

**ACHIEVING COMPETITIVE ADVANTAGE THROUGH  
DIFFERENTIATION OF MARKET OFFERINGS: THE CASE OF  
CHEMICAL FERTILIZERS IMPORTING COMPANIES IN KENYA.**

**BY**

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**A Project submitted in Partial Fulfillment of the Degree of Master of  
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Nairobi.**

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**DECLARATION**


This Project is my original work and has not been submitted for a degree in any other University.

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The Project has been submitted for examination with my approval as the University Supervisor.

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## **DEDICATION**

This Project is dedicated to my Loving wife Nyaguthii and my children Eric and Cynthia Charles. Thank you for giving me hope, encouragement, and assistance throughout the study.

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## ABSTRACT

primary objectives of this study were, (i) to investigate whether the marketing strategy of differentiating the market offerings is being practiced in Kenya, (ii) to assess the extent to which adoption of differentiation strategies influences a firm's competitiveness and (iii) to assess whether there is a relationship between a firm's demographic variables and the adoption of differentiation strategy. The researcher was prompted into undertaking this study by the numerous readings about differentiation strategy and especially the arguments that any product can be differentiated to give it a unique position in the industry. All the ten (10) commercial fertilizer importing companies in Kenya were included in the study. The researcher personally administered a partially structured questionnaire. The response rate was 85 percent.

The principle research findings of the study were that; the marketing strategy of differentiating the market offerings is being practiced by the chemical fertilizer importing companies in Kenya, adoption of differentiation strategy greatly influences a firm's competitiveness and that there is a relatively low relationship between a firm's demographic variables and adoption of differentiation strategy on the one hand and between a firm's demographics and the achievement of competitive advantage .

## **CHAPTER 1**

### **1. INTRODUCTION**

#### **1.1 Background**

Agriculture is the backbone of Kenya's economy. Thus eighty five percent (85%) of the Country's population, estimated to stand at 35million by the year 2000, is directly or indirectly engaged in agriculture. The sector also contributes 30% to the Gross Domestic Product (GDP) and employs about 75% of the labor force (Mugo and Kabubo, 1994).

The Government of Kenya's Sessional Paper No1 of 1986 on Economic Management for Renewed Growth, had projected that agriculture would play a leading role in the Country's future economic development by feeding the rapidly growing population; providing farm family income targeted to grow by at least 5% per annum to the year 2000; absorbing new farm workers at the rate of 3% per annum; supplying export crops to ensure a 150% rise in agricultural exports by the turn of the century, and supplying raw materials to industry so as to stimulate growth of off- farm activities by between 3.5% and 5% a year. In order to meet these objectives, the Government, through the National Agricultural Policy, set an objective of increasing yield per hectare to maintain agricultural growth rate of about 4% per annum (Chege, 1993). This in effect implies that there has to be more use of pesticides, improved water management, better post harvest practices, more efficient marketing channels for produce and an efficient marketing system of fertilizers and other agri-inputs.

According to Mugo and Kabubo (1994), fertilizer is the dominant farm input in Kenya in terms of volume and value. For instance, in 1988 the value of fertilizers purchased was estimated to stand at Ksh1 billion accounting for 27.2% of the total value of purchased inputs. The figure had increased to 32.6% by 1989. Thus the annual import bill for chemical fertilizer has been increasing over the years so that by 1998, it had reached Kshs 6 billion. (Ministry of Agriculture, 1998).

This increase can be traced to the changes that have occurred in the Kenyan market place during the last one-decade. As result of introduction of the Structural Adjustment Programs (SAPs) in the Country, the role of Government in production and marketing of goods and services has been reduced and more emphasis is now placed on the enhancement of the role of the private sector ( Bett, 1995). One key outcome of these changes is increased domestic and foreign competition that has in effect drastically changed marketing practices in the Kenya.

The fertilizer market liberalization in the early 1990s reduced the entry and exit barriers into the industry leading to increased number of private fertilizer marketing firms. According to the Ministry of Agriculture (1997), private entries in the fertilizer industry increased from five in 1990 to twenty five in 1997. As expected, the private sector import market share rapidly increased from 9.3% of total imports in 1989 to over 60% in 1997. The industry has also experienced intermittent fluctuation of local market prices as well as an increased number of fertilizer product range. According to Kimunyu (1998) the Fertilizer product range increased from twenty-one in 1990 to fifty by 1997.

In order to survive in this competitive environment organizations in both public and private sectors must formulate and implement appropriate marketing strategies (Kibera, 1998). Thus the Kenyan companies in the fertilizer business are expected to have adopted different marketing strategies including differentiation of market offerings in order to achieve a competitive advantage.

Writing on differentiation as a strategy to achieve a competitive advantage, Porter (1985) confirms that, firms throughout the world face slower growth as a result of domestic and global competition. He argues that competitive advantage is the heart of a firm's performance in competitive markets and is a consequence of the extent to which a firm formulates and implements the three generic strategies of cost leadership, differentiation, and focus. He concludes that there are two basic strategies for achieving competitive advantage, namely, lower cost and more differentiation than competitors. Writing on the same issue Kotler (1997) defines differentiation of market offerings as the art of designing a set of meaningful differences to distinguish company offerings from those of competitors. He states that firms all over the world have used differentiation of market offerings to achieve a competitive edge. Thus in developed countries product differentiation strategy is used by a variety of organizations including producers, fabricators, retailers, brokers, agents and merchants. Those who produce and/or deal in primary metals, grains, chemicals, plastics and money also follow the strategy (Levitt, 1980).

All the three scholars (Porter (1985); Levitt (1980) and Kotler (1997)) agree that the adoption of differentiation strategy allows the firms to command a premium price; enables them to sell more of their products at a given price or to gain equivalent benefits such as greater buyer loyalty during cyclical or seasonal downturns; facilitates achievement of superior performance if the premium price exceeds any added cost of being unique; and enables firms to appeal to a broad group of buyers in the industry or to appeal to a subset of buyers with particular needs.

### **1.2 Statement of the problem.**

The implementation of SAPs according to Kibera (1998), has affected the what, where, who, when, how and why of marketing practices in Kenya. When faced with changing environment like this, companies in both public and private sectors have no choice but to adopt different marketing strategies (among them differentiation of market offerings) if they are to survive.

According to Kotler (1993), a research on different marketing strategies carried out on over 3,000 businesses for twenty years revealed that differentiation is a more superior strategy than other marketing strategies in achieving competitive advantage. Other several studies have been carried out by Levitt, (1980); Porter, (1985); Boston Consulting Group (BCG), and Design Innovation Group (1997) among others. All these studies however, have been carried out in the developed world-marketing environment, which is different in many aspects from that of the developing world.

To the best of the researcher's knowledge, there is no published empirical literature on how differentiation strategy is currently being used in Kenya if at all. The research data that may be there is for internal use only.

It is against this background of changing marketing practices, as a result of the changing market place environment, that this research investigates the nature and extent of differentiation undertaken by Kenyan firms in the chemical fertilizer business sector.

### **1.3 Objectives of the Study.**

The study sets out to:

- a. assess the nature and extent to which Kenyan firms in the fertilizer industry have adopted differentiation strategy.
- b. determine the degree to which adoption of differentiation strategy contributes to the achievement of competitive advantage and
- c. determine the relationship between organizational demographics and application of differentiation strategy.

### **1.4 Significance of the study**

It is anticipated that the results will be of particular importance to:

- (i) companies in fertilizer business since they will have more knowledge of how differentiation strategy can enhance achievement of sustainable competitive advantage; and

- (ii) potential entrants in the fertilizer business because they will have a better understanding of the marketing strategies used by the existing firms and thereby be empowered to make appropriate market entry decisions.

The study will also provide empirical research evidence on differentiation of marketing offerings in Kenya, which will in turn form useful basis of research on differentiation strategies in other industries.

## 1.5 Working definitions

- i) **Differentiation:** the art of designing a set of meaningful differences to distinguish company offerings from those of competitors (Kotler, 1997)  
Differentiating the product or service offerings of the firm is creating something that is perceived industry-wide as being unique (Porter, 1980)
  
- (ii) **Market Offerings:** the total of things offered by a firm to the market. Levitt (1980) refers to the generic product, the expected product, the augmented product and the potential product. In other words market offerings is the combination of benefits offered by organizations in order to satisfy consumer needs and wants and at the same time meet firm's objectives.
  
- (iii) **Chemical fertilizer:** the inorganic micronutrients added to the soil to make it more fertile.
  
- (iv) **Organizational Demographics:** the salient characteristics of a firm.



(iv) **Commercial chemical fertilizer importers:** these are companies in the fertilizer business sector who import chemical fertilizers to market and sell in-order to satisfy the needs of consumers and at the same time make profits.

(vi) **Competitive advantage:** creating a position in the market industry that can be sustainable in a long time (Porter, 1980). Competitive advantage is the company's ability to perform in one or more ways that competitors cannot or will not match (Kotler, 1997).

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 INTRODUCTION

Today Companies, regardless of the industry, concentrates on ways of formulating strategies to among other objectives develop for themselves a market niche. The wave of globalization and consequently liberalization of the markets even in parts of the world where the economies had hitherto been closed have occasioned these marketing practices. Writing on why firms all over the world should strive to achieve a competitive advantage, Porter (1985) acknowledged that firm's throughout the world face slower growth because of both domestic and global competition. He argues that competitive advantage is the heart of a firm's performance in the competitive markets. The question that firms continue to ponder over is how to differentiate themselves from competitors and how to defend the competitive position.

Getting the markets' attention through creation of distinctive approach can be a route to profits. It is in acknowledgement of this that many marketing practitioners, scholars and consultants have over the years researched and disseminated knowledge on how firms can adopt the strategy of differentiation in order to achieve a competitive advantage. The literature reviewed herein highlights differentiation of market offerings as a crucial marketing strategy. The strategy's relevance to chemical fertilizer marketing will also be highlighted.

## **2.2 Fertilizer Marketing System**

Marketing is getting the right goods and services to the right people at the right place, the right price, and with the right promotion. It is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products of values with others (Kotler, 1997).

According to Siyanga (1986) the general responsibilities of marketers be they in agricultural, consumer or industrial marketing include development of an in- depth knowledge of their product, its strengths and weaknesses vis-à-vis competing products and substitutes. Equally important is the knowledge of price variations obtained in the market place for a similar range of products and distribution channels both those currently in use by the firm and by its competitors and those which have a potential for use.

As regards fertilizer marketing system, Vaes (1989) states that fertilizer marketing involves universal marketing functions and concepts. It can be argued that, in general fertilizer marketing system in developing countries have a common purpose of determining and serving farmers fertilizer needs in a timely and cost effective manner. Vaes further argues that this goal may be achieved by successfully performing activity components of which collectively might constitute a marketing system. These activity components include product selection, supply and demand, procurement, distribution, sales, market development, and pricing. He concludes that the efficiency of an organizational marketing system is determined by the degree of success in executing these activities and integrating them into the nations overall marketing schemes.

In the same vein, Gregory (1996), identifies specific characteristics in fertilizer markets and marketing that he contends account for considerable challenges to marketing process. These characteristics include:

- nature of fertilizer demand. Fertilizer demand is derived demand which means that the level and growth of demand will depend on the size and growth of the agriculture sector, which in turn is dependent on overall government policies on agriculture.
- individual fertilizer buyers are generally numerous, widely dispersed and purchase in relatively small quantities. This often leads to high marketing costs.
- the benefits of fertilizer use are not guaranteed, either in terms of crop response or in crop output values. This implies potential high risk to the user.
- fertilizer is a bulky product and this creates a high demand for transportation facilities.
- the product use is highly seasonal and large storage facilities are therefore required to meet peak demand.
- fertilizers are generally commodity products with little opportunity for marketers to differentiate. This leads to an increased need for service to provide product benefits; and
- fertilizer marketing in individual countries is difficult to isolate from world fertilizer market in which there is increasing concentration of production and supply of fertilizer products.

A combination of the above characteristics results in a unique fertilizer marketing challenge throughout the world.

### **2.2.1 Definition of fertilizer marketing**

Fertilizer marketing is an interacting system of business activities involved in the flow of goods and services from production to consumption including elements of forecasting the need for, and deciding on the product, place, price, and promotion (4 PS of marketing).

These activities are viewed from the position of satisfying the end user's demand for fertilizer (Williams, 1992).

In many countries the term distribution of fertilizer is used synonymously with marketing.

But according to Williams (1992) fertilizer marketing is not just distribution, not just selling, not just offering to sell as a stockist does, not just advertising and promotion of fertilizers, and not just wholesaling and providing the "middle-man" function. It is a combination of all these sub functions.

### **2.2.2 The Fertilizer Customer**

In marketing fertilizer the farmer (consumer) level is obviously the most complex one. It consists of a large heterogeneous group of individuals who in many cases are not exposed to sufficient education about chemical fertilizers. (United Nations, 1971).

Marketers should therefore know the type of fertilizer and its application suited for the land the consumer tills the product he grows and how it fits with agricultural production system such as water management. Knowledge of the seasonal and timely availability of fertilizer and how fertilizer is best applied with the implements or equipment he has at his disposal is

important. The marketer should also establish terms of payment for the fertilizer, and assess consumer's ability to invest in order to realize a profit. Lastly, the marketer should ensure farmer's accessibility to the correct fertilizer.

### **2.3 The way forward for fertilizer marketing**

Enormous progress has been achieved during the past three decades in fertilizer marketing. It is, however, worthy noting that the progress has in general been restricted to development of fertilizer markets and marketing associated with combination of high yielding varieties of farm produce, irrigation and nitrogen. (International Fertilizer Development Centre, 1996). According to Gregory (1996) fertilizer-marketing developments in the past have represented the easy part of business domain and predictions are that the future will be more difficult. He argues that the creative challenge for all involved in this industry is to develop and adopt greater marketing skills and management than ever before.

The several studies previously carried out in this area have tended to concentrate on pricing, understanding of the fertilizer product, channels of distribution and promotion with only one objective of increasing usage. The studies have also tended to emphasize a holistic approach without enough emphasis on how individual players can distinguish their products or services from those of competitors in order to achieve a competitive advantage.

Nevertheless, all these studies agree that the marketing concept also applies to fertilizer marketing. There is also a general consensus that for the world to feed itself fertilizer usage is a must, and for the farmers to increase usage of fertilizer elaborate fertilizer marketing systems must prevail (Vaes, 1989).

## **2.4 Differentiation of market offering**

It is generally agreed in the literature on strategic management that an organization distinguishes itself in a competitive market place by differentiating its offerings in some way that is, by distinguishing its products from those of its competitors (Mintzberg and Quinn, 1991).

A similar view can also be traced to Scatton and Zallocco (1990), who argue that from a strategic viewpoint, product differentiation is securing a measure of control over demand for a product by advertising or promoting differences between a product and the products of competing sellers.

### **2.4.1 Differentiation Opportunities**

Any product or service can be differentiated, even the commodity that seems to differ from competitors' offering only in price. According to Levitt (1980) there is no such thing as a commodity, all goods and services are differentiable. Firms which find bases for differentiation and which produce and market for higher ends of the market tend to be winners over the long run. That is, the customer will pay premium for things that solve his or her problem and that work and are well-serviced (Peters and Austine, 1994).

As far as the Boston Consulting Group, BCG is concerned, the number of differentiation opportunities varies with the type of industry. The Group argues that there are four types of industries based on the number of available competitive advantage and their size. (Kotler, 1997).

The four types of industries identified by BCG are: -

- A volume industry; is one in which companies can gain only a few but rather large competitive advantages. Here a company can strive for low cost position or the highly differentiated position and win on either basis. Profitability is correlated with company size and market share.
- In a stalemated industry: there are few potential competitive advantages and each is small. In this situation companies can try to hire better sales people or entertain more lavishly. These are small advantages and profitability is unrelated to company market share.
- The fragmented industry: is one where companies face many opportunities for differentiation but each opportunity for competitive advantage is small, and profitability is not related to the size of the company.
- Lastly, the group argues that there is the specialized industry where companies face many differentiation opportunities, and each differentiation can have a high pay-off. In this market, small companies can be as profitable as some large ones.

Writing on the same issue, Porter (1985) argues that firms view potential sources of differentiation too narrowly. He contends that they see differentiation in terms of physical product attributes or marketing practices rather than potentially arising anywhere in the value



chain. Firms are also often different but not differentiated because they pursue different forms of uniqueness that buyers do not value. Porter argues further that differentiators also frequently pay insufficient attention to the cost of differentiation once achieved.

Companies must therefore identify the industry they are in and come up with specific ways of differentiating products to obtain a competitive advantage. They should also realize that successful differentiation strategies grow out of the coordinated actions of all parts of the firm, not just the marketing department. Thus according to Porter (1985) a firm only differentiates itself from its competitors when it provides something unique that is valuable to buyers beyond simply offering a low price

#### 2.4.2 Differentiating market offering from competitors

The way the marketing process is managed may decide opportunity for many companies especially those that offer generically undifferentiated products and service to escape the commodity trap (Levitt, 1997). Kotler (1997), argues that market offering can be differentiated along five dimensions; namely: product, service, personnel, channel and image (Table 1),

**Table. 1 Differentiation variables**

| Product      | Services      | Personnel      | Channel      | Image        |
|--------------|---------------|----------------|--------------|--------------|
| Features     | Ordering      | Competence     | Coverage     | Symbol       |
| Performance  | Ease          | Courtesy       | Expertise    | Written and  |
| Conformance  | Delivery      | Credibility    | Performance. | audio visual |
| Durability   | Installation  | Reliability    |              | media        |
| Reliability  | Training      | Responsibility |              | Atmosphere   |
| Reparability | Customer      | Communication  |              | Events       |
| Style        | consulting    |                |              |              |
| Design.      | Maintenance   |                |              |              |
|              | and repair    |                |              |              |
|              | Miscellaneous |                |              |              |

Source:Kotler 1997

On the other hand Porter (1985) writing on differentiation as one of the generic strategies, stresses that firms must make policy choices about what activities to perform and how to perform them. He identifies nine “drivers” of uniqueness for firms. These include: product features and performance offered, service provided (e.g. credit, delivery or repair); intensity of an activity adopted (e.g. rate of advertising spending); content of an activity (e.g. the information provided in order processing); technology employed in performing an activity (e.g. precision of machine tools, computerization and order processing); quality of inputs procured for an activity; procedures governing the actions of personnel and activity (e.g. service procedures, nature of sales calls, frequency of inspection or sampling); skill and experience level of personnel employed in an activity and training provided; and information employed to control an activity (e.g. level of temperature, pressure and variables used to control a chemical reaction).

A firm may use one or a combination of these variables to differentiate itself from the competition.

**a. Differentiation through product features.**

Product is anything that can be offered to a market to satisfy a need or want. It is almost always a combination of tangible and intangible features. A customer attaches value to a product in proportion to its perceived ability to help solve problems or meet his needs (Levitts, 1980). This therefore means that the product is the total package of benefits the customer receives when he buys the product.

Differentiation of physical products takes place along a continuum where at one extreme there are highly standardized products that allow little variation. Examples include fertilizer, steel, and aspirin to mention just a few. On the other extreme are products capable of high differentiation such as automobiles, commercial buildings, and furniture. However, between the two extremes genuine variations are possible (Kotler, 1997). Thus in some cases simple proclamations that one's product does better than others may make the whole difference. In all cases products can be offered with varying features, with high, low, average or superior performance quality, conformance quality, and durability.

There is some empirical evidence to the effect that differentiating products can lead to increased benefits for the firm. For instance a study by Design Innovation Group in Great Britain for three years surveying 221 products found that there was 41% percent sales increase by companies that differentiated through design (Kotler, 1997).

At the same time Levitt (1980), confirms that the list of highly differentiated consumer products that not long ago were sold as undifferentiated or minimally differentiated commodities is long and include, coffee, soap, flour, beer and salt here in Kenya the Mumias Sugar Company has recently embarked on branding strategy for its sugar.

#### **b. Differentiation through service**

Apart from differentiating the physical product, a firm can differentiate through services offered. When the physical product cannot easily be differentiated, the key to competitive success often lies in adding more value to services and improving quality (Kotler, 1997).

Kotler, (1997) identifies the main service differentiation as ordering ease, delivering, installation, customer training, customer consulting, maintenance and repair (where

applicable). Levitt (1980), on the other hand, refers to this as the expected product. This he argues, is what the customer considers absolutely essential in the company and may include, delivery, payment terms, support effort, and new ideas. A company should therefore help the customer get information and transact with it more efficiently and at the same time take care on how well the product or service is delivered to the customer in terms of speed, accuracy and care. Buyers will often choose the supplier with better reputation for one time delivery. This explains why many companies are trying to establish competitive advantage by being more efficient. According to Kotler (1997), companies are striving to become turbo masters by learning the art of cycle-time compression and speed marketing. Turbo marketing is being applied in the four areas of innovation, manufacturing, logistics and retailing.

A firm may also differentiate its offerings by extending training to the customers' employees on how to properly and efficiently use the product. At the same time it may offer customer-consulting services in regard to data information systems and advisory services, which could be offered for free or at a price to buyers.

### **c. Differentiation through Personnel.**

Companies can gain a strong competitive advantage through hiring and training better people than their competitors.

According to (Kotler, 1997), better-trained personnel exhibit six characteristics:

- Competence - the employees possess the required skills and knowledge.
- Courtesy - the employees are friendly, respected and considerate.
- Credibility - the employees are trust worthy.
- Reliability - the employees perform the service consistently and accurately.

- Responsiveness - the employees respond quickly to customer's report and complaints.
- Communication - the employees make an effort to understand the customer and communicate clearly.

A firm with personnel exhibiting the above listed characteristics will attract more customers than its competitors.

#### **d. Differentiation through Distribution Channel and Image.**

Companies can achieve differential edge through the way they shape their distribution channels, average expertise and performance. According to Kotler (1997), there is empirical evidence of companies that have made success through either excelling in having more locations, high quality, direct marketing channels or just using the phone. The Corporate image is equally important, even when competition offers the same because buyers may respond differently to institutional image and/or brand image.

Writing on how firms can differentiate their offerings through distribution channels, Porter (1985) demonstrates how linkages with channels can lead to uniqueness. This, he argues, can be achieved through training channels in selling and other business practices, having joint selling efforts with channels or subsidizing for channel investments in personnel, facilities and performance of additional activities.

### **2.5 Challenges of differentiating the market offerings**

From the foregoing, it is clear that in general companies can differentiate their market offering if they so desire. However, not every difference is a differentiation opportunity because each difference has the potential to create company costs as well as customer

benefits. In this regard Kotler (1997), cautions that companies must therefore be careful when selecting strategies through which they will distinguish themselves from competitors. He proposes the following criteria for determining the worthiness of a differentiation tool.

- the difference must deliver a highly valued benefit to sufficient number of potential buyers.
- the difference is either not offered by others or is offered in a more distinctive way by the company.
- the difference must be superior to other ways of obtaining the same benefit.
- the difference must be communicable and visible to buyers.
- the difference should be preemptive that is, cannot be easily copied by competitors.
- the buyer(s) should afford to pay for the difference.
- lastly, the company must make profit through the introduction of the difference.

Similar sentiments have been raised by Porter (1985), who argues that differentiation will not yield the required goals if the uniqueness created is not valuable, is higher than the buyers needs, if it ignores the need to signal value or opens the firm to competition. The differentiation attribute(s) should also focus on the whole value chain instead of focusing on the product. Lastly, it should not fail to recognize buyer segments. By avoiding the above pitfalls and following the criteria, firms in all sectors will be able to achieve a sustainable competitive advantage.

In conclusion it should be noted that the above literature review that, organizations both private and public have to adopt their marketing approach to the changing environment. The increased competition in the Kenyan market, for example, is posed by new entrants in the

market, substitute products, effects of technology and changing consumer demands. This will hopefully make chemical fertilizer importers adopt more aggressive marketing strategies among them the differentiation of market offerings because it enables them to achieve a sustainable competitive advantage.

## **CHAPTER THREE**

### **RESEARCH DESIGN**

This chapter considers the population of the study, the respondent, and the data collection instruments used in the study.

#### **3:1 Population and Sample**

The population of interest in this study consisted of all commercial chemical fertilizer importing companies in Kenya. According to the Ministry of Agriculture annual reports (1997-98), there were ten (10) commercial fertilizer importers in the country. The companies constitute the sample of this study as they collectively command over 70% of imported fertilizer business. The other 30% is accounted for by the government (aid) fertilizer and other importers who buy for direct consumption. For the purpose of this study, all the ten fertilizer-importing companies were grouped together regardless of their size.

Since the number of importing companies was small (10), a “census” survey was carried out. The researcher felt that a “census” survey would give a more accurate picture of the nature and extent to which Kenyan firms in the fertilizer industry use differentiation strategy.

A total of 9 companies responded to the questionnaire while one declined to do so citing “confidentiality” as its reason for non-response. This firm is foreign owned and a new entrant into the industry. Those who responded represented a usable response rate of 90% which the researcher thought was adequate for the purpose of this study.



### **3.2 The Respondents**

The respondents were the General Manager, Commercial Manager or Sales and Marketing Manager. The designation of the official respondent depended on who performed the marketing functions in the respective organization. In all cases the respondent was the one familiar with marketing practices of the firm.

### **3.3 The Research Instrument**

The pertinent data was collected using personal administered questionnaire (Appendix 1b). The questionnaire consisted of both open ended and closed questions and had three sections. Section 1 of the questionnaire consisted of questions intended to provide the bio-data of the organization in order to capture the organization's social economic and demographic data.

Section II, on the other hand consisted questions aimed at obtaining data on the nature and extent to which Kenyan firms in the fertilizer industry have adopted differentiation strategy. An itemized rating-scale was used for this purpose. In each case the respondent was asked to select one of a finite number of ordered categories.

Section III consisted of questions aimed at eliciting data on the degree to which adoption of differentiation strategy contributes to the achievement of a competitive advantage. Once again an itemized rating- scale was used. That is the respondent was required to rate different variables by assigning relevant scores on the scale.

Finally, there were a number of open-ended questions, which were used to collect data on problems encountered by the firms.

The items included in the questionnaire were selected from the pertinent literature as well as from interviews with a few key players in the industry.

One questionnaire was personally administered to each firm by the researcher. The questionnaire was dropped, an appointment to see the relevant person was made; and then the personal interview was conducted.

## **CHAPTER FOUR**

### **DATA ANALYSIS AND FINDINGS**

#### **4.1 INTRODUCTION**

This chapter is divided into three sections. The first section presents research findings on the nature and extent to which Kenyan firms in the fertilizer industry utilize the differentiation strategy in marketing their fertilizer products. The second section presents results on the degree to which utilization of differentiation strategy contributes to achievement of competitive advantage. The third section of the chapter presents research findings regarding the relationship between organization demographics and the usage of differentiation strategy. The Chapter concludes by highlighting the problems encountered by firms in trying to adopt the strategy of differentiation.

#### **4.2 Nature and Extent of Adoption of Differentiation strategy.**

The research findings in this study indicate that Kenyan fertilizer firms have significantly adopted the differentiation strategy (Table 4.1). The table shows overall ranking of the differentiation variables in terms of their importance as perceived by the responding firms.

In total seventeen (17), differentiation variables were presented to the respondents to award scores on basis of use and importance in influencing the firm's customer buying behavior.

The rating scale stretched from "somewhat unimportant" (score of 1) to "very important" (score of 5) as shown in table 4.

**Table 4.1-Ranking in order of importance of differentiation variables**

| Differentiation Variables          | Very Unimportant (1) | Somewhat unimportant (2) | Neutral (3) | Somewhat Important (4) | Very Important (5) | Maximum score | Percentage (%) |
|------------------------------------|----------------------|--------------------------|-------------|------------------------|--------------------|---------------|----------------|
| Product quality                    |                      |                          |             | 2                      | 7                  | 43            | 6.4            |
| Packaging                          |                      |                          | 1           | 2                      | 6                  | 41            | 6.1            |
| Labeling                           |                      |                          | 3           | 4                      | 2                  | 35            | 5.2            |
| Color                              |                      |                          | 2           | 4                      | 3                  | 37            | 5.6            |
| Blending                           | 1                    |                          | 4           | 1                      | 3                  | 32            | 4.8            |
| Prices                             |                      |                          |             |                        | 9                  | 45            | 6.8            |
| Discounts                          |                      |                          | 1           | 2                      | 6                  | 41            | 6.2            |
| Credit Terms                       |                      |                          |             | 1                      | 8                  | 44            | 6.6            |
| Provision of usage information     |                      | 1                        | 1           | 4                      | 3                  | 36            | 5.4            |
| Seller's knowledge of the products |                      |                          | 1           | 6                      | 2                  | 37            | 5.6            |
| Delivery Services                  |                      |                          | 1           | 1                      | 7                  | 42            | 6.3            |
| Delivery Points                    | 1                    |                          | 3           | 1                      | 4                  | 34            | 5.1            |
| Timeliness of product import       |                      |                          | 1           | 1                      | 7                  | 42            | 6.3            |
| Speed of order processing          |                      | 1                        |             | 3                      | 5                  | 39            | 5.9            |
| Image of the Company               | 1                    |                          | 1           | 1                      | 6                  | 38            | 5.7            |
| Efficiency of contact personnel    |                      |                          | 1           | 2                      | 6                  | 41            | 6.2            |
| Product trademark                  |                      | 1                        | 1           | 4                      | 3                  | 36            | 5.4            |
| Total                              |                      |                          |             |                        |                    | 663           | 100 %          |

The ranking was arrived at by calculating the average score for each differentiation variable.

This was done by dividing the score of each variable by the number of respondents.

The data indicates that overall most of the differentiation variables were rated “very important. That is, eight (8) out of seventeen differentiation variables were rated as “very Important”. The variables falling in this category are price, credit terms, product quality, delivery services, timeliness of product import, packaging, discounts and efficiency of contact personnel in that order.

Another six (6) variables were rated as “somewhat important,” while three (3) variables were rated as “neutral”. There was therefore no variable, which was rated either as “somewhat unimportant” or “very unimportant”. Therefore the research findings of the current study agree with those of the literature.

The research findings further support the evidence in the literature that marketers in the fertilizer industry must know the type of fertilizer, its application in relation to the requirements of the consumer, the customer terms of payment as per their ability to invest, and how the fertilizer products can be made more accessible to the consumer.

#### **4.3 The degree to which adoption of differentiation strategy contributes to the achievement of competitive advantage.**

The relationship between differentiation variables and achievement of competitive advantage is summarized in table 4.2. In total (10) measures of achievement of competitive advantage were presented to the respondents to award scores. The ratings stretched from “Low” (score of 1) to “very high” (score of 5). The measures of achievement of competitive advantage which were used in the study are buyer loyalty, premium prices, increased sales, bigger

market share, increased profits, reduced costs, increased customer satisfaction, continued existence, repeat purchases, and personnel morale.

**Table 4.2- Relationship between differentiation variables and measures of achievement of competitive advantage.**

| Differentiation variables           | Achievement of Competitive advantage scores | Percentage (%) |
|-------------------------------------|---|----------------|
| Product quality                     | 40  | 7.0            |
| Packaging                           | 34  | 5.9            |
| Labeling                            | 29  | 5.0            |
| Colour                              | 29  | 5.0            |
| Blending                            | 27  | 4.7            |
| Prices                              | 40  | 7.0            |
| Discounts                           | 38  | 6.6            |
| Credit terms                        | 38  | 6.6            |
| Provision of usage information      | 32  | 5.6            |
| Seller's knowledge of the products  | 33  | 5.7            |
| Delivery services                   | 40  | 7.0            |
| Timeliness of product import        | 46  | 8.0            |
| Speed of order processing           | 37  | 6.4            |
| Image of the company                | 42  | 7.3            |
| Efficiency of the contact personnel | 38  | 6.6            |
| Product Trademark                   | 32  | 5.6            |
|                                     | 575   | 100            |

Table 4.2 shows a comparison between the various differentiation variables and their individuals contributions to achievement of competitive advantage. The table shows that "timeliness of product import (8%)" contributes most to "achieving competitive advantage" in the industry. This is followed by the image of the company (7.3%). Blending (4.7%) seems to make the least contribution.

To get more concrete evidence regarding the relationship between "differentiation"(measured by 16 variables) and achievements of competitive advantage (measured by 10 variables) overall scores on each factor were computed as shown in table 4.3.

**Table 4.3: Overall Raw Scores of Differentiation and Achievement of Competitive Advantage.**

| Company | Differentiation scores(x) | Competitive advantage scores |
|---------|---------------------------|------------------------------|
| 1       | 72                        | 33                           |
| 2       | 73                        | 39                           |
| 3       | 71                        | 35                           |
| 4       | 73                        | 39                           |
| 5       | 64                        | 35                           |
| 6       | 61                        | 39                           |
| 7       | 63                        | 28                           |
| 8       | 78                        | 42                           |
| 9       | 60                        | 34                           |
| N-9     | 615                       | 324                          |

The Differentiation scores were arrived at by summing up all the scores awarded each differentiation variable by the respondent. The maximum score each respondent would score was 80 (that is, sixteen (16) differentiation variables multiplied by highest rating score (very

important). On the other hand, competitive scores were arrived at by summing all the scores given to each differentiation variable against each measure of competitive advantage. The highest achievement score a firm could score was fifty (50) (that is, the highest rating score of “very high” multiplied by ten and ten (10) measures of competitive advantage).

Computation of a regression equation of differentiation (x) scores and achievements of competitive advantage (Y) scores presented in table 4.3 yielded an intercept (constant) of 12:25, a slope (beta coefficient) of 0.35 and a correlation coefficient of 0.52 which is statistically significant at 0.14 (appendix 4). The results are not statistically significant at a higher level than this mainly because of the sample size (n=9). It is therefore plausible to conclude that there is significant relationship between adoption of differentiation and achievement of competitive advantage.

#### 4.4 The relationship between Organizational Demographics and adoption differentiation.

This section presents regression results of organizational demographics defined in terms of size, age and types of customers and differentiation.

**Table 4.4-Relationship between organizational demographics and differentiation**

| Organizational Demographics           | Intercept (constant)<br>“a” | Beta coefficient<br>“b” (slope) | Correlation<br>Coefficient | Level of<br>significance |
|---------------------------------------|-----------------------------|---------------------------------|----------------------------|--------------------------|
| Size : Sales Turnover (x1)            | 67.7                        | 0.001                           | 0.04                       | 0.92                     |
| Age: Years of Operations (x2)         | 67.5                        | 0.039                           | 0.09                       | 0.81                     |
| Type of Customer : Wholesaler<br>(x3) | 68.6                        | -0.006                          | 0.02                       | 0.96                     |
| Type of Customer : Retailer (x4)      | 66.3                        | 0.111                           | 0.33                       | 0.39                     |
| Type of Customer :- Farmer (x5)       | 70.1                        | -0.050                          | 0.20                       | 0.61                     |



The Size of the organization was measured in terms sales turnover in Kenya Shillings per annum, age in years of operation and types of customer in percentage of what each organization sells to each type of customer. A series of simple regression equations for demographics and differentiation scores were then computed and summarized as shown in table 4.4 and appendix. Given the law of correlation's coefficients ( $r^2$ ) and the low level of statistical significance of the beta coefficients (none of the beta is significant at  $\alpha=0.05$ ) these do not seem to be appreciable linear relationships between the demographics and differentiation. However, it is possible for other types of relationships to exist. Moreover, the smallness of the sample ( $n=9$ ) might also explain the statistically non-significant result. This is therefore a fertile field of future research. In terms of absolute research magnitudes of the beta coefficients (slope) the retailer type of customer  $b=0.111$  has the highest contribution to differentiation followed by farmer and age of the firm ( $b=0.04$ ).

#### **4.5. The relationship between organizational demographics and competitive Advantage.**

The author further sought to determine whether the organizational demographics have any influence on the achievement of competitive advantage. Once again a series of regression equations were computed and the relevant results are determined in table 4.5 and Appendix 6.

**Table 4.5-Relationship between organizational demographics and competitive advantage.**

| Organizational Demographics           | Intercept<br>"a" | Beta coefficient<br>"b" | Correlation<br>coefficient | Level of<br>confidence |
|---------------------------------------|------------------|-------------------------|----------------------------|------------------------|
| Size : Sales Turnover (x1)            | 36.6             | -9.89                   | 0.06                       | 0.89                   |
| Age : Years of Operations (x2)        | 35.2             | 0.03                    | 0.13                       | 0.74                   |
| Type of Customer : Wholesaler<br>(x3) | 36.5             | -0.011                  | 0.011                      | 0.88                   |
| Type of Customer : Retailer (x4)      | 35.7             | 0.014                   | 0.06                       | 0.87                   |
| Type of Customer : Farmer (x5)        | 35.9             | 0.002                   | 0.012                      | 0.98                   |

The results, as presented in any table 4.5, are not statistically significant at the  $\alpha = 0.05$  level. The reasons are likely to be the same as those cited in case demographics differentiation.

In terms of the magnitudes of the beta coefficients in "absolute" terms of size of the organization has the pretest impact followed by age or years of operation.

In addition multiple regression for the organizational demographics and each of the two variables, (achievement of competitive advantage and differentiation) was performed using the SPSS Statistical package. The relevant results are presented in appendix 7. The results show the multiple correlation coefficient (multiple r) is 0.62,  $f=0.37$  and is significant at  $\alpha=0.87$  to determine the nature and degree of association between the two variables.

(Appendix 7)

The analysis also reveals that there is a relationship between organizational demographics and achievement of competitive advantage. (Appendix 8). The results reveal a multiple correlation coefficient of 0.59  $F=0.32$  and the result is significant at  $\alpha=0.87$

Overall then the research findings have revealed that there are organizational variables that are more important in contributing to the achievement of competitive advantage than others contribute.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND IMPLICATIONS.**

#### **5.1 Summary**

The three objectives of the study were to assess the nature and extent to which Kenyan firms in the fertilizer industry have adopted differentiation of market offerings strategy; to determine the degree to which adoption of differentiation strategy contributes to the achievement of competitive advantage; and to determine the relationship between organizational demographics and application of differentiation strategy.

To satisfy these objectives, pertinent data were collected from nine (9) out of ten (10) commercial importers of chemical fertilizers. A questionnaire based on the literature and prior knowledge of the industry together with discussions with key players was used as the instrument of data collection.

The data on the nature and extent of adoption of various differentiation variables by the responding organizations was analyzed by computing relevant descriptive statistics. Simple and multiple regression analyses were used to compute the relationships between differentiation variables and achievement of competitive advantage and that of the demographic variables and their relationships with the adoption of differentiation strategies.

#### **5.2 Conclusions and Managerial Implications**

From the research findings as presented in chapter 4, several conclusions may be drawn. These are discussed in the light of the objectives of the study.

### 5.2.1 Adoption of differentiation strategies.

In general, the study revealed that Kenyan firms in the fertilizer industry have adopted the strategy of differentiating their market offerings. This is evidenced by the revelation that there is an 87% adoption of the different differentiation variables.

According to the study, price as differentiation variable, emerges as the most important. Other variables, which include credit terms, product quality, delivery services, timeliness of product import, packaging, discounts and efficiency of contact personnel were also ranked as "very important". The other variables were ranked as "somewhat important"; only labeling, delivery points and blending being ranked as "neither important nor unimportant".

The implication here is that the organizations in the business of commercially importing and marketing chemical fertilizers are concentrating their efforts in several differentiation variables.

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The firms should however, concentrate on a combination of a few of the variables that are very important in the industry and which cannot easily be copied by the competitors. This would be in line with the relevant literature. If this is accomplished it may in turn result in enhanced customer retention levels, higher customer loyalty, premium prices, and eventually greater market share and overall profitability.

### **5.2.2 Contribution of differentiation strategy to achievement of competitive advantage**

The study reveals that various differentiation variables adopted in the fertilizer industry have a positive relationship with the achievement of competitive advantage. However the variables studied indicated a variation in the degree of relationship.

This means that firms in the fertilizer industry need to identify the variables that have potentially higher influence on achievement of competitive advantage. Firms that adopt this approach, stand a higher chance of achieving a lasting competitive advantage.

### **5.2.3 Relationship between Organizational Demographics and Adoption of Differentiation**

In general the results of this study indicate that there is very little relationship between the organization demographics and the adoption of differentiation strategy. However the firms need to put more emphasis on their types of customers because the study revealed among the demographics studied, only retailer (type of customer variable) have a relatively significant relationship with differentiation strategy. This means that types of customers a firm services respond more to the differentiation strategy than do other demographic variables.

#### **5.2.4 Relationship between Organizational demographics and Achievement of Competitive Advantage.**

Finally, the study revealed that the size of the organization has no influence on achieving competitive advantage. However, the type of customer an organization serves has a relative significance in contributing to the achievement of competitive advantage.

This means that firms should be keener on their types of customers in order to enhance their achievement of competitive advantage.

#### **5.3 Limitations of the study**

(a) Conceptually, the respondents had appeared to have a problem understanding some concepts in the measurement of differentiation and achievement of competitive advantage. The researcher, however, did his best to explain the concepts during the personal interviews. The data collected were therefore accurate enough for the purpose of the study.

(b) A methodological limitation related to the size of the study population. Computation of more accurate regression equations demands more points than were available in the current study. However, since the sample size was 10 or 70% of the entire population the estimated values were expected to be reasonably accurate.

(c) The final limitation arose as a result of over half of the study companies refusing to respond to some questions. This was most common with variables pertaining to the size of the organization. The responding firms readily gave their sales turnover figures but refused to divulge information on the other measures of organization size. This did not, however, affect the overall quality of the study.

#### **5.4 Suggestions for further research.**

A study should be undertaken in other industries in the country where there are more players and higher competition. A more encompassing study, which collects data from both marketers and consumers (farmers), should also be conducted to facilitate comparisons of perceptions of the two groups of industry stakeholders. Finally, longitudinal and more controlled studies (field experiments) should be conducted with a view to establishing “a true” effect of differentiation strategies and competitive advantage.



**APPENDIX 1**

**UNIVERSITY OF NAIROBI**

**FACULTY OF COMMERCE**

28<sup>th</sup> September, 1999

**KIBIRU CHARLES REUBENSON**

Dear Sir or madam

This is to certify that Mr. Kibiru is a graduate student in the Faculty of Commerce, University of Nairobi.

He is currently carrying out a Management Project Research entitled "**Achieving Competitive Advantage through Differentiation of Market Offerings: The case of Chemical Fertilizer importing Companies in Kenya**". This is in partial fulfillment of the requirements for the degree of Master of Business and Administration. (MBA)

I kindly request you to give him any assistance that he may require during the conduct of the Research Project.

Please feel free to contact me if you need further information.

Yours faithfully,

*SIGNED*

Francis N. Kibera. Ph.D.

Principal, CHSS

And

Professor of Marketing

## APPENDIX 2

### THE STUDY QUESTIONNAIRE.

The questions in this questionnaire are intended to elicit data to enable the researcher determine the nature and extent of adoption of differentiation of market offerings in the fertilizer industry and the degree to which differentiation contributes to achievement of competitive advantage

The questionnaire has three sections. Please answer all the questions appropriately.

The researcher, the supervisor and the university undertake to ensure strict confidence for all the information that you provide.

#### SECTION 1

##### Company Data

1. Name of the Company \_\_\_\_\_
2. Headquarters of the organization..... Town
3. Year of establishment.....
4. How long has your Company been in fertilizer business in Kenya.....year
5. Type of ownership of the organization  
Foreign ( ) Local ( )  
Joint ( foreign and local)
6. Legal status of the organization.....
7. What is the relative size of your organization in terms of the following
  - i) Capital employed \_\_\_\_\_
  - ii) Asset Value \_\_\_\_\_
  - iii) Sales turn over \_\_\_\_\_

8. Does your organization market other products besides fertilizer? Yes ( ) no ( )

9. Do you have a marketing department?

Yes ( )

No ( )

10 Who makes the following marketing decisions ?

- a) Type of product(s) to be imported.....
- b) Quantities to be imported.....
- c) Supplier(s) selection.....
- d) Price to charge.....
- e) Discounts to give.....
- F) Credit terms.....
- g) When to promote.....
- h) Promotion mode(s) to use.....
- i) Frequency of promotion.....
- j) Type of distribution.....
- K) No of distribution channels.....
- i) Marketing research.....

11. How much fertilizer in metric tonnes does your company import per year?..... metric tonnes

12. What percentage of the above tonnage are you normally able to sell per year?.....%

13. Designation of the respondent.....

**SECTION II**

1. To what extent do the following attributes influence your customers' buying behaviour?

|                    | Very Unimportant | somewhat Unimportant | Indifferent (neutral) | Somewhat Important | Very Important |
|--------------------|------------------|----------------------|-----------------------|--------------------|----------------|
|                    | VU=1             | SU=2                 | I=3                   | S1=4               | V=5            |
| Product quality    | ( )              | ( )                  | ( )                   | ( )                | ( )            |
| Packaging          | ( )              | ( )                  | ( )                   | ( )                | ( )            |
| Labeling           | ( )              | ( )                  | ( )                   | ( )                | ( )            |
| Colour             | ( )              | ( )                  | ( )                   | ( )                | ( )            |
| Blending           | ( )              | ( )                  | ( )                   | ( )                | ( )            |
| Prices             | ( )              | ( )                  | ( )                   | ( )                | ( )            |
| Discounts          | ( )              | ( )                  | ( )                   | ( )                | ( )            |
| Credit terms       | ( )              | ( )                  | ( )                   | ( )                | ( )            |
| Provision of usage |                  |                      |                       |                    |                |
| Information        | ( )              | ( )                  | ( )                   | ( )                | ( )            |
| Seller's knowledge |                  |                      |                       |                    |                |
| of the products    | ( )              | ( )                  | ( )                   | ( )                | ( )            |
| Delivery service   | ( )              | ( )                  | ( )                   | ( )                | ( )            |
| Delivery points    | ( )              | ( )                  | ( )                   | ( )                | ( )            |
| Timeliness of      |                  |                      |                       |                    |                |
| product import     | ( )              | ( )                  | ( )                   | ( )                | ( )            |
| Speed of order     |                  |                      |                       |                    |                |

Processing ( ) ( ) ( ) ( ) ( )

Image of the

Company ( ) ( ) ( ) ( ) ( )

Efficiency of

contact personnel( ) ( ) ( ) ( ) ( )

Product trademark( ) ( ) ( ) ( ) ( )

Other attributes(specify

.....( ) ( ) ( ) ( ) ( )

.....( ) ( ) ( ) ( ) ( )

.....( ) ( ) ( ) ( ) ( )

.....( ) ( ) ( ) ( ) ( )

2. For whom do you import your fertilizer.

a) Horticultural farmers ( ) b) Tea farmers ( )

c) Maize farmers ( ) d) Sugar cane farmer( )

e) Coffee farmers ( ) f)all the above ( )

g) No specific customer ( )

i)Other please (specify).....

3. a)How many types of fertilizer products do you offer in the market? \_\_\_\_\_

b)List their names.....

4. Briefly explain what determines the number and quantity of the fertilizer types that you offer to the market.

a)Number.....

b)Quantity in metric tonnes.....

5. indicate the percentage of fertilizer purchased by the following:

(a)wholesalers.....% (b)Stockiest/retailers.....% (c)direct consumers(farmers).....%

6. Please tick against the following to indicate the means you use to communicate to your customers about your products:

(a)Advertisement ( ) (b)sales promotion ( ) (C)Publicity/public relations ( )  
(d)personal selling ( )

e)Other (please specify).....

7.How long does it take your organization to sell the imported fertilizer?

a).Below 1 month.....b)1-2 Months.....  
c)3-4 months .....d)over 4 months.....

### SECTION III

1. How would you rate the achievement of each of the following as a result of marketing strategies. Enter an appropriate score in each of the cells.

(5=very high, 4=moderately high, 3=indifferent(neutral), 2=moderately low, 1=low)

| Achievement of:<br>Strategies:   | Buyer<br>Loyalt<br>y | Premium<br>prices | Increased<br>sales | Bigger<br>market<br>share | Increased<br>profits | Reduced<br>costs | Increased<br>customer<br>satisfaction | Continued<br>existence | Repeat<br>purchase | Personnel<br>morale |
|----------------------------------|----------------------|-------------------|--------------------|---------------------------|----------------------|------------------|---------------------------------------|------------------------|--------------------|---------------------|
| Product quality                  |                      |                   |                    |                           |                      |                  |                                       |                        |                    |                     |
| Packaging                        |                      |                   |                    |                           |                      |                  |                                       |                        |                    |                     |
| Labeling                         |                      |                   |                    |                           |                      |                  |                                       |                        |                    |                     |
| Colour                           |                      |                   |                    |                           |                      |                  |                                       |                        |                    |                     |
| Blending                         |                      |                   |                    |                           |                      |                  |                                       |                        |                    |                     |
| Prices                           |                      |                   |                    |                           |                      |                  |                                       |                        |                    |                     |
| Discounts                        |                      |                   |                    |                           |                      |                  |                                       |                        |                    |                     |
| Credit terms                     |                      |                   |                    |                           |                      |                  |                                       |                        |                    |                     |
| Provision of<br>information      |                      |                   |                    |                           |                      |                  |                                       |                        |                    |                     |
| Knowledge of<br>Products         |                      |                   |                    |                           |                      |                  |                                       |                        |                    |                     |
| Delivery services                |                      |                   |                    |                           |                      |                  |                                       |                        |                    |                     |
| Timeliness of product<br>support |                      |                   |                    |                           |                      |                  |                                       |                        |                    |                     |
| Speed of order<br>Processing     |                      |                   |                    |                           |                      |                  |                                       |                        |                    |                     |

|                         |  |  |  |  |  |  |  |  |  |  |
|-------------------------|--|--|--|--|--|--|--|--|--|--|
| Efficiency of           |  |  |  |  |  |  |  |  |  |  |
| Contact personnel       |  |  |  |  |  |  |  |  |  |  |
| Image of the<br>company |  |  |  |  |  |  |  |  |  |  |
| Product                 |  |  |  |  |  |  |  |  |  |  |
| Trademark               |  |  |  |  |  |  |  |  |  |  |

2. What problems/challenges does your organization encounter in marketing its

Products?

- a).....
- b).....
- c).....
- d).....
- e).....

3. How does your organization counter each of the problems listed in Q.2 above?

- a).....
- b).....
- c).....
- d).....
- e).....



\* \* \* \* M U L T I P L E R E G R E S S I O N \* \* \* \*

Listwise Deletion of Missing Data

Equation Number 1      Dependent Variable..    Y2    Achievement scores

Block Number 1.    Method: Enter            X5

Variable(s) Entered on Step Number  
 1..    X5            Farmer

Multiple R                    .01178  
 R Square                      .00014  
 Adjusted R Square          -.14270  
 Standard Error              4.50365

Analysis of Variance

|            | DF | Sum of Squares | Mean Square |
|------------|----|----------------|-------------|
| Regression | 1  | .01972         | .01972      |
| Residual   | 7  | 141.98028      | 20.28290    |

F = .00097                    Signif F = .9760

----- Variables in the Equation -----

| Variable   | B         | SE B     | Beta    | T      | Sig T |
|------------|-----------|----------|---------|--------|-------|
| X5         | .001972   | .063236  | .011783 | .031   | .9760 |
| (Constant) | 35.929901 | 2.703507 |         | 13.290 | .0000 |

End Block Number 1    All requested variables entered.

# APPENDIX 7

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\* \* \* \* MULTIPLE REGRESSION \* \* \* \*

Listwise Deletion of Missing Data

Equation Number 1      Dependent Variable..      Y1      Differentiation scores

Block Number 1.      Method: Enter  
X1            X2            X3            X4            X5

Variable(s) Entered on Step Number

|     |    |           |
|-----|----|-----------|
| 1.. | X5 | Farmer    |
| 2.. | X4 | retail    |
| 3.. | X2 | Age       |
| 4.. | X1 | Size      |
| 5.. | X3 | Wholesale |

|                   |         |
|-------------------|---------|
| Multiple R        | .61874  |
| R Square          | .38284  |
| Adjusted R Square | -.64577 |
| Standard Error    | 8.21440 |

Analysis of Variance

|            | DF | Sum of Squares | Mean Square |
|------------|----|----------------|-------------|
| Regression | 5  | 125.57081      | 25.11416    |
| Residual   | 3  | 202.42919      | 67.47640    |

F = .37219      Signif F = .8428

----- Variables in the Equation -----

| Variable   | B           | SE B       | Beta      | T     | Sig T |
|------------|-------------|------------|-----------|-------|-------|
| X1         | .031508     | .086568    | 1.174245  | .364  | .7400 |
| X2         | .302737     | .662503    | .727475   | .457  | .6788 |
| X3         | 5.129104    | 7.771423   | 16.446090 | .660  | .5564 |
| X4         | 4.827471    | 6.974450   | 14.230009 | .692  | .5386 |
| X5         | 5.250122    | 8.213577   | 20.645795 | .639  | .5682 |
| (Constant) | -465.190439 | 834.538110 |           | -.557 | .6161 |

End Block Number 1      All requested variables entered.

## APPENDIX 8

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\* \* \* \* MULTIPLE REGRESSION \* \* \* \*

Listwise Deletion of Missing Data

Equation Number 1      Dependent Variable..      Y2 Achievement scores

Block Number 1.      Method: Enter  
X1                    X2                    X3                    X4                    X5

Variable(s) Entered on Step Number

|     |    |           |
|-----|----|-----------|
| 1.. | X5 | Farmer    |
| 2.. | X4 | retail    |
| 3.. | X2 | Age       |
| 4.. | X1 | Size      |
| 5.. | X3 | Wholesale |

|                   |         |
|-------------------|---------|
| Multiple R        | .59099  |
| R Square          | .34926  |
| Adjusted R Square | -.73529 |
| Standard Error    | 5.54991 |

Analysis of Variance

|            | DF | Sum of Squares | Mean Square |
|------------|----|----------------|-------------|
| Regression | 5  | 49.59560       | 9.91912     |
| Residual   | 3  | 92.40440       | 30.80147    |

F =                    .32203                    Signif F =                    .8729

----- Variables in the Equation -----

| Variable   | B           | SE B       | Beta      | T      | Sig T |
|------------|-------------|------------|-----------|--------|-------|
| X1         | .059531     | .058488    | 3.371834  | 1.018  | .3837 |
| X2         | .539479     | .447608    | 1.970246  | 1.205  | .3145 |
| X3         | 5.953449    | 5.250617   | 29.012325 | 1.134  | .3393 |
| X4         | 5.392038    | 4.712157   | 24.156343 | 1.144  | .3355 |
| X5         | 6.323514    | 5.549349   | 37.793184 | 1.140  | .3372 |
| (Constant) | -604.835978 | 563.840061 |           | -1.073 | .3620 |

End Block Number 1      All requested variables entered.

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