

**EFFECT OF BRAND PERCEPTION ON CONSUMER LOYALTY TO
PACKAGED MILK PRODUCTS IN KENYA**

SCHOLASTICA A. AGUTU

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DECLARATION

This research project is my original work and has not been submitted for examination in any other university

Signature _____ **Date** _____

SCHOLASTICA A AGUTU

REG NO: D61/P/8425/99

Supervisors' Approval

This research project has been submitted for examination with my approval as the University Supervisor.

Signature _____ **Date** _____

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DEDICATION

This project is dedicated to my late father, who encouraged me to pursue these studies and, additionally, my husband and entire family for their support and encouragement as I worked on this project.

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ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis Of Variance
GDP	Gross Domestic Product
KCC	Kenya Cooperative Creameries
KDB	Kenya Dairy Board
KPLC	Kenya Power and Lighting Company
NACOSTI	National Commission for Science, Technology and Innovation
NGOs	Non-Governmental Organizations
SPSS	Statistical Package for Social Science
TC	Tetra Classic
TR	Tetra Rex
UHT	Ultra Heat Treated

ABSTRACT

This study set out to determine the effect of brand perception on consumer loyalty to packaged milk brands in Kenya. This was done using a descriptive research design. The study identified and interviewed adult shoppers at the milk buying sections in supermarkets who stock a large variety of milk brands in Nairobi County. A total of 385 customers were chosen randomly from large supermarkets in Nairobi. Primary data was gathered through questionnaires. Analysis of the data was done using SPSS (Statistical Package for Social Science) using percentages, frequencies, means and standard deviation in form of tables. The study showed that consumers considered the price of a brand to be a key indicator of its quality. Consumers often seemed to believe that price was an indicator of value and that the higher the price, the higher the value and hence that high priced brands were less susceptible to competitive price cuts than lower priced ones. The study findings established that increased levels of promotion were an indicator of higher brand quality. Promotion played a central part in building brand image. Promotion created brand awareness and enhanced the chances of being selected by a consumer. Further, from the findings consumers also benefited from information on the milk packages. The survey showed that most consumers bought their favorite milk brand because of the brand name. The study concludes that whereas all the determinants of perception, such as quality, price, packaging and promotion have an effect on the perception of packaged milk products, quality and price have the highest impact. To remain competitive, milk processors need to ensure the maintenance of consistent quality and affordable pricing.

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

Building customer loyalty towards organizations' goods or services is considered a key marketing activity (Dick and Basu 1994). Increased customer loyalty typically means a higher market share and being able to demand higher prices compared to those of competitors (Chaudhri and Holbrook 2001). Customer loyalty implies being strongly attracted to a brand and having a strong commitment to buy it repeatedly despite competitor activities. Further, it can be demonstrated by other behaviors such as not easily shifting to other brands, being less sensitive to price changes and giving positive referrals of their preferred brand (Kotler, 1991). Customer loyalty comprises of both an attitudinal and behavioral inclination, whereby consumers prefer a given brand, due to satisfaction experienced with the brand its convenience, performance, or simply due to how familiar and comfortable they are with the brand. Studies by Cunningham (1967), Day (1969) and Jacoby (1971), states that attitudinal components of consumer loyalty have equal weight with the behavioral aspects.

Customers maintain loyalty to organizations and brands that are responsive to their wants and needs. Loyalty encourages consumers to shop more consistently for their preferred brands, and spend more on them. They also recommend these brands actively, and generally feel positive about them. Consequently consumer loyalty results in gains such as lower marketing and advertising expenses (Chaudhuri & Holbrook, 2001 Chaudhuri, A. & Holbrook, M. B. (2001). Factors that impact a customer's loyalty to a brand include trust, customer satisfaction experienced, price and its brand value.

Brand perception on the other hand, is determined by the aggregate of all experiences that consumers encounter with the brand. Brand owners are therefore required to build positive experiences regarding their brands. This enables customers develop, positive feelings, beliefs, opinions and perceptions about a brand. According to Kotler (2005) brand perception refers to the manner in which individuals receive, select, organize and interpret information. Brand perception is determined by factors such as quality, which,

based on studies by Uggla (2001), is a core component of brand identity. Pricing is another component which McDonald and Sharp (2000) state is important for brand selection as consumers can select lower priced brands for those seeking affordability or make a choice of brands with the highest price so as to achieve product quality. Also included is packaging, which as per Kotler et al (2000), plays an important role in being able to attract consumers and to help in describing the product. The other factor is advertising, whose aim is to create awareness about a brand. According to Aaker (2000), in order to strengthen a brand, there is need for advertising and promotion. Some forms of advertising include television, cinema, radio, billboard etc. Ultimately consumers buy products whose value they believe in. The perception a consumer holds regarding a brand affects decisions they make about the selection of products and ultimately leads to loyalty. Consumer loyalty therefore occurs when a customer's perceived view about a product has been fulfilled by what the brand offers. This fulfilled consumer perception then leads to repeat purchase and also leads to consumer loyalty.

The years between 2008 and 2018 have been years of rapid growth and competition in the dairy industry. Currently four dairies, namely Brookside Dairy Ltd, New KCC, Githunguri Dairies and Sameer Industries lead the market. Brookside Dairy has acquired a number of brands such as Tuzo, Molo, Delamare and Ilara making it the largest milk processor. However, with the entrance of new small to medium size dairy firms such as Kinangop, Afro Dane, Bio, Happy Cow and others, the top giants have been slowly conceding their market share to smaller firms. All the players thus need to protect their market share from erosion by ensuring that they create loyal customers and that their marketing efforts go beyond price promotions.

Milk processors have the twin task of creating a positive perception of packaged milk considering the wide availability of unpacked milk and also to convince customers to select their brands given a very competitive and crowded market. In this market therefore, one of the keys to business success is in knowing what influences customer loyalty. This facilitates recognizing and understanding the factors that influence customer loyalty. Several studies have been conducted in the milk market, but very few have

focused on how perception affects consumer loyalty especially in the dairy industry. With the rapid growth of the milk market in Kenya and the attendant proliferation of brands, market players need clear understanding of the extent to which investment in brand perception can impact customer loyalty. The objective of the study therefore is to determine the effect of brand perception on consumer loyalty to packed milk in Kenya.

1.1.1 Brand concept

Branding is about how to distinguish goods and services in a manner that makes them unique. “A brand is therefore a distinguishing mark, for example, a brand name, a term, a unique design, a symbol, or other marks that identify a brand as distinct from those of other sellers” (American Marketing Association). Branding is a strategy used by marketers to make it easier for consumers to identify their brands, and as such, provide a basis for choosing their brands over the competitors, the objective being, to acquire and maintain loyal customers, by availing brands that deliver what it promises. Today branding includes much more than just differentiating a product. A brand is used to create an emotional appeal for brands (Dolak, 2003; Kotler & Armstrong, 2004). The role of a successful brand is to generate a feeling of non-tangible benefits that emanate from the brand name, mark, or symbol (Aaker, 1991; Dolak, 2003). Brands are deemed to be successful when they can generate a perception amongst consumers about their uniqueness. A strong brand is one that consistently meets consumer expectations thereby provides trust and reliability therefore fulfilling the promises made by a brand (Srinivasan, Park & Chang, 2005). Marketers utilize various concepts to create positive brand perceptions. These include how a brand is positioned, the different ways a brand is identified, the type of advertising, promotion, sponsorships and communication in general that a brand is involved in.

1.1.2 Brand perception

When consumers purchase a brand and use it over a period of time, they develop feelings for it based on their experiences. The manner in which they interpret the brand is termed as brand perception. Brand perception comprises a consumer’s impression/

awareness regarding goods or services. Customer perception is impacted by personal experiences as well as all forms of communication that a brand utilizes, including social media. Kotler (2005) defines perception as a means of acquiring, choosing, sorting out and deciphering information. Brand perception is important as it drives consumer's choice in the marketplace. Marketers therefore need to identify the things that appeal to different market segments and to use it to attract them. For example in order to attract high-end consumers one must consider issues such as quality, cleanliness and hygiene, lighting, packaging, and general details in the product presentation. When consumers perceive a brand positively, they are more inclined to select a given brand over competitors. They are further inclined to talk positively of the brand to the people they interact with. Conversely, when consumers perceive a brand negatively, then they are more inclined to buy a competitors brand and pass this information about their choice to others. Positive engagement with brands leads to long-term loyalty.

1.1.3 Customer Loyalty

Customer loyalty develops when a consumer has a long-term liking or commitment to specific brands as reflected in repeat purchases. Kotler and Keller (2009) define loyalty as a deep obligation to continually purchase a brand despite competing influences. This means that a brand with strong loyalty will be purchased consistently over its rivals. Customer loyalty entails holding a strong allegiance towards a product. Some brands are continuously purchased not only by individuals but also by generations. Customer loyalty occurs when one feels that a brand fulfills their expectations better than others and hence decides to make a repeat purchase. Additionally, it occurs when the customer are satisfied with the brand.

Milk processors therefore need to recognize this principle and put in place marketing strategies that maintain this status for their brands. Consumer loyalty results in benefits such as, reduction in the cost of customer acquisition, increased profitability, positive customer testimony and building barriers to competitor activities. Bowen and Shoemaker (1998) posit that even minimal increases in customer loyalty could result in large increases in profits. Additionally, longer serving customers imply more

profitability to a firm. (Kim and Cha, 2002). All successful brands are anchored on a firm and loyal customer base. Brands without a loyal customer base gradually suffer market share decline.

Loyalty is described through attitudinal indexes of trust, enthusiasm and tendency to re-buy a brand as the first choice. Customer loyalty however begins with customer satisfaction and a positive brand perception. Only then can a company develop long-term customer loyalty. Studies by researchers have found that customer loyalty is developed from attitudes and behaviors. Customer attitude leads to brand purchase of both the same product as well as others from the same organization. It also spurs them to recommend the company to others. Additionally they are less responsive to competitive activities. (Cronin & Taylor, 1992; Narayandas, 1996; Prus & Brandt, 1995), and are committed to paying higher prices (Zeithaml, Berry, & Parasuraman, 1996). Customer loyalty is best demonstrated by overt customer behavior. This is aptly proved by the frequency of their repurchasing of given brands. When brands create the perception of their brands as being of high quality, and fairly priced, and that their services are responsive they will gain more customers and enjoy great customer loyalty. Therefore comprehension about how consumers perceive and process information is an important consideration in today's business environment.

1.1.4 Packaged Milk Brands

About 84% of Kenya's milk production is sold in lower priced unprocessed form by farmers. This not only poses a health risk to consumers, but also reduces the market share for established processors. However, the silver lining is that as the economy improves resulting in more consumers who can afford processed milk, there is growth opportunity for processors to convert raw milk consumers to become users of packed milk. Nevertheless, Kenya's dairy industry is relatively more advanced than others in in sub-Saharan Africa, and has a vibrant and expanding processing industry. In 1992, the monopoly of Kenya Co-operatives Creameries as the only organization authorized to process and market dairy products was abolished with the liberalization of the dairy industry. As a result, there were major dynamic shifts in milk marketing and the

emergence of new processors. As in many economies, the Kenyan dairy industry is tiered into large, medium and small-scale processors. The first tier comprises of the four dominant ones, which are Brookside Dairies Ltd, New Kenya Co-operative Creameries, Sameer industries and Githunguri Dairy Co-operative Society. The second tier dairies include processors such as Kinangop, Meru Dairy Cooperative Society, and Kabianga Dairy. The third tier processors include Bio Food Products, Razco Ltd, Raka Cheese, Brown's Cheese and Alpha Dairy.

Dairy products fall into the following two broad categories: a) Liquid milk (fresh, long life), Value added products which includes Butter, Ghee, Cheese, Yogurt, Cream and Powder. In order to provide access to a broader customer base, processors have developed innovative packaging and delivery solutions such as polythene and Automated Milk Dispensers. Examples of this trend is New KCC which markets milk in plastic bottles under the Gold Crown brand name, Tetra Pack and polythene solutions in both KCC fresh milk and Gold Crown and Safariland powder milk in tins. Brookside dairy limited also provides a similar range of products except for powder milk supplied only by KCC. Additionally processors are addressing the affordability challenge by reducing pack sizes. In a market where the use of dairy products as a refreshment is on the rise, processors have developed products to meet this need by introducing yogurt flavored long life milk, flavored fermented milk and milk in convenient easy to open and close packaging.

1.2 Research Problem

Kenya's dairy industry has gone through a revolution, from a monopoly government protected KCC, to a period of liberalization that has seen several milk processors enter the industry; resulting in cutthroat competition, with every player trying to acquire a share of the market. This growth has been driven by rapid urbanization, increased population and income growth, especially amongst the middle class. Additionally many Kenyans drink milk as a snack and also as a necessary component of preparing tea, which is a popular drink everywhere in Kenya. This positive perception of milk provides tremendous growth opportunities for the Kenyan dairy industry. Milk processors are

therefore offering a wide choice of products in different variations, packaging, flavors, quality and overall product presentation. Consumers now have a wide selection, and are able to access their choice of brand more easily and conveniently than before (KDB, 2004), and are therefore spoilt for choice. Loyalty generation (customer stickiness) for milk brands hence becomes a key marketing strategy for sustainability.

Fierce industry competition, has threatened all processors market shares and indeed some have closed down operations (KDB, 2004). Out of the 40 processors originally licensed after liberalization in 1992, only 25 remain operational in 2019. In order to ensure that players acquire and maintain loyal customers, there is the need to ensure that their brands command a positive brand perception. The following groups of studies delineate both the ways of measuring customer loyalty and the study limitations. The first of these studies discusses loyalty as a result of repeat purchasing (Liljander and Strandvik, 2003), and its attitudinal component (Dick and Basu, 2004). The attitudinal approach treats loyalty as purchase behavior driven by the attitude held. However this approach has met with much criticism as leading to limited loyalty (Day, 2000). The behavioral approach on the other hand lacks theoretical background (Jacoby, Robert and William, 2008). Consumer's faithfulness could be attributed to the difficulties involved in switching brands or may lack viable alternatives.

Research undertaken by Karanja and Gakure (2012) about the significance of customer loyalty on retail products in the era of global trade, based on Unilever Nairobi Kenya found that, 57% percent of the respondents felt that customer loyalty played a significant role in generating commitment to their brands. Findings showed that customer retention and repeat purchase was significantly driven by the loyalty of customers. A Kenyan Telecommunication Industry study by (Kihara & Ngugi 2014 on Safaricom in response to fierce competition in the mobile phone market in Kenya was conducted. It showed that many firms were struggling to maintain existing customers and were consequently paying more attention to recruiting new ones instead of retaining existing ones. The case study involved 70 postpaid customers in Nairobi. 69% of those interviewed said that service delivery affected their loyalty to Safaricom, Additionally 75% of them indicated

that switching barriers by Safaricom barred them from migrating to the competitors, while 75% of those interviewed viewed Safaricom as customer focused. In this study therefore an increase in switching barriers, positive brand image, good service quality and value added services were found to influence customer loyalty. Based on a study by Adede and Kinoti, (2016), regarding the elements that determine a consumers' selection of dairy products in designated housing units belonging to the Nairobi City County, the most important driver of customer loyalty was product quality, and that promotional activities could only serve to reinforce a positive customer experience.

In light of increased competition, more resources should be invested in improving brand perception of packed milk, so as to acquire new users into the category as it hygienically packed and healthier to consume, and will additionally contribute towards growing the market. Studies carried out in the Kenyan dairy industry have tended to focus on milk production with few of them directly focusing on the link between brand perception and consumer loyalty. Our research seeks to fill this gap and answer the question: Does brand perception affect consumer loyalty to packed milk brands in Kenya?

1.3 Research Objective

The following research objective will guide the study:

To establish the effect of brand perception on consumer loyalty to packaged milk brands in Kenya.

1.4 Value Of The Study

This study is intended to benefit milk processors in Kenya, in order to enable them focus on issues of concern, and on how to implement useful results from the research to improve their strategies on both brand perception and consumer loyalty. Further it will benefit sales and marketing staff by providing them with insights on how to improve brand perception as well as consumer loyalty. It may also serve as a future reference for other studies. Background information resulting from this research may benefit other researchers and scholars interested in carrying out further research. Academicians keen

to study a similar area can use this study to arrive at comprehensive conclusions and reasoning on consumer loyalty and brand perception.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section reviews the theoretical framework, and empirical literature pertinent to the study. The first sub-section in this chapter discusses three theories; theory of reasoned action, self-concept theory and social identity theory. The study explains the implications of each theory to the study topic. Under the second sub-section the concept of brand perception and consumer loyalty is discussed. I also review past relevant researches to collate complementary information.

2.2 Theoretical framework

2.2.1 Theory of reasoned action

According to the above theory two components are expected to influence behavioral intention. These are attitude and behavior. There are two schools of thought on what drives purchasers to act the manner in that they do, which is the attitudinal approach and the behavioral approach. Behavioral loyalty refers to consistency and regularity in purchase behavior, for instance, a customer who whether by circumstance or choice purchases goods out of habit from the same outlet is behaviorally loyal. There are circumstances where one may shop at a store because of the absence of choice or where the costs of switching are inordinately high. Behavioral loyalty is very important and must be sustained, because it means that there are predictable revenue flows. Attitudinal loyalty refers to loyalty that derives from a deep cognitive conviction driven by trust and satisfaction. This conviction leads to positive testimony.

Attitudinal loyalty supports a brand's strength and marketing efforts, as such customers play a promotional by attracting others. Attitudinal loyalty is often measured on several parameters such as repeat buying plans, willingness to offer positive testimony, unwillingness to switch to other brands, and willingness to pay premium prices for their favorite brands. Consequently attitudinal loyalty is a key building block for consumer loyalty. Obviously it is best for an organization to have a substantial number of customers who are both attitudinally and behaviorally loyal.

2.2.2 Self-Concept Theory

This theory refers to the entirety of views, preferences and attitudes that individuals develop for their personal existence, or in other words how individuals think of themselves and how they act their various life roles. Marketers try to develop product attributes that are aligned to the target markets' self-concept. Sirgy (1982, 1986), in his research states that the theory is key to marketing practitioners as it explains that consumers whose self-perception is aligned to that of the brand have a greater inclination to buy such products and hence become loyal users. The same thinking applies to marketing communication, where consumers are more likely to identify with and buy products whose core message is aligned to their own self-image. Marketers therefore need to identify how consumers see themselves i.e in terms of their ideal self, private self and their Public self. This enables marketers position their company and brands in a way that supports the consumers' self-concept so that they connect with brands emotionally and develop loyalty.

2.2.3 Social Identity Theory

This theory postulates that individuals tend to define themselves on the basis of their membership to certain established social groups such as religions, workplaces, social clubs, and age cohorts etc., each with its own distinct identities. Social identities define and control people's behavior. This is a very important attribute for marketers because it brings a certain degree of predictability to their consumption patterns. As an example people in the same professional occupation may most likely buy similar goods and services. Social identity is a powerful determinant of the choices that consumers make. Marketing strategists therefore attempt to develop products that reflect the values of the social group and the brand attributes, thereby increasing the chances of creating loyal customers.

2.3 Factors that Influence Consumer Perception

2.3.1 Price Perception

Price is in several instances perceived as an indicator of product value. It therefore plays a significant role in determining how a brand is perceived. A highly priced product often creates a perception of quality. It is therefore incumbent upon product manufacturers and indeed milk processors to ensure that there is alignment of quality and price. Price is a therefore significant driver of consumer perception. Whereas consumers seek bargains where possible, they perceive low priced products as being low in quality. Price perception refers to how consumers perceive pricing levels as this has a significant impact on purchase behavior. Assael (2004) states that consumers' price perceptions are linked to expectations regarding general price levels, which in turn are based on past prices and those of competing products.

2.3.2 Quality

The way consumers perceive the quality of a brand, is closely linked to how much it repeatedly satisfies their expectations (Harrell and Frazier, 1999). Arnould, Price and Zinkhan (2004) states that quality rates higher than price, therefore efforts should be focused on enhancing quality as a vital building block to sustained competitiveness. This is because perceived quality derives judgment by comparing performance perceptions against expectations. If consumers feel that a brand ranks higher than others, they will select the brand when making a purchase decision from the product category. Keller (2008) introduces the aspect of brand comparison, and states that the manner in which the quality of a brand is perceived depends on the customers' ranking of brands with their alternatives. The same view is expressed by Chi, Yeh and Yang, (2009) when they state that the perception of quality makes customers subjective in their quality assessment, thus giving products noticeable differentiation. Perceived quality is comprised of both intrinsic and extrinsic attributes. The former is made up of the physical appearance of products, while the latter relates to all non-physical attributes such as product name, pricing, location, and packaging. Marketers can therefore segment the market through various cues relating to quality as people vary in their use of

cues (Arnould, Price and Zinkhan, 2004). The quality of a brand is therefore relative and is dependent on a consumer's own characteristics.

Perception created about the quality of a brand, is often different from the actual quality. Whereas the way that customers perceive a brand relates to a customer's own assessment of products superior attributes, the latter refers to measurable attributes. (Fayrene and Lee, 2011) Statt (1997), observe that objectivity varies from one consumer to the other, as different consumer perceives their environment differently and has constructed their own reality out of it. Fayrene and Lee (2011) thus conclude that perception of quality plays an important role in how judgment of the overall quality is formed. Since quality is directly influenced by consumer perceptions, it is the quality judgment formed by consumers that they use to compare the quality of unfamiliar products. When consumers have formed certain judgments about products, they will use it as a benchmark to make decisions about any unfamiliar products.

2.3.3 Packaging and Branding

Packaging is the first level of consumer engagement and opinion formation it is therefore important to get it right. Packaging plays an important role on how a customer perceives a brand and can therefore be considered a selling point in itself. All aspects of the pack design including color, design, text, eco-friendliness, and sturdiness will impact consumer brand perception. Packaging and branding therefore have a significant impact on brand perceptions, particularly when making first time purchase decisions. Packaging and branding communication is typically tailored to the tastes and preferences of a given market.

2.3.4 Promotion

According to Fayrene and Lee (2011) creating awareness of a brand is the process of instilling brand attributes into a consumer's memory resulting in recall of the brand, under diverse situations. Promotions are one way of having a positive impact in how consumers select the milk brands purchased. In addition advertising has an impact on milk purchase decisions (Fuller, 2006). Further, promotion is linked consumers' ability

to differentiate preferred brands from others on the basis of positive attributes already entrenched in their minds. The depth of brand awareness determines the likelihood and simplicity with which the attributes of a brand are recalled. (Haglofs, 2014). A brand, whose level of brand awareness is deep, is relatively easier to recall, compared to a brand that only comes to the customers' mind when they see it.

Brand awareness increases the consumer's recall about a brand's benefits and uniqueness. This in turn diminishes the consumer's perceived risk when making a purchase decision. The probability of purchasing and being positive towards a brand is higher amongst consumers who are familiar with a brand than those who are not. Marketers therefore need to determine where their brands sit in the customers' selection set and the level of awareness about the brand as this affects customers' perceptions about a brand and may influence their tastes and purchase decisions (Haglofs, 2014).

2.4 Factors Influencing Customer Loyalty

2.4.1 Customer Satisfaction

Oliver's 1997 study outlined satisfaction as a consumer's response to fulfillment. The judgment delivered by consumers is that product consumption provides fulfillment of varying degrees. The satisfaction derived from a brand is the aggregation of the experiences a customer undergoes during the purchase and consumption of a brand (Fornell, Johnson, Anderson, Cha & Bryant 1996). Repeat purchase of a brand is more likely amongst satisfied customers. Additionally they are less likely to be price sensitive, are more likely to be engaged in favorable brand testimonials, and hence have a higher probability of becoming a loyal customer (Chen & Wang 2009.) When customers are satisfied with a brand, it often leads to increased benefits to an organization such as customer loyalty and customer satisfaction. Business growth can be severely stunted and compromised if the needs of customers remain unmet. (Tao 2014.)

Oliver (1980) developed a model to gauge customer satisfaction where customers measure their product and service experience with their expectations; and that with the increase of satisfaction, repeat purchases also increases. According to Da Silva and Alwi

(2006), customers show satisfaction to brands that meets their expectations. Several customer satisfaction studies have shown a link between satisfaction and loyalty and the switch to new brands by customers who are dissatisfied (Omenye, 2013).

2.4.2 Brand Trust

Based on the commitment-trust theory, consumers' commitment is enhanced with a decline in uncertainty (Morgan & Hunt, 1994). Consumers therefore purchase brands they trust in order to circumvent any discontent (Chen-Yu et al., 2016). Brand trust develops when a customer depends on a brand due to the expectation of a favorable outcome. When trust in a brand, has been achieved, consumer loyalty increases. (Jang, 2007; Lee et al., 2011; Loureiro et al., 2012. McKnight and Chervany (2002), define trust as a foundation in forming a long-term association. Trust, according to them, refers to the profundity and statement of feelings grounded on decisive evidence. According to Chiou (2004) trust precedes loyalty, as it can help in customer recruitment and retention. A study by So and Scull (2002) among e-business customers revealed the strong relationship between customer satisfaction and trust.

2.4.3 Price Fairness

Cadogan and Foster, in their 2000 study, define price as the key driver of purchasing decisions among consumers. It was however stated by Keller (2003), that highly loyal consumers can purchase their favorite brand at a higher price. De Ruyter et al., 2009 argues that customers become more tolerant to prices if they have a relationship with the brand. This is because loyalty keeps customers from shopping around and comparing the price of the favorite brand with those of other products. Price is a key factor when it comes to consumers' judgments of the value on offer, and their overall appraisal of their preferred brand. According to Yoon & Kim, 2000, shopper satisfaction can also be created when customers compare a product's price with the anticipated costs and gains. Should the anticipated value of the specific product override the cost, then consumers can be expected to buy it. The price of a brand not only influences its demand but also the amount purchased and utilized. Income levels impacts the pricing and consumption of milk. Families from low-income groups typically select their milk of choice either

from the lower priced processed packed or unpacked milk, or raw milk. Consumers higher up the income ladder on the other hand, typically buy milk sold in more sophisticated packaging such as milk in bottles. They also tend to buy high value milk products such as yogurt, cheese and butter, which are marketed by reputable organizations, who sell leading brands (Hartili, 2004; Fuller, 2006; Bai, 2008; Smith, 2009 and Miftari, 2009). Price thus significantly influences the purchase decisions and the variety of dairy products preferred (Kumar, 2014)

2.4.4 Brand Value

Value can be defined as a conscious decision by consumers to select one product over another (Gan et al., 2005). The concept of equity is the analysis of what customers deem to be fair for the consideration that is paid (Bolton & Lemon, 2003). Costs of the perceived value comprise financial and non-financial payments such as energy and time consumption. Cost in this case also includes the stress that customers experience. This leads to the value results customer anticipate and an analysis of the parallel or alternative rewards and sacrifices that are associated with the offering.

Customer value is largely considered foundational for marketing (Oliver & DeSarbo, 2008). According to them, customers will feel fairly treated should they notice that the comparison between their inputs versus their outputs could be fairly equated to the company's offers. In addition customers make comparisons between the firm they are loyal to and competitor's products.

2.5 Empirical Review

Adel Pourdehghan (2015) in his study "The impact of marketing mix on consumer loyalty, - a case study of the mobile phone industry" states that the intense competition experienced in contemporary markets creates a major challenge for keeping clients and holding their loyalty. Hence organizations and retailers need creative strategies for customer retention. Neupane (2015) in his research looked at the impact to customer loyalty and satisfaction of brand perception with the conclusion that it has a significant impact. Other studies include Nasab and Alroaya (2013), who similarly evaluated the

effect of brand perception based on a study of electronic companies, Sony and LG. The research population was clients of these two products, and was randomly selected amongst 437 persons. Results indicated that customer loyalty was directly impacted by satisfaction as well as values, emotions, resistance to change, trust and brand equity. Tanui (2007) undertook a study of petrol stations' customer loyalty programmes. The study, which was held in Nairobi, concluded that customer loyalty was driven by perceived value and uniqueness of the brand. Kamau (2008) studied customer loyalty and the factors behind it at Mombasa port. The study's conclusion was that it is perceived quality that influences consumer loyalty. Kwena (2001) undertook a study on the extent to which consumer preferences are impacted by branding and concluded that branding of sugar products did enhance the perceived quality of sugar.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research design

A descriptive research design was used in the study. Such studies aim to describe something usually market characteristic or function (Malhotra, 2007). It allows us to take a picture of a situation in its natural setting at a particular point in time as relates to what, where, how, who and when of a research topic (Cooper and Schindler, 2005). The research outcome can then be used to generalize to the whole population.

3.2 Population of the study

This study covered customers of packaged milk products in Nairobi City County. This choice took into account the population density, its diversity and high demand for packaged milk.

3.3 Sample Size

The study sampled 385 supermarket customers within Nairobi County who are purchasers of packaged milk. This is because supermarkets are the largest retailers of packaged milk. There are large numbers of customers visiting these outlets on a daily basis and are exposed to a wide selection of brands. Since milk is consumed across all population demographics, I selected outlets spread across the different parts of Nairobi as follows; supermarkets in Lavington to access populations in the upper class areas of Lavington Muthangari and Loresho areas and low income groups living in Kawangware; supermarkets in Westlands for middle to upper income groups living in the Westlands, Spring Valley and Kyuna areas and the low income population living in Kangemi. Additionally supermarkets in the middle-income group areas of Buru Buru, Tassia and Embakasi were also included. The selection of respondents at the entrance of every store was random. A random selection of 385 customers was picked from large supermarkets in Nairobi as they purchased milk daily.

3.4 Data Collection

Using research assistants we administered structured questionnaires for data collection. These questionnaires consisted of closed and open-ended questions for purposes of gathering data for further analysis. The questionnaire comprised of three parts. The purpose of the first section was designed to gather general data about the respondents. The second part sought information relating to perception and consumer loyalty amongst supermarket customers and the third part was on consumer loyalty

3.5 Data Analysis

According (Mugenda & Mugenda, 2009) researchers can make sense of the data collected through data analysis. Data analysis entails editing, coding and analyzing data so as to make conclusions that are easy to interpret. Upon completion of the data collection, the questionnaires were checked to confirm their accuracy and completeness in readiness for analysis. The quantitative data was analyzed using the SPSS (Statistical Package for Social Science), through the use of percentages, frequencies, means and standard deviation in form of tables. In order to determine the mean score and standard deviation, Likert scale data was used. Multiple regression was used to determine the relationship between independent variables and dependent variables. The following formula was used:

$$Y = C + a_1X_1 + a_2X_2 + a_3X_3 + a_4X_4 + e$$

Where Y is the dependent variable (consumer loyalty)

a_1 are the coefficients

C is model intercept

X_1 is quality perception

X_2 is price perception

X_3 is packaging perception

X_4 is advertising perception

e is the error margin

CHAPTER FOUR: RESULTS AND FINDINGS

4.1 Introduction

Chapter four summarizes the results and findings of the research question derived from data collected from the respondents. This is guided by what the study set out to determine namely, the effect of brand perception on consumer loyalty to packaged milk brands in Kenya. During the study, we distributed a total of 385 questionnaires. Of this, a total of 324 were dully completed and passed for analysis. The response rate was therefore 84.2%.

4.2 General Information

The study gathered general respondent data such as gender, age and education levels attained. This would provide data as to who buys milk products. Additionally I sought to know the duration of use of dairy products and type of dairy product used to determine loyalty and the type of product involved.

4.2.1 Gender of the Respondents

Table 4.1 below is a summary of the number of male and female respondents interviewed:

Table 4.2: Gender distribution summary

Gender	Number	Percent (%)
Female	170	52.5%
Male	154	47.5%
Total	324	100%

Source: Research Data, 2019

While 52.5% of those interviewed were male 47.5% were Male. This shows that both genders are involved in the purchase of milk due to its wide usage.

4.2.2 Age groups of the respondents

The respondents' age distribution is summarized in table 4.2 below:

Table 4.2 Age distribution

Age	Number	Percent (%)
Below 20 years	29	9%
20-30 years	126	39%
31-40 years	75	23%
41-50 years	71	22%
50 years and above	23	7%
TOTAL	324	100%

Source: Research Data, 2019

Information was gathered on the ages of the respondents. The study findings show that the most of those interviewed or 39% ranged between the ages of 20-30 years, another 23% fell between 31- 40 years, 22% were found to be between 41-50 years, 9% of them were below 20 years while 7% were above 50 years. Milk purchase is distributed across all age brackets with the most of it (39%) made by individuals between ages 20 and 30. The fact that 84 % of the purchases were made by people in the age bracket 20 to 50 is a reflection of the age distribution of the urban working class.

4.2.3 Highest Level of Education

The respondents' level of education attained is summarized below in table 4.3

Table 4.3 Education Level

Level of education	Number	Percent (%)
Post graduate education	32	10%
University	71	22%
College	81	25%
Secondary	94	29%
Primary	45	14%
TOTAL	324	100%

Source: Research Data, 2019

Data on education level attained by the respondents was collected. The findings showed that, the highest number of those interviewed i.e. 29% had secondary level education. 25% were college graduates; 22% of the respondents were University graduates; 14% had had primary level education whilst 10% had postgraduate education. This implies that milk is widely consumed and that the customers for packaged milk brands come from a cross section of education backgrounds.

4.2.4 Duration of Use of Packaged Milk Brands

The duration of usage of packed milk is summarized below in table 4.4:

Table 4.4 Duration of usage

Duration of usage	Number	Percent (%)
Less than 5 years	32	10%
5-10 years	71	22%
11-15 years	123	38%
Over 15 years	97	30%
TOTAL	324	100%

Source: Research Data, 2019

Data regarding the duration of time that consumers had used packaged milk brands was collected. The study showed that most of the respondents 38% had used packaged milk brands for between 11-15 years, 30% had used packaged milk for over 15 years; 22% for between 5-10 years and 10% for less than 5 years. This indicates that packaged milk has been in use in the market for many years, enabling consumers to have the requisite product engagement for developing loyalty.

4.2.5 Milk Brand Consumed

The respondents were required to show their preferred brands. This is summarized below in table 4.5

Table 4.5 Milk Brand Consumed

Milk brand	Number	%
Brookside	68	21.0%
KCC	53	16.4%
Fresha	45	13.9%
Tuzo	40	12.3%
Others	39	12.0%
Ilara	36	11.1%
Lato	20	6.2%
Molo	18	5.6%
Delamare	5	1.5%
Total	324	100.0%

Source: Research Data, 2019

The study determined that the three leading brands consumed were Brookside at 21%, KCC at 16.4% and Fresha 13.9%.

4.3 Effect of Quality Perception on Consumer Loyalty

The study examined how quality perception influences consumer loyalty. A summary of the findings is found below in Table 4.6.

Table 4.6 Quality Perception on Consumer Loyalty

Quality Perception	Mean	Std. Dev
I select milk product based on the color of the content	4.01	1.056
The taste of the milk product help me determine whether it's the quality I need	3.94	1.216
I consider the smoothness of a milk product before I purchase it	3.84	1.384
When buying milk I am mostly concerned about smell	3.69	1.400
I buy milk brand based on the thickness	3.33	1.398

Source: Research Data, 2019

The respondents agreed that they selected milk product based on the colour of the content (mean=4.01, SD=1.056). The respondents also agreed that the taste of the milk product helped them determine whether it was the quality they needed (mean=3.94, SD=1.216). Some respondents concurred that they considered the smoothness of a milk product before they purchase it (mean=3.84, SD=1.384). Most of those interviewed agreed that when buying milk they were mostly concerned about smell (mean=3.69, SD=1.400). The respondents were undecided whether they bought milk brands based on the thickness (mean=3.33, SD=1.398).

4.4 The Effect of Price Perception on Consumer loyalty

The study set out to determine the effect of price perception on consumer loyalty. The respondents were requested to indicate the extent to which they agreed with the statements using a Likert scale. Table 4.7 below is a summary of the findings:

Table 4.7 Price Perception on Consumer loyalty

Price perception	Mean	Std. Dev
I shift to cheaper brands that are on promotion	4.22	.740
I compare prices of other milk brands before I pick mine	4.12	.787
Price is the most important factor when buying my preferred milk brand	4.01	1.229
I stick to my milk brand regardless of the price	3.99	1.186
I believe higher priced brands have the highest quality	3.93	1.251

Source: Research Data, 2019

The respondents agreed that they shift to cheaper brands that are on promotion (mean=4.22, SD=0.740). They compared prices of other milk brands before making a purchase (mean=4.12, SD=0.787). They also agreed that price was the most important factor when buying their preferred milk brand (mean=4.01, SD=1.229). They stuck to their milk brands regardless of the price (mean=3.99, SD=1.186). They finally agreed that they believe higher priced brands have the highest quality (mean=3.93, SD=1.251).

4.5 Influence of Packaging Perception on Consumer Loyalty

In this study we sought to determine the effect of packaging perception on consumer loyalty. The respondents were requested to indicate the extent to which they agreed with given statements using a Likert scale. The results are shown in table 4.5 below:

Table 4.8: Packaging Perception

Packaging Perception	Mean	Std. Dev
I buy my favorite milk brand because of the brand name	4.34	.870
I like milk brands based on the pack color	4.31	.827
Pack type determines the milk brand I buy from the supermarket	4.03	1.078
I buy my favorite brand because of good packaging	3.94	1.180
The pack design influences the milk brand I purchase	3.94	1.206

Source: Research Data, 2019

The respondents agreed that they bought their favorite milk brand because of the brand name (mean=4.34, SD=0.870). They liked milk brands based on the pack color (mean=4.31, SD=0.827). They also agreed that pack type determined the milk brand they bought from the supermarket (mean=4.03, SD=1.078) and they bought their favorite brand because of good packaging (mean=3.94, SD=1.180). They further agreed that pack design influences the milk brand they purchased (mean=3.94, SD=1.206).

4.6 Effect of Advertising Perception on Consumer loyalty

The study also wanted to determine the effect of advertising perception on consumer loyalty. The respondents were requested to indicate the extent to which they agreed with given statements using a Likert scale. The results are shown in table 4.6 below:

Table 4.9: Advertising Perception

Advertising Perception	Mean	Std. Dev
I buy milk product that I have seen or heard of before	4.60	.624
Seeing my milk brand advertised helps me make my purchasing decision	4.05	1.110
Milk brands that I saw from TV appeals better to me	3.94	1.185
I only buy brands that I have seen advertised on newspapers	3.87	.937
Getting information of milk brands from people I know makes me buy them	3.69	1.284

Source: Research Data, 2019

The respondents strongly agreed that they bought milk product that they had seen or heard of before (mean=4.60, SD=0.624). They agreed that seeing their milk brand advertised helped them make their purchasing decision (mean=4.05, SD=1.110). They also agreed that milk brands that they saw from TV appealed better to them (mean=3.94, SD=1.185) and they only bought brands that they had seen advertised on newspapers (mean=3.87, SD=0.937). They also agreed that getting information of milk brands from people they know made them buy them (mean=3.69, SD=1.284).

4.7 Consumer Loyalty

The study also asked the respondents to specify the extent to which they agreed or disagreed with the statements provided on consumer loyalty. Table 4.7 below is a summary of these findings:

Table 4.10: Consumer Loyalty

Consumer Loyalty	Mean	Std. Dev
I always feel pleased after using my favorite milk brand	4.43	.950
I trust my favorite milk brand to always deliver quality milk	4.24	.867
I recommend my favorite milk brand to family and friends	4.02	.648
I always buy my favorite milk brand	3.91	.790
I search various shops for my favorite milk brand	3.88	.746
I buy my favorite milk brand even if there are promotions of other brands	3.53	1.088
Since I am pleased with my favorite milk brand, I also buy other products made by the same company	3.47	1.119

Source: Research Data, 2019

The respondents agreed that they always felt pleased after using their favorite milk brand (mean=4.43, SD=0.950). They trusted their favorite milk brand to always deliver quality milk (mean=4.24, SD=0.867). They recommended their favorite milk brand to family and friends (mean=4.02, SD=0.648). They further agreed that they always bought their favorite milk brand (mean=3.91, SD=0.790) and they searched various shops for their favorite milk brand (mean=3.88, SD= 0.746). They also agreed that they bought their favorite milk brand even if there are promotions of other brands (mean=3.53, SD=1.088). They were however undecided on whether since they were pleased with their favorite milk brand, they also bought other products made by the same company (mean=3.47, SD=1.119).

4.8 Inferential Statistics

A multiple regression model was applied to determine the relative significance of each of the independent variables with respect to the consumer loyalty to packaged milk brands.

The regression model was as follows:

$$Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + e$$

Where

Y is the consumer loyalty,

B_0 is the constant

X_1 = Quality perception

X_2 = Price perception

X_3 = Packaging perception

X_4 = Advertising perception

ε = Error term

B_1, B_2, B_3, B_4 and B_5 are coefficients

4.8.1 Model Summary

Adjusted R^2 is called the coefficient of determination it shows how change in the independent variable results to change in the dependent variable. It tells us how consumer loyalty varies with quality perception, price perception, packaging perception and advertising perception.

Table 4.11: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.683 ^a	.466	.460	.47058

a. Predictors: (Constant), Advertising, Price, Quality, Packaging

Source: Research Data, 2019

The estimated model revealed that the four variables explain only 46.6% of the variation in Y. this is to show therefore that the variables are significant in determining consumer usage of packaged milk brands in Kenya.

4.8.2 ANOVA

The *F*-ratio in the ANOVA tests whether the overall regression model is a good fit for the data.

Table 4.12: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	61.747	4	15.437	69.709	.000 ^b
	Residual	70.640	319	.221		
	Total	132.387	323			

A. Dependent Variable: Loyalty
 B. Predictors: (Constant), Advertising, Price, Quality, Packaging

Source: Research Data, 2019

Table 4.9 shows that the independent variables (quality perception, price perception, packaging perception and advertising perception.) statistically significantly predict the dependent variable, $F(4, 319) = 69.709, p < .0005$.

4.8.3 Regression Coefficients

$B_1=0.111$ indicates that holding other variables constant, a unit increase in quality perception will lead to 0.111 increase in consumer loyalty

$B_2=0.368$ indicates that holding other variables constant, a unit increase in price perception will lead to 0.368 increase in consumer loyalty

$B_3=0.150$ indicates that holding other variables constant, a unit increase in packaging perception will lead to 0.150 increase in consumer loyalty

$B_4=0.025$ indicates that holding other variables constant, a unit increase in advertising perception will lead to 0.025 increase in consumer loyalty

Table 4.13: Regression coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.156	.196		5.909	.000
Quality perception	.111	.036	.152	3.079	.002
Price perception	.368	.038	.491	9.742	.000
Packaging perception	.150	.059	.143	2.530	.012
Advertising perception	.025	.045	.027	.567	.041

Source: Research Data, 2019

Testing the hypothesis

a. Dependent Variable: Y

For X_1 : $B_1=0$, since $t=3.079$, $p=0.000$ is less than 0.05, thus X_1 (quality perception) has significant influence on Y (consumer loyalty).

For X_2 : $B_2=0$, since $t=9.742$, $p=0.000$ is less than 0.05, therefore X_2 (price perception) has significant influence on Y (consumer loyalty).

For X_3 : $B_3=0$, since $t=2.530$, $p=0.012$ is less than 0.05 thus X_3 (packaging perception) has significant influence on Y (consumer loyalty).

For X_4 : $B_4=0$, since $t=.567$, $p=0.041$ is less than 0.05 therefore X_4 (advertising perception) has significant influence on Y (consumer loyalty).

It is thus clear that all the variables have significant influence on Y thus quality perception, price perception, packaging perception and advertising perception has a significant influence on consumer loyalty.

The established multiple linear regression equation becomes:

$$Y = 1.156 + 0.111X_1 + 0.368X_2 + 0.150X_3 + 0.025X_4$$

It is clear from the study findings that consumer loyalty is influenced by brand perception. The price perception has the greatest influence followed by packaging

perception and quality perception. Advertising perception has the least influence on consumer loyalty towards packaged milk products. In this study quality and price have the greatest impact on brand perception of packaged milk brands. Product quality has a significant effect on brand perception and should reflect the brand. Therefore the quality of the brand should match the pricing, branding, packaging and type of advertising. Quality must however meet customer expectations.

CHAPTER FIVE: SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In this chapter I cover the summary, discussions, conclusion, and recommendations of this study.

5.2 Summary

The findings show that consumers selected milk product based on the color of the content. The taste of the milk product helped them determine whether it was the quality they needed. Consumers considered the smoothness of a milk product before they purchase it. When buying milk consumers were mostly concerned about smell it.

Further from the findings consumers shifted to cheaper milk brands that were on promotion and they compared prices of other milk brands before they picked theirs. Price was the most important factor when buying their preferred milk brand. Consumers stuck to their milk brands regardless of the price and they believe higher priced brands had the highest quality.

The study also established that consumers bought their favorite milk brand because of the brand name. They liked milk brands based on the pack color. Pack type determined the milk brand consumers bought from the supermarket. Consumers bought their favorite brand because of good packaging. The pack design influenced the milk brand consumers purchased.

The findings further established that consumers bought milk product that they had seen or heard of before. Seeing their milk brand advertised helped them make consumers purchasing decision. Milk brands that they saw from TV appealed better to consumers they only bought brands that they had seen advertised on newspapers. Getting information of milk brands from people they know made consumers buy them.

The study finally established that consumers always feel pleased after using their favorite milk brand. Consumers trust their favorite milk brand to always deliver quality milk. Consumers recommend their favorite milk brand to family and friends. Further, consumers always buy their favorite milk brand and they search various shops for their favorite milk brand. The study shows that consumers buy their favorite milk brand even if there are promotions of other brands.

5.2 Discussion

According to Aaker (1991), perceived quality is determined by the customer's perception of the overall quality of the brand given its intended purpose, considering other alternatives. The findings show that perception of quality was very important as all the attributes of quality had a standard deviation of above 1.000. Leading amongst the attributes was smell at 1.400 followed by thickness at 1.398 smoothness at 1.384, taste at 1.216 and color at 1.956. Consumers perception of quality was therefore largely driven by smell thickness and smoothness. The findings correspond to Ravindran et al. (2013) study, which shows that excellent quality can often overshadow a negative experience with the product itself. The research showed that the most highly consumed milk product is fresh milk marketed by Brookside Dairies, followed by KCC and Fresh from Githunguri dairies.

On price the findings showed that consumers shifted to cheaper brands that were on promotion. They however switched back to their usual brand once the promotion ended. Price being important, they compared prices of other milk brands before they picked theirs. The study concludes that the most important factor when buying their preferred milk brand is price. This is in agreement with arguments by Hatirli (2004) and Golias (2002) which states that price influences who buys a product, the quantity bought and the location from where it is purchased. Also according to Kotler and Keller (2012), the price of a brand is the one element of the marketing mix that generates income, since the other components generate expenses and it is a deciding factor in purchase decision of customers (Grabowski & Vernon, 2017).

The study established that during price offers by milk companies, consumers switch brands to lower priced ones. They then revert back to their usual milk brands when the promotion ends. Consumers typically stay loyal to their preferred milk brand regardless of the price, and believe that higher priced brands are of higher quality. Findings are in line with Azevedo and Farhangmehr, (2005) that some companies use premium pricing to create a higher perceived value of their brands. Brookside milk is priced higher than other milk brand and is perceived to be of higher quality and was the leading brand in this study.

The study also established that as regards packaging, brand names played a key role in determining consumers' perception regarding milk brands. Further, they liked milk brands based on the pack color and also the pack type. The options available included plastic bags, plastic bottles and triangular packs from Tetra Pak. Consumers however bought their favorite brand because of good packaging with no risk of spillage or spoilage. As there are many brands to select from, pack design influenced the milk brand purchased with the highest standard deviation of 1.208.

The findings further established that consumers bought milk brands that they had seen or heard of before. Seeing their milk brand advertised helped them make consumers purchasing decision. Milk brands that they saw from TV appealed better to consumers they only bought brands that they had seen advertised on newspapers. Getting information of milk brands from people they know made consumers buy them.

Products or services with positive brand perceptions can expect to enjoy certain benefits. These typically comprise increased consumer loyalty and being less susceptible to competitor activities, enjoying larger margins and more inelastic reactions by consumers to price increases. Coner and Gungor (2002) stated that the level of customer loyalty was determined by factors such as quality, retailer image, price and promotion. They further stated that the quality [of product and service] is directly related to a customer's satisfaction with the brand, and that this ultimately leads to customer loyalty (Coner and Gungor, 2002).

5.3 Conclusion of the Study

Customer perception is the culmination of a number of factors. It is therefore the result of all the activities a brand is involved in, and is experienced by a consumer. Whether it is an attractive packaging design, consistent product quality price fairness or advertising, absolutely everything the brand does affects customer perception. Some factors however have a greater effect than others. In this study quality and price have the greatest impact on brand perception of packaged milk brands. Although other factors such as packaging have a smaller impact they too matter especially when combined with the rest.

Product quality plays an important part in influencing brand perception and should thus reflect the brand. Therefore the quality of the brand should match the pricing, branding, packaging and type of advertising. That quality should match customer expectations. For example a luxury brand must have high quality whereas a budget brand may work well but have fewer features. Milk packed in bottles therefore sells for more money than that which is sold in polythene bags. The buyers of milk in polythene bags expect to pay less for the compromise in packaging quality. Brand perception therefore has a significant impact on buying decisions.

Price has a huge influence on how others see a brand. High prices convey luxury, quality, and excellent customer experience. Conversely, lower priced goods may appeal to customers seeking bargains, or repel customers concerned about quality. Packaging on the other hand is usually the first contact many customers have with a brand and therefore significant in influencing perception of the brand. This is aligned to the arguments presented by Kotler (2000) and Kennedy (2004) who stated that the manner in which a brand is presented influences who it may attract. This is because the typical consumer considers the appearance of a product as a vital cue, when evaluating it for indicators such as freshness, healthiness and value for money. Another finding is that consumers are more comfortable buying milk products that they have seen or heard of before. Seeing or hearing their milk brand advertised helps them make consumers purchasing decisions. Milk brands that they saw on TV, radio and newspapers appealed better to consumers.

A positive consumer perception of a milk brand is vital for increased sales turnover, as consumers consistently repurchase these brands, despite competitive activities, and are more likely to recommend such brands to others. They thus contribute to lowering expenditure on product marketing. Additionally profit margins can be increased by use of premium pricing on quality brands.

5.4 Recommendations

- i. Dairy companies should focus more on maintaining consistent quality of their products as opposed to price reduction as a strategy for customer acquisition. Many consumers do not mind buying a product at a slightly higher price as long as their perception of the brand is that it will deliver good quality.
- ii. Advertising is another important factor that dairy companies should consider improving. The type of promotion done as well as the type of media used has a great impact on the consumers' readiness to purchase such a product. This should match the needs and lifestyle of the market segment being targeted.
- iii. The product packaging influences consumers' loyalty towards a certain dairy product. The dairy companies should therefore work on improving their brand in order to be more distinct. Many pack designs tend to have similar colors of either green or blue. They should however have more distinct designs.

5.5 Areas Suggested for Further Research

I would therefore like to suggest that additional research be undertaken on consumer loyalty towards other brands such as washing detergents, cooking fats among other households' goods to determine whether the same factors .A similar study on milk brands should be conducted in other parts of the country especially major towns such as Kisumu, Eldoret and Mombasa. This will help validate the findings of this study.

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Appendix I: Questionnaire for Consumers of Packaged Milk Products in Kenya

Good morning/ afternoon? My name iscurrently collecting data for an MBA Student from the University of Nairobi. This questionnaire is designed to assist in collection of data on the effect of brand perception on customer loyalty of packaged milk brands in Kenya. We are interested in knowing people’s sincere opinions and you’ve been selected to participate in this survey. Before we start the interview, which will take about 15 minutes, I want to assure you that any information you provide me with will be kept strictly anonymous & confidential and will be used solely for the purposes of this study. That is, we will not disclose what you tell us and no response will be directly attributed to your name. Would you like to participate in this survey?

YES . . . 1 [Thank Respondent and Continue] NO . . . 2 [Thank Respondent and Terminate]

Section A: Respondents General Information

RESPONDENT/ INTERVIEWEE DEMOGRAPHICS			
1. Gender	2. Age of the Respondent (Years)	3. Highest level of Education	4. How long have you used packaged milk brands?
1. Male 2. Female	1. Below 20 years 2. 20-30 years 3. 31-40 years 4. 41-50 years 5. Above 50 years	1. Primary 2. Secondary 3. College 4. Undergraduate 5. Postgraduate 5. None	1. Less than 5 years 2. 5 to 10 years 3. 11 to 15 years 4. Above 15 years
5. Which dairy product do you consume more? 1. Milk 2. Yoghurt 3. Fermented milk 4. Cheese 5. Butter			
6. Which is your most preferred milk brand?			

Indicators	1	2	3	4	5
1. Ilara 2. Brookside 3. Tuzo 4. KCC 5. Lato 6. Molo Milk 7. Delamere 8. Daima 9. Fresha 10. Others (specify)					

Section B: Brand perception

On a scale of 1-5, where Strongly Disagree =1, Disagree =2, Undecided = 3, Agree = 4, Strongly Agree =5, State the extent to which the following factors affect loyalty to your preferred packaged milk brand

		1	2	3	4	5
Perception of Quality						
1	When buying milk I am mostly concerned about smell					
2	I buy milk brand based on the thickness					
3	I select milk product based on the colour of the content					
4	I consider the smoothness of a milk product before I purchase it					
5	The taste of the milk product help me determine whether it's the quality I need					
Perception of Price						
1	Price is the most important factor when buying my preferred milk brand					
2	I compare prices of other milk brands before I pick mine					
	I stick to my milk brand regardless of the price					
3	I believe higher priced brands have the highest quality					
4	I shift to cheaper brands that are on promotion					

Perception of Packaging					
1	I buy my favourite brand because of good packaging				
2	I buy my favourite milk brand because of the brand name				
3	The pack design influences the milk brand I purchase				
4	I like milk brands based on the pack color				
5	Pack type determines the milk brand I buy from the supermarket				
Perception of Advertising					
1	Seeing my milk brand advertised helps me make my purchasing decision				
2	I buy milk product that I have seen or heard of before				
3	Milk brands that I saw from TV appeals better to me				
4	I only buy brands that I have seen advertised on newspapers				
5	Getting information of milk brands from people I know makes me buy them				

Section C: Consumer loyalty

On a scale of 1-5, where Strongly Disagree =1, Disagree =2, Undecided = 3, Agree = 4, Strongly Agree =5. State the extent to which the following factors affect loyalty to your preferred packaged milk brand

		1	2	3	4	5
1	I buy my favourite milk brand even if there are promotions of other brands					
2	I trust my favourite milk brand to always deliver quality milk					
3	I search various shops for my favourite milk brand					
4	I always buy my favourite milk brand					
5	I recommend my favourite milk brand to family and friends					
6	I always feel pleased after using my favourite milk brand					
7	Since I am pleased with my favourite milk brand, I also buy other products made by the same company					