent        [] extensively
[] Not Sure

10. Among the three factors, the individual factors, the organizational factors and the environmental factors, which one would you say that are most important in influencing customers satisfaction?

[] Individual factors       [] Organizational factors
[] environmental factors    [] A combination of these
[] Not Sure
## APPENDIX III: RESEARCH BUDGET

<table>
<thead>
<tr>
<th>Budget Line Items</th>
<th>Cost in Ksh</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proposal Development</strong></td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>1,500</td>
</tr>
<tr>
<td>Printing</td>
<td>1,500</td>
</tr>
<tr>
<td>Photocopying</td>
<td>500</td>
</tr>
<tr>
<td><strong>Data Collection (Fieldwork)</strong></td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>1,500</td>
</tr>
<tr>
<td>Printing</td>
<td>3,000</td>
</tr>
<tr>
<td>Research Assistance</td>
<td>7,000</td>
</tr>
<tr>
<td><strong>Data Analysis and Interpretation</strong></td>
<td></td>
</tr>
<tr>
<td>Data Analysis</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Report Writing and Dissemination</strong></td>
<td></td>
</tr>
<tr>
<td>Report Writing</td>
<td>1,500</td>
</tr>
<tr>
<td>Binding and Dissemination</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td>26,500</td>
</tr>
</tbody>
</table>
## APPENDIX IV: IMPLEMENTATION SCHEDULE

<table>
<thead>
<tr>
<th>Research Activities</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Start</td>
</tr>
<tr>
<td>Proposal Development</td>
<td>September 2014</td>
</tr>
<tr>
<td>Data Collection (Fieldwork)</td>
<td>January 7(^{th}), 2015</td>
</tr>
<tr>
<td>Data Analysis and Implementation</td>
<td>January 15(^{th}), 2015</td>
</tr>
<tr>
<td>Report Writing</td>
<td>February 1(^{st}), 2015</td>
</tr>
<tr>
<td>Report Dissemination</td>
<td>February, 16(^{th}), 2015</td>
</tr>
</tbody>
</table>