

**THE EXTENT TO WHICH VALUE PROPOSITIONS  
INFLUENCE CHOICE OF TEA BRANDS IN NAIROBI**

By

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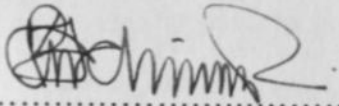
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## DECLARATION

This Management Research Project is my own original work and has not been presented for award of a degree in any university.

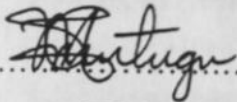


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This Management Research Project has been submitted for examination with my approval as the university supervisor.



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—J.M. GICHURU, JULY 2006

## DEDICATION

To my wife, Faith, and Children, Yvonne and George:

“Everything I do, I do it for you”—Brain Adams

## LIST OF ABBREVIATIONS AND ACRONYMS

BMF	—	Broken Mixed Fanning (a secondary grade of black CTC tea)
BPI	—	Broken Pekoe 1 (a primary grade of black CTC tea)
CTC	—	Cut Tear and Curl (a method of black tea manufacture common in Kenya)
D	—	Dust (a secondary grade of black CTC tea)
D1	—	Dust 1 (a primary grade of black CTC tea)
F1	—	Fanning 1 (a secondary grade of black CTC tea)
FAO	—	Food and Agriculture Organisation
FDS	—	Factory door sales
FMCG	—	Fast Moving Consumer Goods
GOK	—	Government of Kenya
ITC	—	International Tea Committee
KEBS	—	Kenya Bureau of Standards
KETEPA	—	Kenya Tea Packers Ltd
KII	—	Key Informant Interview
KTDA	—	Kenya Tea development Agency Limited
MBA	—	Master of Business Administration
PD	—	Pekoe Dust (a primary grade of black CTC tea)
PFI	—	Pekoe Fanning 1 (a primary grade of black CTC tea)
SBO	—	Strategic Business Options (now renamed SBO Research)
SPSS	—	Statistical Package for Social Scientists
TBK	—	Tea Board of Kenya
VAT	—	Value Added Tax

## EXECUTIVE SUMMARY

**Introduction:** This research paper investigated the extent to which value propositions—the summation of the brand’s functional, emotional and self-expressive benefits that bring value to the customer—affect tea brand choices. The paper sought to resolve tea brand managers’ dilemma: whether or not tea by any other name tastes the same. As tea brand marketers continuously search for unique identities for their teas, their marketing strategy increasingly becomes fixated on price—the first sign of a brand sliding into a faceless commodity. For tea brand managers, the search for differentiation becomes somewhat of a “holy grail,” as consumers fail to distinguish in their minds one tea brand from another.

The study examined one way of achieving differentiation of tea brands: value proposition. It is based on the premise that brand-building initiatives produce distinct identity for tea brand rather than tea product. Hence, the association that a consumer makes with the brand—if directly linked to actual product differences—provides a compelling reason to buy and build loyalty. This way, consumers get attracted to the branded product rather than another unbranded, factory-door version or own-label tea alternatives. In view of that, brand identity provides additional cues to drive purchase decisions.

**Methodology:** 118 households in Nairobi’s Golf Course area were randomly sampled to examine choice of tea brands in the Kenyan market. Homemakers were asked to evaluate how they perceived benefits their favourite brands offered. Flagship brands—each from tea packing firms that sold more than 100,000 kilogrammes in 2005—were presented to respondents. Using importance of benefits sought scales, respondents were asked to select their favourite brands, indicating how important or unimportant to them features/benefits in the brand’s value proposition were. Likert-type scales were used to measure brand attitude and satisfaction indices.

**Results:** Of the three value proposition mix elements, functional attributes of tea brands were found to drive most purchase decisions (71.8%). Emotional (57.3%) and self-expressive (51.3%) features were to a lesser extent important. On the correlation between the elements of value proposition mix, Spearman’s rho showed a low, but significant correlation between functional and emotional benefits ( $\rho=0.266$ ,  $P<0.05$ ). A higher correlation ( $\rho=0.340$ ) was apparent between functional and self-expressive benefits. Emotional and self-expressive benefits were equally significantly correlated ( $\rho=0.336$ ).

Theoretical and Practical Implications: Clearly, tea buyers consider product functionality (does the product do what I need it to do?) first before thinking about its emotional appeal (does it appeal to me emotionally) and then differentiation (how is its different from other products I could substitute it for). By optimally combining functional, emotional and self-expressive attributes that resonate well with a given target market, tea firms should discover unique value package that drives the tea consumer, and realise more value from their promotion budgets and, in the long-term, succeed in building market share locally and regionally.

Limitations: The study conclusions are based on sample drawn from an urban income segment, and therefore cannot be generalised nationally. However, it provides a basis for a more generalisable national study, to inform promotional decisions in the tea industry and government policy on tea value-addition. The findings should also spur further academic research on whether or not tea by any other name tastes the same.



## CHAPTER 1: INTRODUCTION

### 1.1 Background

Tea is the most drank beverage worldwide after tap water. According to the International Tea Committee's (ITC's) Annual Bulletin of Statistics 2005, 3.1 billion kilogrammes of tea was consumed worldwide. In some markets such as United States, Japan and Europe ready-to-drink tea segment was challenging sports and energy drink segments, with iced tea being the fastest growing drink sector in Europe (Wu and Wu, 1997). In the fast-changing beverage market place, tea is ideally positioned to capitalise on the emerging healthy beverage trends to capture its share of the global market. To achieve this, tea suppliers must invest more in product development and consumer research ("listen, talk and commit to action") into customers needs to survive (Morrison, 2005<sup>1</sup>).

As if in anticipation of these changes more than a decade ago, the Government of Kenya (GOK) stripped the Kenya Tea Packers (KETEPA) of local tea market monopoly and decontrolled prices for most fast moving consumer goods (FMCG), including tea (Koech, 1998; GOK, 1999). As a corollary to these changes, 20 new packers entered the local tea market. Most of the new entrants, including the consumer goods product giant, Unilever (then trading as Brooke Bond Kenya), came into the market with functionally similar tea products. One company, Melvin Marsh International, introduced some innovation in form of spiced tea blends. Contrary to the policy makers' expectations, the new players and the additional tea brands failed to spur growth in the local market for tea. Between 1992 and 2002, the Food and Agriculture Organisation (FAO) estimated that demand for tea in the Kenyan market declined by nearly 20% (FAO, 2004). Over the same period, the Economic Recovery Plan (2003) noted that the traditional exports of tea and coffee faced declining real world prices, which were compounded by low value addition.

Concerned about the stagnation in local tea consumption, the Tea Board of Kenya (hereafter referred to as TBK) initiated a generic promotion campaign for tea in October 2002, to educate the public on the health benefits of drinking tea. This followed widely publicised research findings that tea contained specific anti-oxidants that lowered consumers' risk of heart disease, stroke and certain types of cancer (Weisburger, 2001; Langley-Evans, 2001). The global tea industry was excited about the conclusions, viewing the research claims as an additional functional benefit and a potent discriminator versus other beverages (Morrison, 2005). Seven months into the campaign, TBK contracted SBO Research to study the local

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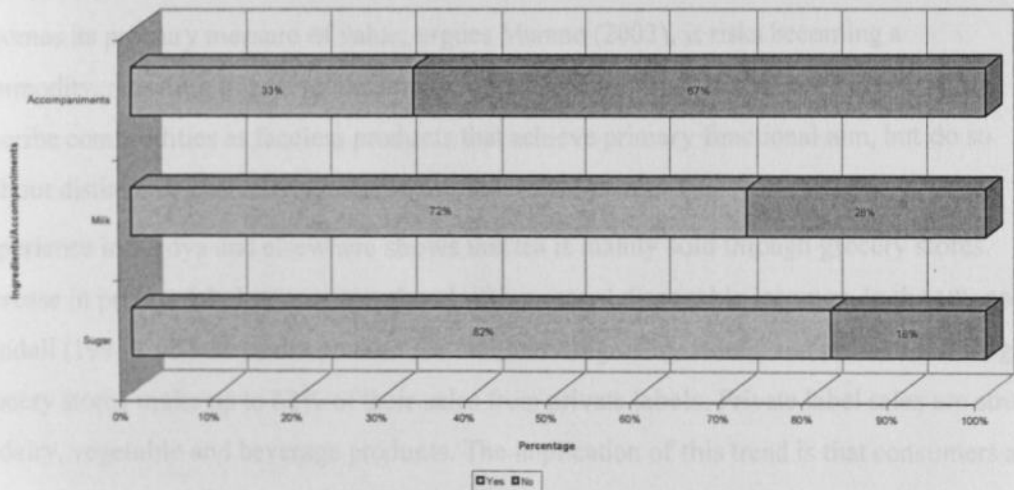
<sup>1</sup> A.D. Morrison is chairman of Lipton Ltd

market seeking, among other things, to gain management understanding of tea consumption habits and establish awareness levels of the generic campaign.

The study concluded that tea enjoyed an overwhelming preference versus other beverages, commanding over 90% preference across social classes and gender in both the rural and urban areas (TBK/SBO, 2003). However, the high preference for tea did not translate into higher tea consumption. Consumption of tea increased from 12,628,238 kilogrammes to 12,651,134 kilogrammes between 2002 and 2003 or just above 23,000 kilogrammes (TBK, 2005).

The reasons advanced for the apparent contradiction ranged from negative attitude of consumers towards tea to cost/price and cumbersomeness of tea making process. Consumers viewed tea as traditional, non-inspirational drink for the old, rural women. In addition, negative attitudes were extended to tea brewed without such ingredients as milk and sugar, and tea's "unsatisfying" nature when taken without accompaniments. Before brewing tea, one required other ingredients, thus increasing its costs and inconveniencing users, compared to competing beverages such as soda, porridge, milk and fruit juices (TBK/SBO, 2003).

**Fig 1.1: Whether Lack of Ingredients/Accompaniments Reduces Tea Consumption**



Source: TBK/SBO, 2003: 32

Given the above situation where 88% of Kenyans take tea with milk, it is apparent that income is a strong factor of demand as evidenced by more people (87%—89%) in middle and upper classes who use tea with milk compared to 72% of people in social class E. This fact

alone poses a challenge for tea packers to develop strong brands whose value propositions shift focus from price to other benefits in consumer decision making process.

Considering the fact that among the breakfast items, only tea attracts value added tax (VAT), the need for a strong value proposition for tea as a category in general and individual brands in particular cannot be more urgent. Sugar and milk are zero-rated for VAT as they are considered basic food items (Ernst & Young, 2005). Additionally, ingredients used in tea making are more of "coopetitors" than competitors to tea (TBK/SBO, 2003). According to Nalebuff and Brandenburger (1996) a coopetitor is a firm or brand that provides complementary rather than competing products and services.

The increasing pace of commoditisation of most grocery store items should concern many a tea brand manager. According to TBK/SBO findings, the major outlets for tea were shops (63%), supermarkets (22%) and kiosks (15%). However, according to tea brand managers, 50% of their brands find outlet in supermarkets in Nairobi and other urban centres.

Emergence of powerful retailers with private labels that appeal to consumers on price, gives more impetus to build strong brands that can deliver real differentiated consumer benefits and command sustained sales in face of private label price competition and in economic downturns (Randall, 1998; Bowman, 1998; Sokoni, October 2002). When a brand's price becomes its primary measure of value, argues Murane (2002), it risks becoming a commodity, resulting in general decline in margins. Barnise, Dunham and Ritson (2001) describe commodities as faceless products that achieve primary functional aim, but do so without distinctive characteristics or identifiable differences.

Experience in Kenya and elsewhere shows that tea is mainly sold through grocery stores. Increase in private label sales is correlated with personal disposable incomes. In the UK, notes Randall (1998), private labels account for one-third of grocery stores, and that the five largest grocery stores make up to 62% of their sales from private labels. Private label sales are strong in dairy, vegetable and beverage products. The implication of this trend is that consumers are more selective, and for less important products, consumers feel top-of-the-range is unnecessary and that good is good enough (Walker, 1999). The Marketing Society of Kenya predicts that by 2012, the trend of own-brand being adopted by retailers would reduce power of international brands such that half of goods sold in retail outlets would be own-label (Sokoni, October 2002).

In the light of the emerging retailer strength, dwindling disposable incomes and higher share-of-voice of competitors in the beverage market, there is real risk that if tea packers fail to

deliver real differentiated consumer benefits, private labels will eventually take over the market, and push national tea brands to the periphery. Commoditisation of tea as a category would be entrenched, robbing tea brand makers of the beverages market which has been on a sustained siege from other cold and hot drinks since the late 1960s (Ball and Agarwala, 1969).

The key to countering threat of commoditisation and hence realising the objective the government policy of generating higher levels of value-added tea products and provide a platform of aggressive marketing within the regional trading blocs is to build strong tea brands (Bowman, 1998; GOK, 1999; Nganga, 2000; GOK, 2003).

A popular form of value-addition is branding of tea, as brands provide basis of differentiation to consumers who more often than not find it difficult to discover large differences between competing products (Le Claire, 1982). Brands are not evaluated independent of price, and consumers tend to shun seemingly over-priced brands (Kotler, 2000). The goal of brand identity creation and management is to shift consumer focus from price to benefits. Benefits in a value proposition, therefore, provide basis for brand-customer relationship (Aaker, 1996).

In the beverages category, tea has some of the strongest functional benefits: it is a natural drink—perhaps its strongest discriminator versus other beverages—and contains health promoting properties (Weisburger, 2001; TBK/SBO, 2003). From manufactures' perspective, tea quality is measured on the basis of liquor, aroma/flavour and leaf appearance (Mukhweso, 2003). Consumers perceive quality differences on product attributes of taste pungency, strength, freshness, colour and packaging (Wu and Wu, 1997; FAO, 2004).

Although functional or product-related benefits are useful in building brands, they fail to differentiate a product and reduce the scope of brand expansion when considered on their own (Aaker, 1996).

## **1.2 Kenyan Tea Market**

### **1.2.1 Evolution of Kenyan Tea Brands**

The development of the tea packing sub-sector of the tea industry was predicated on import sub-substitution policies pursued by the colonial government. The continuation of the policy into the early 1970s saw establishment of a pool delivery system meant to supply local needs for tea. However, the pool delivery system caused tea shortages in the local market between 1973 and 1977 (Koech, 1998). Consequently, the government decreed formation of a locally-



owned entity to pack exclusively for the local market. This is how KETEPA came into being in 1978 as a private company owned jointly by smallholder farmers through KTDA (66%) and large tea plantations (34%). KETEPA's market monopoly coincided with the company's rapid growth era that lasted between 1978 and 1992, a period that also coincided with price control regime for many FMCGs, including tea.

In 1992, however, KETEPA lost market monopoly following an amendment to the Tea Regulations (Koech, 1998). During the same year, price controls, which had existed since 1973, were abolished opening the local market to fierce price competition. However, increase in number of market players and price decontrol failed to spur growth 10 years later (Nganga, 2000). Instead, tea consumption plummeted by 20% during the 1992—2002, while sales as a proportion of total trade declined by 5% during the same period (FAO, 2004). By 2005, more than 200 firms had been registered at TBK as tea packers, but only six firms turn over more than 100,000 kilogrammes of tea each year (TBK, 2005).

A characteristic peculiar to the Kenyan tea market is that bigger brands are either fully or partially owned by major producers. For example, KETEPA is owned jointly by KTDA and large-scale tea companies in the ratio of 66% to 34% respectively (Koech, 1998); Unilever Tea (K) Ltd, the largest estate company in the country, owns the Home Cup brand.

### 1.2.2 Tea Market Situation

At the East African Tea Trade Association-managed international tea centre in Mombasa, there are three types of markets namely bazaars, blenders and packers (Mukhweso, 2003). In the bazaar market dominated by Pakistani middlemen, tea is sold by factory name or garden mark, for example, Kiegoi, Chebut, et cetera. Blenders buy more than one grade (*see* Appendix 4) and mix them to suit the tastes of the consumers of the target destination, for example, the Sudan. Packers market is dominated by big international brands such as Lipton who buy on behalf of their off-shore principles for packing for consumer markets.

The local consumer tea market is supplied from two sources: (i) firms that sell branded products such as KETEPA (Fahari), Unilever (Home Cup), Gold Crown Beverages (Baraka Chai) and Melvin Marsh International (Melvin's Ginger Tea), among others; and (ii) the unbranded teas sold through factory door sales (FDS). Persons not in any way linked to tea producers own the smaller firms. They purchase tea from producers either directly or through the Mombasa auction as blenders.



**Table 1.1: Factory Door Sales and Free Issues Vs Branded Sales (2001—2005)**

YEAR	FACTORY DOOR SALES (FDS) & FREE ISSUES (KG)	BRANDED TEA SALES (KG)	TOTAL LOCAL TEA SALES (KG)	FDS AS %AGE OF TOTAL SALES
2001	4,594,273	7,868,058	12,462,331	36.9%
2002	3,433,285	9,145,035	12,578,320	27.3%
2003	3,924,955	8,766,046	12,691,001	30.9%
2004	4,034,910	9,698,413	13,733,323	29.4%
2005	4,271,377	7,172,435	14,054,995	30.4%

Source: Tea Board of Kenya

In spite of owning tea packing firms, producers compete with their subsidiaries by selling tea in unbranded FDS. In 2005, FDS accounted for 30% of the tea sales in Kenya (Table 1.1). The size of market share of unbranded teas points to the indiscriminating nature of consumers and hence an opportunity for creating differentiating value for customer through brand-building efforts.

**Table 1.2: Major Brand Makers Comparative Sales (2001—2005)**

BRAND MAKER	SALES (000 KG)				
	2001	2002	2003	2004	2005
KETEPA LTD	7,360.0	7,903.8	7,487.3	8,569.8	8,762.7
Factory Door Sales	4,594.3	3,433.3	3,924.9	4,034.9	4,271.4
Unilever Tea (K) Ltd	382.1	556.2	569.7	392.1	276.2
Gold Crown Beverages	0.0	65.5	226.5	159.2	224.9
Melvin Marsh Int. Ltd	0.0	35.6	50.0	102.2	149.6
Tamu Tamu	54.6	82.5	72.5	70.1	97.2
Trade Circles Ltd	0.0	61.9	78.8	195.7	80.2
Others	71.2	439.5	281.3	209.3	192.8
Total	12,462.2	12,578.3	12,691.0	13,733.3	14,055.0

Source: Tea Board of Kenya

Table 1.2 shows sales (in kilogrammes) by brand makers over a five-year period to 2005. Firms with a history of tea packing (for example, KETEPA) and those with functionally differentiated brands (Melvin's innovation in spiced teas) show sustained sales growth and strong market command compared with their competitors. Further, in 2005, KETEPA had virtual command of the local market, taking 89.6% of the branded tea sales. Apparently, the firm's next biggest challenger is not brand competition—which is insignificant at 10.4%—but the unbranded FDS teas. This shows scope for tea brands to grow without necessarily eating into each other's market share, but the 30.4% share currently held by FDS. KETEPA's

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Fahari brand accounted for 90% of the company's sales in 2005<sup>2</sup>. Therefore, this study used tea brands that are blended the same way as KETEPA's Fahari brand and whose owners had annual sales turnover of at least 100,000 kilogrammes in 2005 (Table 1.2), as the frame of reference for evaluating how value propositions influence tea brand choice in the local market.

### 1.2.3 Tea Brands Competition

Through direct observation and key informant interviews (KII) with brand managers, this researcher's preliminary evaluation of leading tea brands in Nairobi's major retail outlets revealed that most tea packers had undifferentiating value propositions within the tea's competitive set, and a weak value proposition compared to other beverages category.

Fahari tea commands a market share of over 70% and is the most popular brand of loose (as opposed to tea bags) tea in Kenya. This brand is also popular within the East African Community and the horn of Africa. Fahari is a blend of grades of BP1, PF1 and fannings. Like its competitors, Fahari is a selection of fairly medium-sized granules of tea and a small quantity of selected fibrous tea. The alternatives to this brand are blended, packed and presented the same way<sup>3</sup>. These include Baraka Chai (Gold Crown), Home Cup (Unilever), Tamu Tamu (Tamu Tamu), All Time Tea (Trade Circles), and Melvin's Tangawizi (Melvin Marsh International).

Just like its equivalents, Fahari's product attributes/features include distinct aroma, satisfying taste and colour and its unique refreshing quality. The brand retails in packets of 500g, 250g, 100g, 50g, 25g, 15g and 5g. To beat counterfeiters, Fahari introduced a package with greaseproof liner. Fahari has a ginger-flavoured sub-brand available in 250g and 100g sizes, ostensibly meant to counter Melvin's Ginger. KETEPA claims "when you serve Fahari, you are serving more than refreshment", the brand's emotional positioning. However, like its competitors, the proposition does not suggest any self-expressive benefits.

Further, all tea brand makers appear to focus on product-related brand characteristics such as product scope, class or category, package, price and attributes or features, a common pitfall for brand managers cited by Aaker (1996). Strong value proposition for a tea brand could deliver tangible results such as increased revenues; faster time to market; decreased marketing costs; improved operational efficiency and market share; decreased employee turnover; and improved customer retention levels (Konrath, 2005).

<sup>2</sup> Estimate given by Ketepa Ltd Brand Manager, Mumbi Mubari, a respondent in KII

<sup>3</sup> See Appendix 4: Types of Teas and Tea Grades

This paper examined concept of brand identity and related concepts of value proposition and brand-customer relationship generated by brand identity, as one way in which differentiation of tea brands could be achieved. Ind (2004) describes a brand as a badge of origin and a promise of performance. Keller (1998) argues that favourable associations with a brand occur when consumers believe that the brand possesses attributes that satisfy their need such that brand attitude is formed.

Unfortunately, even with all its strong functional benefits such as being authentic Kenyan beverage with health promoting properties, tea consumers still doubt that claim (TBK/SBO, 2003). This makes it hard for packers to differentiate tea brands on those functions since they would lead to doubtful positioning (Kotler, 2000). According to TBK/SBO (2003), respondents disagreed with statements linking tea to health (less than 25% agreed), but agreed strongly with attitude statements linking tea to economic well-being and tea being a refreshment (+80%). "Refreshes and stimulates" attitude statement scored the highest agreement at 91%. Unsurprisingly, the best-selling local tea brand, KETEPA's Fahari (Pride of Kenya) is positioned as "kiburidusho sahihi" or "authentic/real refreshment" (*The East African Standard*, 2003), having changed its previous positioning of "chai yetu" apparently because it had been copied by competing brands. However, the new positioning presents a problem in that it is already owned by a financially stronger global beverage brand, Coca Cola. Coca Cola is a competitor to KETEPA in both product class (beverages) and form as Kotler (2000) points out. To avoid over-reliance on product-related brand characteristics such as product scope, class or category, package, price and attributes or features, tea brand strategists should be encouraged to consider emotional and self-expressive benefits, organisational attributes, brand personality and brand symbolism, to create an enhanced, real differentiating value to customers (Aaker, 1996).

Tea packers' value propositions appear to be simple description of the offering's features, filled with self-aggrandising puffery. Most brands claimed to be quality Kenya tea packaged in yellow-and-green packets, and retailing at more or less the same price—all the product/functional features which, Aaker (1996) points out, fail to differentiate brands. Yet quality is determined by a customer based on the actual experience with the product, measured against his or her requirements and always representing a moving target in a competitive market (Aegeinbaum, 2000).

### **1.3 Statement of the Problem**

Researcher's preliminary evaluation of leading tea brands in major retail outlets in Nairobi revealed that local brands had undifferentiating value propositions within the tea's competitive set, and a weak value proposition compared to other beverages in the category (Lehmann and Winer, 1997). What passed off as value propositions were simple descriptions of the offerings' features. Yellow-and-green colours rule tea packets claiming to be *quality* Kenya tea and retail at more or less the same price, features that fail to differentiate tea brands (Aaker, 1996).

Since brands aid buyer decision-making tension, customers prefer popular brands they can trust to perform and contribute to their social standing (Rust, Zeithamal and Lemon, 2004). Accordingly, buyers consider functionality, emotional appeal and product differentiation. Strong brands provide positive reason for choice (Ind, 2004). Considering Kenya's global reputation for quality black teas, value propositions based on Kenyan heritage add little incentive for consumer loyalty to any one brand of local teas and over time sales fluctuations become inevitable characteristic in the tea market (TBK, 2005). How then can brand managers of local tea packing firms develop brands anchored on strong value propositions that differentiate their products for consumers to know key benefits they embody? This research project mainly sought management information to answer this question by determining the extent to which value propositions—the statement of functional, emotional and self-expressive benefits delivered by the brand that provide value to the customer—influence choice of tea brands among urban middle class tea consumers.

### **1.4 Objectives of the Study**

Among other objectives, the study sought to:

1. Establish the extent to which value propositions influence choice of tea brands.
2. Determine the correlation between the elements of value proposition mix.
3. Find out the optimal combination of elements that best delivers value sought by tea consumers.
4. Establish any significant differences between actual brand propositions and customers' perceived value proposition.

### **1.5 Importance of the Study**

Increasingly, most tea packers in Kenya use product-related brand benefits to anchor their brand identities. In terms of linking the brand to customer decision and use experience, such strategy is excellent. However, such brand strategy has inherent limitations that can be



overcome by expanding value propositions to include emotional and self-expressive benefits as well as enlarging identity to include organisational attributes, brand personalities and symbols (Aaker, 1996).

The findings of this study offer a basis for tea brand-building efforts in the Kenyan market as one way of slowing tea's declining per capita consumption, thereby helping stabilise local tea sales and boost incomes for stakeholders in the industry. Apparently, tea packers' failure to aggressively promote their own tea brands—both locally and internationally—is responsible for the current state of affairs (GOK, 1999). The study results provide the much needed empirical basis for effective promotion decisions, since strong brands are crucial to such decisions (Aaker and Joachimsthaler, 2000).

The study also provides insights into how tea brands in general and mass market-targeted tea brands (equivalents of KETEPA's Fahari brand) in particular are evaluated by a key income segment (C1s and C2s). It is anticipated that the study results have demonstrated how tea brand makers could leverage positive and negative evaluations in expanding their brand value propositions to include non-product related attributes and spread out such identities to include organisational, personality and symbolic associations. This way the firms would gain top-of-mind awareness, recognition, preference and loyalty all as well as enriched brand-customer associations that sustain sales during economic downturns, ward off own-label threat that currently engulfs the industry and command price premiums over competition (Srivastava and Thomas, 1998; Ind, 2004).

The findings of this research provide an empirical basis for management and academic researchers to conduct a nation-wide tea branding study and hence expand its scope for purposes of generalising the results.



## CHAPTER 2: LITERATURE REVIEW

### **2.1 Introduction**

This chapter discusses the concept of brand identity creation, examining in depth related concepts such as the value proposition, credibility and brand customer relationship generated by brand identity. Brand positioning strategies are also discussed. The argument advanced in this chapter is that to achieve maximum brand strength and differentiation, the scope of a brand identity should be broad rather than narrow and strategic rather than tactical (Aaker, 1996). Tea brand identity should help establish a relationship between the brand and the customer by generating a value proposition involving functional, emotional or self expressive benefits. An overview of competition in the local tea market is also reviewed to set stage for the research design.

### **2.2 Branding and Brand Identity**

Brand is a complex concept: Aaker (1991) focuses on brand as trade mark, arguing that brand is a unique name and/or symbol intended to identify goods of a seller from those of competitors. Kapferer (2004) emphasises what brand means to consumers, noting that a brand is not a product; it is the product essence, its meaning and its direction, and it defines its identity in time and space. King (1984) defines a product as something made in a factory, but a brand is what the consumer buys; a product can be copied; a brand is unique. A product can be outdated; and brand is timeless.

The product or service has to be outstanding, but it is creative design and well executed marketing that makes it live in the minds of customers as the first name they think of in a specific category. In a book summary an Ashridge book reviewer quotes Kotler and Keller (2006) describing a brand as:

A brand is a product or service that adds dimensions that differentiate it in some way from other products and services designed to meet the same need. These differences may be functional, rational or tangible, related to the product performance of the brand. They may also be more symbolic, emotional or intangible—related to what the brand represents... A brand is a perceptual entity that is rooted in reality, but reflects the perceptions and perhaps the idiosyncrasies of consumers (Kotler and Keller, 2006)

Strong brands create customer interest and loyalty by providing a value proposition and a basis for a relationship. To build such brands require a clear, effective specification of the brand identity and position. Roy (2005) emphasises centrality of positioning in defining branding, arguing that branding is less about building a house from scratch and more about finding a vacant room to occupy.

According to Aaker (1996):

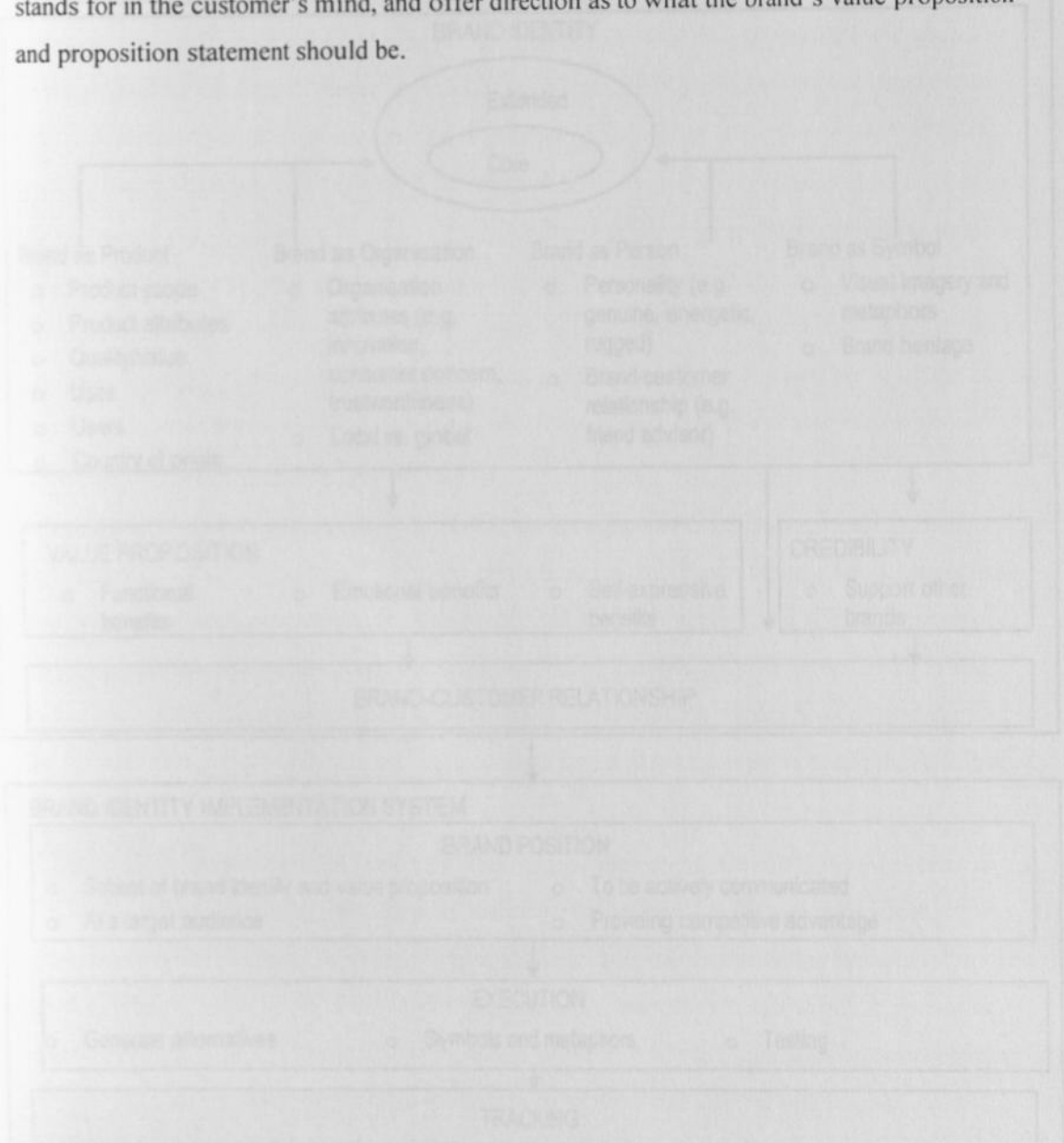
Brand identity is a unique set of brand associations the brand strategist seeks to create and maintain... to represent what the brand stands for and imply a promise to customers from the organisation members. (Aaker, 1996: 68)

A brand identity, therefore, helps to establish brand-customer relationship by creating value proposition involving functional, emotional or self-expressive benefits. Brand identity consist of twelve dimensions organised around four perspectives—brand-as-product; brand-as-organisation; brand-as-symbol; and brand-as-person (Aaker, 1996). Brand identity structure includes a core identity—the central, timeless essence of the brand that is likely to remain unchanged as the brand travels to new markets—while extended identity includes brand elements organised into cohesive and meaningful groupings that provide texture and completeness (Aaker, 1996).

Four common identity traps limit or result in ineffective or dysfunctional brand strategies (Aaker, 1996). Brand image (how customers perceive the brand) trap ensnares when development of a brand relies on background information, thus making the image the identity rather than just one input to be considered. Brand position (part of the identity and value proposition to be actively communicated) trap occurs when search for identity becomes search for position, which leads to an advertising tag rather than a brand identity. External perspective (aspect of brand that gets customers to buy the product) trap occurs when a firm fails to realise that brand identity helps the organisation understand its basic values and purpose. Product attribute fixation trap ensnares when brand management focuses solely on product attributes, leading to blunders and less than optimal strategies.

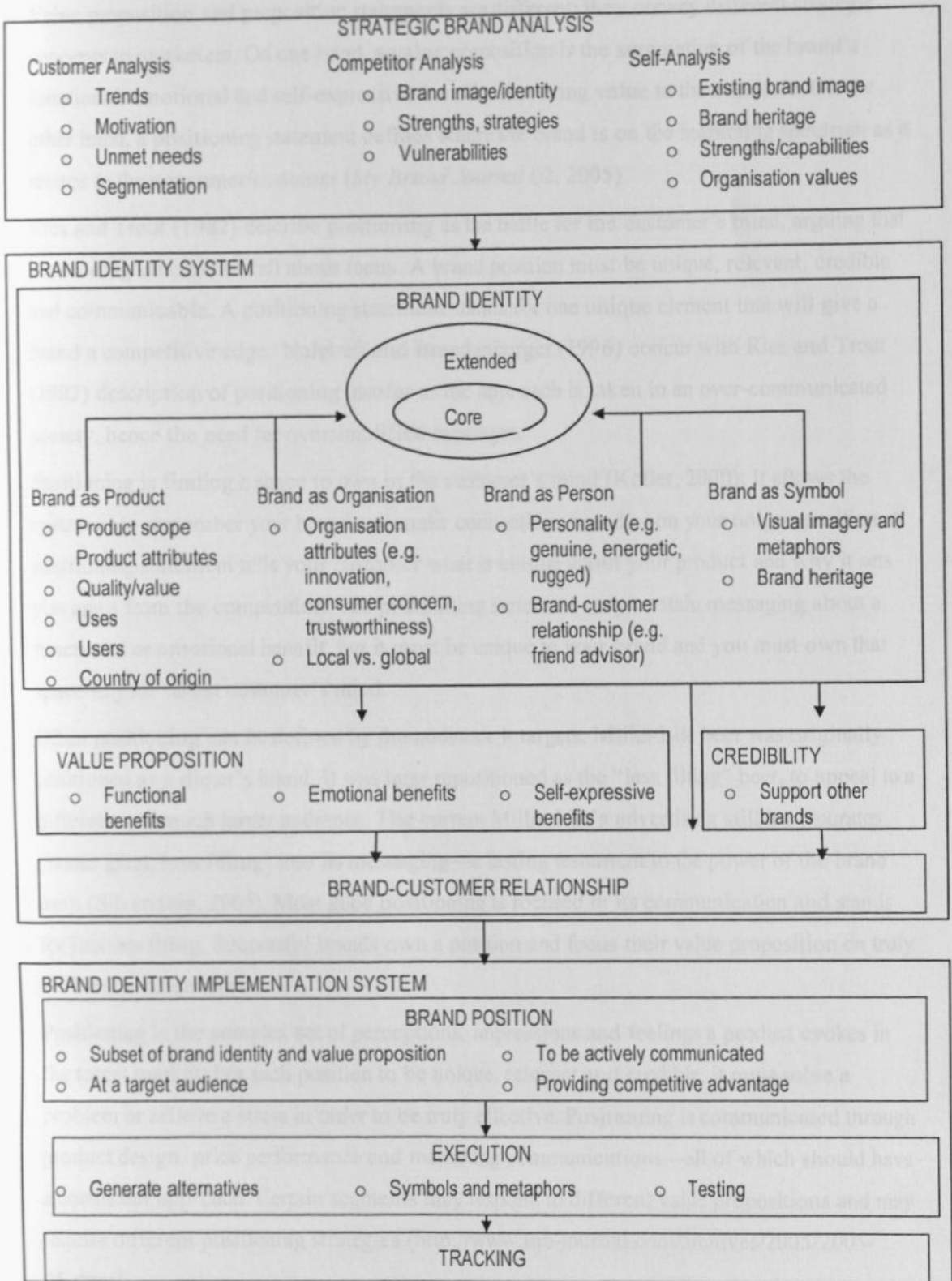
To break out of the brand-as-product box, brand managers must consider emotional and self-expressive as well as functional benefits (Aaker, 1996). Further, brand-as-person, -organisation and -symbol identity perspectives could also be considered when product perspectives per se fail to bring out the desired brand-customer relationship (Aaker and Joachimsthaler, 2000). Taking a different perspective helps the strategist consider diverse brand elements and patterns that can help clarify, enrich and differentiate an identity. A detailed identity structure guides implementation decisions. Just like a person's identity serves to provide direction, purpose and meaning for that person, a brand identity similarly provides direction, purpose and meaning for the brand (Aaker, 1996). Strong brands stand for something and provide a positive reason for choice (Ind, 2004).

Brand identity should help establish a relationship between the brand and the customer by generating a value proposition involving, functional, emotional or self-expressive benefits. To elaborate the definition of brand identity, Aaker (1996) provides a brand identity planning model reproduced below to illustrate the value of expanding the concept of a brand. Not every brand identity needs to employ all or even several of these perspectives; for some brands, only one will be viable and appropriate (Aaker, 1996). Each brand should, however, consider all of the perspectives and use those that are helpful in articulating what the brand stands for in the customer's mind, and offer direction as to what the brand's value proposition and proposition statement should be.



Source: Aaker, 1996: 79

**Fig 2.1: Brand Identity Planning Model**



Source: Aaker, 1996: 79

### 2.3 Value Proposition and Positioning Statements

Value proposition and positioning statements are different; they convey different strategic concepts to marketers. On one hand, a value proposition is the summation of the brand's functional, emotional and self-expressive benefits that bring value to the customer. On the other hand, a positioning statement defines where the brand is on the marketing spectrum as it relates to the consumer/customer (*My Brand Journal* Q2, 2005).

Ries and Trout (1982) describe positioning as the battle for the customer's mind, arguing that a positioning statement is all about focus. A brand position must be unique, relevant, credible and communicable. A positioning statement stands for one unique element that will give a brand a competitive edge. Nalebuff and Brandenburger (1996) concur with Ries and Trout (1982) description of positioning insofar as the approach is taken in an over-communicated society, hence the need for oversimplified messages.

Positioning is finding a space to own in the customer's mind (Kotler, 2000). It allows the customer to remember your brand and make connections based upon your unique position. A positioning statement tells your customer what is unique about your product and why it sets you apart from the competition. The positioning statement may contain messaging about a functional or emotional benefit, but it must be unique to your brand and you must own that space in your target customer's mind.

Often positioning can be defined by the audience it targets. Miller Lite beer was originally positioned as a dieter's brand. It was later repositioned as the "less filling" beer, to appeal to a different and much larger audience. The current Miller Lite's advertising still incorporates "tastes great, less filling" into its messaging—a lasting testament to the power of the brand truth (Silverstein, 2005). Most good positioning is focused in its communication and stands for just one thing. Successful brands own a position and focus their value proposition on truly differentiated benefits.

Positioning is the complex set of perceptions, impressions and feelings a product evokes in the target market. For such position to be unique, relevant and credible, it must solve a problem or relieve a stress in order to be truly effective. Positioning is communicated through product design, price performance and marketing communications—all of which should have a consistent approach. Certain segments may respond to different value propositions and may require different positioning strategies (<http://www.mb-journal.com/archives/2005/2005-05.shtml>).



## 2.4 Value Proposition Mix Elements

Due to resource limitations, firms must concentrate available resources on few things that they are good at (Kotler, 2000). Thus to help the customers choose a product, there is need to mention all the benefits and features that the brand provides. This set of benefits and features is referred to as the brand's total offering. The customer assesses his or her total costs of acquiring, using, storing and disposing of the product (Kotler, 2000). The seller's price is only one of the costs, with others being the effort, time and psychic costs. The customer then examines the difference of the total offering to the total cost for each competitive offering being considered. The customer chooses the supplier who appears to offer the most attractive total value proposition. Aaker (1996) asserts that brand identity needs to provide the customer with a value proposition, which he defines as:

A statement of the functional, emotional and self-expressive benefits delivered by the brand, that provides value to the customer. An effective value proposition should lead to a brand-customer relationship and drive purchase decisions. (Aaker, 1996: 95)

### 2.4.1 **Functional Benefits**

The most common form of a value proposition highlights the functional benefits of a brand that relate directly to the product. For example, functional benefits of an SUV are all-wheel drive, wheel clearance and off-road capabilities. Wu and Wu (1998) define functional requirements for tea as taste and good aroma; lifting spirits/refreshing; wholesome/good for health; thirst quenching; easy-to-buy; and low cost. Functional benefits are remarkable if one can dominate a category as the only brand offering them. However, they can also be quickly duplicated and are hard to differentiate a brand (Aaker, 1996; Stengel, 2005).

Functional benefits provide functional utility to the customer and relate directly to the functions performed by the product for the customer. Functional benefits, especially those based upon attributes, have direct link to the customer's buying decisions and use experiences. A brand that dominates a key functional benefit more often dominates a category, forcing competitors to position their brands along inferior dimensions (Aaker, 1996). The challenge is to select that functional benefit and communicate that capability to customers.

Functional benefits are often linked to such basic motivations as physiological and safety needs, and involve a desire to satisfy problem removal or avoidance (Keller, 1998).

However, functional benefits not only fail to differentiate a brand, they are easy to copy, assume consumer is a rational decision maker, and can reduce strategic flexibility and inhibit

brand extensions (Aaker, 1996). To overcome these limitations, Aaker suggests expanding the brand identity perspective beyond the product attribute to consider brand-as-organisation, -as-person and -as-symbol. Another way is to expand the value proposition to include emotional and self-expressive benefits over and above its functional benefits.

#### 2.4.2 Emotional Benefits

Emotional benefits are those feelings that a purchaser gets when they select or use a brand. For instance, the security or safety people feel in a Volvo, or perhaps the mental boost of drinking Boost during a sporting event, or purchasing Malta Guinness for a feel-good snack. Emotional benefits help bring depth to a product or service by letting the purchaser interact with the brand on more of a psychological level as opposed to the functional level (Keller, 1998; Stengel, 2005).

Aaker (1996) observes that when the purchase or use of a particular brand gives the customer a positive feeling, that brand is providing an emotional benefit. To discover what emotional benefits are or could be associated with a brand, the focus of research should be feelings (Aaker, 1996). As such there is need to ask how do customers feel when they are buying or using the brand? What feelings are engendered by the achievement of a functional benefit? More often than not functional benefits have a corresponding feeling or set of feelings.

Keller (1998) refers to emotional benefits as experiential benefits, arguing that these benefits relates to what it feels like to use the product and can correspond to both product-related attributes as well as non-product related attributes such as usage and imagery. Emotional benefits satisfy experiential needs such as sensory pleasure (sight, taste, sound, smell or feel), variety and cognitive stimulation.

To understand how feelings add meaning to a brand, Batra, Myers and Aaker (1996) state that advertisements evoke feelings that in turn shape consumers attitude towards a brand through a process called transformational advertising, a concept which is associated with Dr William Wells of DDB Needham. Transformational advertising associate feelings with brands or brand use such that the experience of using brands is transformed or changed into something else. Transformational advertising involves two types of associations: the association of certain feelings with use experience (for instance, Home Cup tea's homecoming party generates "homely" feelings) or type of user; and the association between the use experience or user—that now has those feelings "attached" to it—and the brand.

Proponents of the concept note that transformational advertising must make the product use experience richer, warmer and more exciting than that obtained from solely describing the brand in the ad. It also must connect the experience of the advertisement so tightly with experience that consumers cannot remember the brand without recalling the advertisement-generated experience (Batra, Myers, and Aaker, 1996). The association of feelings with use experience and/or brand may be created through a story vignettes, drama advertising techniques or specific kinds of music. Transformational advertising requires substantial media budget, maintenance of consistency over time and making a close connection between the brand and the ad.

However, the role of feelings in advertising is most important when consumers do not have—or do not care to have—deeply considered attitudes towards brands. According to Batra, Myers, and Aaker (1996), attitudes towards a brand have two components: an evaluative component that is influenced by beliefs about the brand, and brand specific “liking” that cannot be explained by knowledge about beliefs. The “liking” component is presumed to be based on the attitude towards the ad as well as by exposure effects. The relative importance of liking will be high when the amount of brand attributes information and associated processing efforts are low. This suggests that feelings are probably more important in shaping brand attitudes in low involvement situations that characterise tea buying decisions (Le Claire, 1982).

Batra, Myers and Aaker (1996) argue that ads evoked positive feelings reduce the total amount of thinking that consumers go through about the reasons stated in the ad why that brand is better. The authors further note that ads evoked feelings are most likely to be needed when consumers have a low level of intrinsic interest in the product category or brand, so that they are not forming a deeply considered attitude which usually happens in the mature stages of a product category’s life cycle. Aaker (1996) states that there can be a set of feelings and emotions attached to a brand personality, just as there are to a person, such that some brands can be aggressive and pushy, while others can be warm and empathetic. Such use of a brand can cause feelings and emotions to emerge. These feelings can also be a part of self-expression. A warm person will be most fulfilled when warm feelings occur. Similarly, an aggressive person will seek out contexts where aggression is accepted.

Emotional rewards are often at the heart of the motivation that builds the value of brand equity (Aaker, 1996). Emotions help give products meaning and increase product use

satisfaction while potentially enhancing product perceptions. The feelings associated with a brand and the emotions they evoke can become so strongly associated that they are accessible during product consumption or use. Truly strong brands combine both functional and emotional benefits, providing a more secure brand with a deeper relationship to the purchaser (Aaker, 1996).

### 2.4.3 Self-Expressive Benefits

Self-expressive benefits are those that convey “I am what I purchase” sort of attitude, echoing the work of early 20<sup>th</sup> century US economist Thorstein Veblen who argued that all purchases beyond the basics serve as markers of social status (*BusinessWeek Online* February 7, 2005). Mercedes comes to mind when thinking about brands that convey self-expressive benefits. Upscale brands may convey success, financial power or exclusivity, but not all brands that confer self-expressive benefits are upscale.

By providing a way for a person to communicate his or her self-image, argues Aaker (1996), a brand can effectively provide self-expressive benefits. Each person has multiple roles, and for each role, the person will have an associated self-concept and a need to express it. Accordingly, one way to fulfil this need for self-expression is the purchase and use of brands. When a brand provides a self-expressive benefit, the connection between the brand and the customer is likely to be heightened.

Emotional benefits and self-expressive benefits can be very similar and the relationship between them close (Aaker, 1996). However, most self-expressive benefits centre on the self and “aspirational” feelings (Stengel, 2005). It is helpful to consider self-expressive benefits separately by focusing on: self rather than feelings; public settings and products (for instance, wine and cars) rather than private ones (such as books and TV shows); aspirations and the future rather than memories of the past; the permanent (something linked to the person’s personality) rather than transitory; the act of using the product (wearing a cooking apron confirms oneself as a gourmet cook) rather than a consequence of using the product (feeling proud and satisfied because of the appearance of a well appointed meal).

Keller (1998) refers to the self-expressive benefits as symbolic benefits, arguing that they are more extrinsic advantages of product consumption and which usually correspond to non-product related attributes, especially user imagery. Symbolic benefits relate to underlying



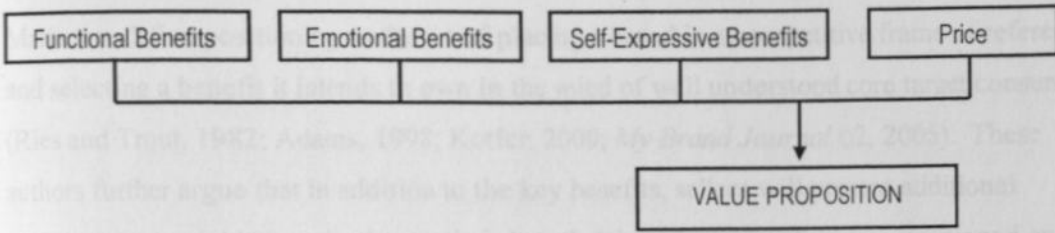
needs for social approval or personal expression and outer directed self-esteem. Thus consumers may value the prestige, exclusivity or “fashionability” of a brand because of how it relates to their self-concept (Keller, 1998). Symbolic benefits should be especially relevant for socially visible, “badge” products. A badge product is one which consumers believe its usage signals or conveys some information about them to others. According to Aaker and Joachimsthaler (2000), while functional benefits represent “what the brand is” emotional and self-expressive benefits represent “what the brand does.”

#### 2.4.4 The Role of Price

A brand’s price is related to the benefits that the brand provides. A high price relative to the benefits undercuts the product’s value proposition, as brands are not evaluated independent of price (Kotler, 2000). A brand that customers see as being overpriced will not be rewarded even when it offers clear and meaningful benefits (Aaker, 1996). Price, however, is a complex construct: a higher price can reduce the value proposition yet, at the same time, it can signal higher quality if consumers take it as true (Aaker, 1996). In a brand identity system, price can define the competitive set, which is whether the brand is upscale, middle market or downscale (Aaker, 1996). Within the competitive set, a high relative price signals a higher quality/premium position; and a lower relative price signals lower quality/low value position. The question then becomes which—between benefits and price—drives value proposition.

Since price is perceived to be high relative to benefits, (Aaker, 1996), the aim of brand identity and management in value proposition is to shift focus from price to benefits. To ensure that price is evaluated within a competitive set and avoid customers feeling cheated, state explicitly a brand’s superior or comparable benefits and its low price. Batra, Myer and Aaker (1996) state that heavy users of brand want to obtain good value in all their purchases and tend to be attracted to whatever brand is on sale. The benefit-price relationship below is adopted from Aaker’s (1996) value proposition model.

**Fig 2.2: The Value Proposition**



*Source: Aaker, 1996: 102*

### **2.5 Value Proposition and Customer-Brand Relationship**

Brand-customer relationship can be based on a value proposition or the relationship may need to emanate from the expanded brand identity, especially when the value proposition does not effectively capture the relationship (Aaker, 1996; Aaker and Joachimsthaler, 2000). Brand-customer relationship emerges when the brand is considered as an organisation or as a person rather than as a product. For example, organisation associations such as concern for consumers or environment might translate into liking that forms the basis of relationship.

Relationship can be built on a host of feelings (admiration, friendship, fun-loving or communal feelings) that the value proposition cannot accurately conceptualise (Aaker, 1996; Batra, Myer and Aaker, 1996).

In some cases brand identity can be universal, for example British Airways' "world favourite airline", to the extent that it can be used across markets, generating economies of scale and eliminating inconsistencies that are costly or even fatal to brands (Aaker, 1996). However, when multiple identities need to be adopted across markets—for example, retail and wholesale or consumer and industrial—the goal of brand identity must possess common set of associations, some of which can be the core identity.

To avoid inconsistency, Aaker (1996) advises that non-overlapping associations should remain the same across markets, but emphasis should be laid on different elements in each market. For example, in one market brand personality is forefront, but in another product attributes take centre stage.

## 2.6 Positioning Strategies

Marketers define positioning as the art of placing a brand in a competitive frame of reference and selecting a benefit it intends to own in the mind of well understood core target consumer (Ries and Trout, 1982; Adams, 1998; Kotler, 2000; *My Brand Journal* Q2, 2005). These authors further argue that in addition to the key benefits, sellers will present additional reasons to potential buyers to choose their brand. A brand is not only single positioned on one central attribute or benefit, but carries fuller positioning. The full positioning of the brand is called the brand's value proposition (Kotler, 2000).

Batra, Myers and Aaker (1996) posit that the key idea in positioning strategy is that the consumer must have a clear idea of what your brand stands for in the product category, and that a brand cannot be sharply and distinctly positioned if it tries to be everything to everyone. Superior brand positioning is achieved mostly through a brand's marketing communications, although its distribution, pricing, packaging and actual product features also play important roles. Ries and Trout (1982) observe that positioning is not what you do to the product, but what you do to the consumer's mind through various communications. Many products in the market, for instance, have identical formula, but are promoted for different purposes, using different names, packaging, product forms and advertising. The authors further argue that a positioning strategy is vital to provide focus to the development of an advertising campaign.

### 2.6.1 Approaches to Positioning Strategy

There are seven distinguishable approaches to positioning strategy as indicated by various authors (Ries and Trout, 1982; Kotler, 2000):

(a) By product characteristics or customer benefits: Perhaps the most-used positioning strategy, a product promises a benefit which it associates an object with a product characteristic or customer benefit (Batra, Myers and Aaker, 1996).

(b) By price and quality: The price/quality issue is so important that it needs to be considered in any positioning decision (Batra, Myers and Aaker, 1996; Schiffman and Kanuk, 2004). This is because in many product categories, brands exist that deliberately attempt to offer more in terms of service, features or performance. Manufacturers of such

brands charge more partly to cover higher costs and help communicate the fact that they are of higher quality.

(c) By use or application: Kotler (2000) argues that the product is positioned as the best in a certain application. Batra, Myers and Aaker (1996) observe that a positioning-by-use strategy represents a second or third position for the brand, a position that deliberately attempts to expand the brand's market.

(d) By product user: The product is positioned in terms of a target user group (Kotler, 2000). For example, many cosmetic companies use a fashion models or celebrities to position their products (Batra, Myers and Aaker, 1996). It is expected that the model or celebrity will influence the products image by reflecting characteristics and image of the model or celebrity communicated as product user.

(e) By cultural symbols: Batra, Myers and Aaker (1996) note that advertisers use deeply entrenched cultural symbols to differentiate their brand from competitors. The essential task is to identify something that is very meaningful to people that competitors are not using and associate the brand with that symbol.

(f) By product class: Some products need to make critical positioning decisions that involve product-class associations (Batra, Myers and Aaker, 1996). For example, some margarines position themselves with respect to butter.

(g) By competitor: In most positioning strategies, an explicit or implicit frame of reference is one or more competitors (Batra, Myers and Aaker, 1996). It is useful to consider positioning with respect to a competitor for two reasons: first, the competitor may have a firm, well-crystallised image developed over many years. As such, the competitor's image is used as a bridge to help communicate another image referenced to it; second, sometimes it is not important how good customers think you are; it is just important that they believe you are better than a given competitor.

## 2.6.2 Selection of Positioning Strategy

The identification and selection of a positioning strategy can be difficult and complex (Batra, Myers and Aaker, 1996). However, it becomes more manageable if marketing research is used to decompose the process into six logical steps.



(a) Identify competitors: In most cases, there will be a primary group of competitors and one or more secondary competitors (Batra, Myers and Aaker, 1996; Lehmann and Winer, 1997). It will be useful to identify both categories. One approach is to determine from buyers of a product which other products they considered and another approach is to develop association of products with use situations. So, a sample of tea buyers might be asked what other brands they might have bought instead or what brand would have been purchased had Fahari been out of stock. The resulting analysis would thus identify the primary and secondary groups of competitive products.

(b) Determine how competitors are perceived and evaluated: Batra, Myers and Aaker (1996) state that it is necessary to choose an appropriate set of product attributes for the comparison with competitors. The term attributes includes not only product characteristics and customer benefits but product associations such as product uses or product users. The task is to identify potentially relevant attributes, to remove redundancies from the list and then to select those that are most useful and relevant in describing brand images.

(c) Determine competitor position: The focus is how competitors are positioned with respect to the relevant attributes; that is the customer's image of the various competitors. We are also interested in how they are positioned with respect to each other. Which competitors are perceived as similar and which as different? Batra, Myers and Aaker (1996) observe that it is possible to use research to help answer such questions empirically with multi-dimensional scaling which can be based upon either attribute data or non-attribute data.

(d) Analyse the customers: The ultimate positioning decision specifies where in the perceptual map the brand should be positioned (Batra, Myers and Aaker, 1996). Thus the task is usually to identify segments or clusters of customers based on their preferred locations in the perceptual maps.

(e) Make the positioning decision: Although it is impossible to generate solution to all positioning questions, Batra, Myers and Aaker, (1996) offer some guidelines or checkpoints, including an economic analysis particularly to establish the potential market size and penetrability as well as segmentation commitment. Positioning usually implies a segmentation commitment (Batra, Myers and Aaker, 1996), since the effect of generating a distinct, meaningful position means focusing on the target segments and ignoring the reaction of others.

In the case of KETEPA's Fahari, attempt to reach all segments of the users might require to deliberately generate a diffuse image, or an image that will mean different things to different people. Although such an approach is risky and difficult to implement, Fahari's large market share warrants taking the risk. Other considerations are sticking with the advertising if it is working; desisting from trying to be something you are not; and considering a symbol or set of symbols that can have strong associations that should be considered when making positioning decisions.

(f) Monitor the position: To evaluate the advertising and generate diagnostic information about future advertising strategies, it is necessary to monitor the position over time. Batra, Myers and Aaker (1996) assert that positioning objective should be operational in that it should be measurable. A variety of techniques including showing test ads to one group of consumers, but not to another, and then comparing differences in their positioning maps, is one of the techniques to be used in monitoring.

## **2.7 Value Proposition and Tea Marketing**

The situation in Kenya's tea market vindicates Aaker's (1996) statement that all product classes are struggling to find points of distinction in the face of deteriorating market contexts. Increasingly, customers are focusing on price in an era of mounting retailer influence. Price emphasis is further encouraged by aggressive or desperate competitors and defensive players unwilling to cede market positions (Bowman, 1998). Product innovations, like Melvin's Ginger tea, are quickly copied or attract only small niches. How then can tea brands differentiate themselves to maintain advantage?

Today's smart marketers do not sell products; they sell benefit packages (Kotler, 2000). Over and above selling purchase value, marketers sell use value in three ways: (i) charging a lower price; (ii) helping customer reduce other costs; and (iii) adding benefits that make the offer more attractive. Of particular importance is beating the competition through offering more benefits to the customer.

Value-adding companies figure out a stronger value offering or benefit bundle to win buyers' preference (Kotler, 2000). Such companies can offer customising; convenience; faster, more and/or better service; coaching, training or consulting; an extra-ordinary guarantee; and a membership benefits programme. In tea marketing, each brand could, however, consider all the brand identity perspectives and use those that are helpful in articulating what the brand stands for in the customer's mind.

### 2.7.1 Brand-as-Product

Product-related association attributes directly relate to the purchase or use of a product and can provide functional benefits and, sometimes, emotional benefits for customers (Aaker, 1996). A product-related attribute could create a value proposition by offering something extra (like features or services) or by offering something better. Thus Fahari can offer something better in terms of more convenience (tea bags, instant, or ready-to-drink) or something extra by offering free delivery services to distributors for orders exceeding a certain value. Melvin's Ginger tea can position their brands by a type of user. For example, Melvin's Ginger tea can claim to be the tea for urbane, successful homemakers who value consistent high quality, refreshing tea. A strong user position can imply a value proposition and a brand personality (Aaker, 1996).

### 2.7.2 Brand-as-Organisation

Organisational attributes can contribute to a value proposition by providing functional benefits (Aaker, 1996). KETEPA, with a heritage of product-quality culture, could provide value in form of higher delivered quality and a guarantee against unpleasant use experience. The KETEPA's acquisition of Kenya Bureau of Standards (KEBS) "Diamond Mark of Quality" (*Daily Nation*, October 26, 2005: pp 30) could be used to demonstrate the company's concern for customers and reassure customers that the product will be supported. Likewise, Melvin Marsh International could leverage first-mover advantages as an innovative company for pioneering in spiced teas in the Kenyan market.

Organisational associations can also stimulate emotional benefits (Aaker, 1996). For example, feelings of respect, pride and admiration are connected to an organisation because of its programmes and values. In the US market, tea consumers demand chemical and pesticide-free teas and take pride in buying organically produced teas (Wu and Wu, 1997). Besides KETEPA could involve itself in women's self-help programmes, which can help stimulate feelings of affection and respect. Organisational associations may also provide self-expressive benefits. For example, sponsoring sport events such as Kenya women's volleyball team could link Fahari and by extension KETEPA and reinforce—perhaps through a purchase—one's concept of loving volleyball. Organisational attributes are more enduring and more resistant to competitive claims than are product attributes (Aaker, 1996).

### 2.7.3 Brand-as-Person: Brand Personality

A brand personality creates a stronger brand by helping create a self-expressive benefit that becomes a vehicle for the customer to express his or her own personality (Aaker, 1996). For example, a Melvin's Ginger consumer might identify herself as innovative, creative, genuine, energetic and fun-loving personality of the brand. Besides, a brand personality may help communicate a product attribute and thus contribute to a functional benefit. For example, the energiser bunny is an upbeat, full-of-energy personality, just as the battery it symbolises; and Michelin's rubbery man is a strong, firmly-in-control personality, suggesting that Michelin tyres are strong and safe.

There can be a set of feelings and emotions attached to a brand personality just as there is to a person (Aaker, 1996). Thus some brands are aggressive and pushy, while others are warm and compassionate. Tea brands lend themselves to the latter kind of personality. Such use of a brand can cause feelings and emotions to emerge. Lucozade was effectively been communicated as compassionate drink through a radio programme called 'Ugua Pole na Lucozade'.

### 2.7.4 Brand-as-Symbol

Aaker (1996) highlights three types of symbols: visual imagery, metaphors and the brand heritage, noting that symbols are more meaningful if they involve a metaphor or a symbol characteristic representing a functional, emotional or self-expressive benefit. KETEPA uses cup imagery while Melvin's has chef's symbol, perhaps to signify expertise.

## 2.8 The Information Gap to Fill

While the subjects of brands, brand identity and value propositions as well as tea industry in general have attracted attention of a number of management students in Kenya, no research interest has been focused on effectiveness of value proposition in influencing choice of tea brands locally. Kwena (2002) documented the impact of branding on consumer choice in new sugar brands. Githinji (2003) studied retailer brands and channel conflict in supermarkets, while Mburu (2003) studied effectiveness of Kenya Breweries in leveraging brand strategies. Obongo (2003) researched on the impact of corporate brand identity on product perceptions in selected health institutions. On the tea industry in general, studies have largely focused on management strategy (Karugo, 2003; Bett, 2003) and international trade, specifically on pricing of tea at the Mombasa auction (Mukhweso, 2003).



Brand value proposition has attracted interest of two management students. Nguruna (2002) examined the extent to which value propositions influence choice of horse feed brands. The other study on the topic was Musembi's (2003) survey of the responsiveness of customers to value proposition in influencing purchase behaviour of selected tyre brands.

Therefore, this study sought management information to assist tea brand managers to develop brands anchored on strong value propositions that differentiate their products for consumers to know key benefits they embody (Kotler, 2000). Specifically, the study investigated the extent to which brand's value proposition influence brand choices, seeking to establish any significant differences between actual brand propositions and customers' perceived value proposition. The researcher believes the area has not been studied.

### 3.2 Sample Design

This was primarily a descriptive survey to investigate the extent to which value propositions influence choice of selected local tea brands. The brands were assumed to be functionally equivalent to the popular KEPEPA Fabari brand<sup>1</sup>. The primary data was obtained from a random sample comprising a statistically significant portion of the target population.

A simple random sampling method was used to identify households in Golf Course area of Nairobi<sup>2</sup> from which study elements or respondents to be interviewed were identified. Households in the area are numbered from plot number 1 to 1,215. A Stat Trek's Random Number Generator<sup>3</sup>, which uses a statistical algorithm to produce random numbers, was used to pick 112 households (9%) desired for the study from the target population's 1,215 households (9%). A sampling error of 0.1 at 90% confidence level was allowed as expected

<sup>1</sup> Refer to Section 1.2.3 Tea Brands Comparison  
<sup>2</sup> See Appendix 4 Sampling Techniques  
<sup>3</sup> <http://www.statstrek.com/Tools/Random.aspx>

**3.1 Target Population**

Tea is mainly consumed indoors. Homemakers in both rural and urban Kenya make tea-buying decisions (TBK/SBO, 2003). Ideally, a study of this nature should target homemakers throughout Kenya. However, a national study was impossible to undertake due to limitation of time, financial resources and considerations of convenient to sample (Aaker and Day, 1990; Cooper and Schindler, 2003). Rural homemakers' geographical dispersion precluded them from the study, given the enormous amounts of time, human and financial resources required to reach them. Therefore, the research was reduced to a descriptive survey of homemakers in Nairobi's lower-middle income estates—the C1s and C2s—as defined by the UK socio-economic classification scheme (Hooley, Saunders and Piercy, 2004).

Income segmentation was used because it strongly indicates ability (or inability) to pay for a product (Schiffman and Kanuk, 2004). Additionally, income, terminal education, age and social class are easy to measure and can be directly related back to media usage, the single most important vehicle in brand-building initiatives. Socio-economic classes tend to have similar consumption habits of fast-moving consumer goods (FMCG), and tea consumption was expected to be no different. Additionally, Fahari brand—the researcher's preliminary surrogate for other similarly blended tea brands—recorded stable sales in those social classes in urban centres. The brand contributed about 70% of KETEPA's sales revenue (KETEPA Annual Report and Accounts, 2004/05).

**3.2 Sample Design**

This was primarily a descriptive survey to investigate the extent to which value propositions influence choice of selected local tea brands. The brands were assumed to be functionally equivalent to the popular KETEPA Fahari brand<sup>4</sup>. The primary data was obtained from a random sample comprising a statistically significant portion of the target population.

A simple random sampling method was used to identify households in Golf Course area of Nairobi<sup>5</sup> from which study elements or respondents to be interviewed were identified. Households in the area are numbered from plot number 1 to 1,215. A Stat Trek's Random Number Generator<sup>6</sup>, which uses a statistical algorithm to produce random numbers, was used to pick 118 households (=n) desired for the study from the target population's 1,215 households (=N). A sampling error of 0.1 at 90% confidence level was allowed at expected

<sup>4</sup> Refer to Section 1.2.3: Tea Brands Competition

<sup>5</sup> See Appendix 4: Sampling Techniques

<sup>6</sup> Source: <http://stattrek.com/Tables/Random.aspx>

population variance of 0.04 and standard deviation of 0.2 (Sekaran, 1984; Lucey, 1996; Cooper and Schindler, (2003).

The sampling frame comprised households in Ngummo, Golf Course I, Golf Course II, Magiwa and High View estates delineated by Urban Planning Department of the Ministry of Housing as Nairobi Block 32. The estates corresponded to researcher's description of the C1 and C2 social classes. These were the social classes where brand managers contended that their brands recorded stable and/or growing sales. The respondents were homemakers and/or any other persons within the sampled household who make tea-buying decision.

### **3.3 Data Collection Methods**

Preliminary investigations to uncover the research problem used both secondary and primary sources to obtain data. While direct observation method in major retail outlets was used to evaluate brands, key Informant Interviews were conducted with brand managers of KETEPA, Melvin's International and the economist at the Tea Board of Kenya to assess the level of brand competition in the tea market<sup>7</sup>.

A survey method of data collection using door-to-door personal interviews with homemakers identified randomly as explained in Section 3.2 above was applied to obtain primary data from the field. Because most survey methods mimic both brand usage and attitude studies (Broadbent, 2000), the data was collected face-to-face using a structured, pre-coded questionnaire. Non-tea users were excluded from the study and the cases replaced. Saturday mornings were chosen as the appropriate time of day to make interview calls to ensure working and non-working homemakers are home for interviews for maximum response and reduce need to replace respondents. However, in case of households where target respondents happen to be absent from home, questionnaires were left behind for later collection as self-administered questionnaires. Where possible, the researcher insisted on face-to-face interview to pick out descriptive information on feelings, beliefs and attitude associated with tea brand choices (Aaker and Day, 1990).

The data was collected on two Saturdays (July 8 and 15, 2006), using a sectionalised questionnaire combining nominal, rank and scale measurement questions shall be used for data collection. General background information of the respondents (demographics) was captured through nominal measures; information in rank order (for tea brand preference) and importance scales format (for benefits sought); brand attitudes (Likert-type scale) and usage satisfaction measures in tea brands.

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<sup>7</sup> See Kill Guide in Appendix 3.

The questionnaire had been pre-tested with small group of target respondents and gave an alpha greater than 0.75. This meant that when used repeatedly the questionnaire would produce similar results and, therefore, valid (Mugenda and Mugenda, 1999).

#### **3.4 Data Analysis**

The raw data obtained from the field using questionnaires was transformed into what Boyd, Westfall and Stasch (1999) call “needed information”, through a process involving data editing—to identify omissions, ambiguities and errors in responses—and adjusting for statistical compliance. Data was analysed using Statistical Package for Social Sciences (SPSS). Social demographic variables were coded into nominal and ordinal scales. Since tea usage, brand preferences, value proposition variables and brand satisfaction rank perceptions and values of the consumer were all in Likert-type questionnaires, they were coded into ordinal scales (See Appendix 2: Questionnaire Design).

The pre-coded data was analysed using descriptive statistics such as frequency distribution and percentages. Spearman’s rank correlation analysis (Spearman’s Rho) was used to determine the relationship between value proposition and choice of brand and also to determine the relationship between value proposition and brand satisfaction (<http://www.highbeam.com/library/doc0.asp>). Correlation coefficients between value proposition and brand satisfaction were tabulated in a matrix form and used to determine combination of elements that best delivered value sought by tea consumers. A case study of how Fahari brand was evaluated used to test whether there were any significant differences between actual brand proposition and customers’ perceived value proposition.

Data analysis results are presented in tables and graphs in Chapter 4.



### 3.5 Operational Definitions of Research Terms

GENERIC ATTRIBUTE	EXPANDED DEFINITION	RELEVANT ISSUES	RELEVANT QUESTION(S)
Tea usage	The history of tea drinking in the household and in what quantities	Whether or not tea is used; for how long tea has been used; use occasions; how much is consumed	1—4
Brand preference	Brand of tea preferred in rank order scale	Favourite brand used and second choice brand in preference order and so on; source of awareness also included	5—6
Value proposition mix elements	The 3 categories of benefits proffered in a value proposition	Functional, emotional and self-expressive benefits; price is considered a functional attribute	7—9
Brand attitude and satisfaction	Product attributes that indicate their relative feelings or evaluations for respondents and overall satisfaction	Key issues are the 4Ps, company reputation, trust and brand familiarity and value-for-money considerations	10—11
Optimal combination of value proposition mix elements	Combination of attributes from the 3 value proposition mix elements that are considered when evaluating preferred brand	Cross tabulation analysis of questions 9—10.	Data Analysis
Actual brand value proposition	Package of benefits as indicated in press ad of the brand and KII results with managers	Press ads and KII interview	Data Analysis
Customers' perceived value proposition	How respondents perceive their favourite brand's functional, emotional and self-expressive benefits the brand provides	Analysis of questions 7—9 vis-à-vis 10—11	Data Analysis

## CHAPTER 4: FINDINGS, DISCUSSION AND CONCLUSIONS

### 4.1 Introduction

This chapter summarises main findings, presents discussions, recommendations and conclusions relating to the main objective of the study, which was to establish extent to which value propositions influence choice of tea brands. Tables, frequencies, percentages and graphs are used to present the results and bring out the functional, emotional and self-expressive benefits tea consumers seek when choosing brands.

Other derived objectives were to establish whether significant correlation exists between the elements of value proposition mix; and to find out the optimal combination of elements that best delivers value sought by tea consumers. To ascertain whether there are any significant differences between actual brand propositions and customers' perceived value proposition, the author uses the case of Fahari brand.

### 4.2 Summary Findings and Discussions

#### 4.2.1 Socio-Demographics

Tea consumers who responded, 113 out of 117 indicated their socio-demographics variables. Females formed 61.7% of the responded while males were 38.9%. This was an indication that more females than males make tea-buying decisions (Table 4.1). Females also outnumbered males in all of the age brackets, a finding that is consistent with other tea usage studies (TBK/SBO, 2003).

**Table 4.1: Gender \* Age Bracket of Respondent Cross Tabulation**

		Age bracket of respondent				Total
		18-24 Yrs	25-35 Yrs	36-45 Yrs	46 + Yrs	
<b>Male</b>	Count	1	19	22	2	44
	% within Gender	2.3%	43.2%	50.0%	4.5%	100.0%
	% within Age bracket of respondent	10.0%	39.6%	50.0%	18.2%	38.9%
	<b>% of Total</b>	<b>.9%</b>	<b>16.8%</b>	<b>19.5%</b>	<b>1.8%</b>	<b>38.9%</b>
<b>Female</b>	Count	9	29	22	9	69
	% within Gender	13.0%	42.0%	31.9%	13.0%	100.0%
	% within Age bracket of respondent	90.0%	60.4%	50.0%	81.8%	61.1%
	<b>% of Total</b>	<b>8.0%</b>	<b>25.7%</b>	<b>19.5%</b>	<b>8.0%</b>	<b>61.1%</b>
<b>Total</b>	Count	10	48	44	11	113
	% within Gender	8.8%	42.5%	38.9%	9.7%	100.0%
	% within Age bracket of respondent	100.0%	100.0%	100.0%	100.0%	100.0%
	<b>% of Total</b>	<b>8.8%</b>	<b>42.5%</b>	<b>38.9%</b>	<b>9.7%</b>	<b>100.0%</b>

Of the 113 households surveyed, 87 or 77% had between one to five persons, while 24 or 21% had six to 10 persons and only two had more than 10 persons (Table 4.2).

**Table 4.2: Number of Persons in Your Household**

		Frequency	Percent	Valid %	Cumulative %
Valid	1-5	87	74.4	77.0	77.0
	6-10	24	20.5	21.2	98.2
	11 +	2	1.7	1.8	100.0
	Total	113	96.6	100.0	
Missing	System	4	3.4		
<b>Total</b>		117	100.0		

Of 113 households, 51 (45.1%) households earn KSh 100,001—150,000; and 39 (34.5%) earn below KSh 100,000; while 20 households (17.7%) were within the KSh 150,001—200,000 monthly income bracket. Three households (2.7%) earned over KSh 200,000 per month. Income distribution across genders and age brackets does not differ significantly (Table 4.3).

**Table 4.3: Gender \* Monthly Household Income Cross Tabulation**

Gender		Monthly Household Income (KSh)				Total
		Below 100,000	100,001-150,000	150,001-200,000	Over 200,001	
Male	Count	12	25	7		44
	% within Gender	27.3%	56.8%	15.9%		100.0%
	% within Monthly household income	30.8%	49.0%	35.0%		38.9%
	% of Total	10.6%	22.1%	6.2%		38.9%
Female	Count	27	26	13	3	69
	% within Gender	39.1%	37.7%	18.8%	4.3%	100.0%
	% within Monthly household income	69.2%	51.0%	65.0%	100.0%	61.1%
	% of Total	23.9%	23.0%	11.5%	2.7%	61.1%
Total	Count	39	51	20	3	113
	% within Gender	34.5%	45.1%	17.7%	2.7%	100.0%
	% within Monthly household income	100.0%	100.0%	100.0%	100.0%	100.0%
	% of Total	34.5%	45.1%	17.7%	2.7%	100.0%

## 4.2.2 Tea Usage

A majority, which was 65 of 116 respondents or 56%, were rated as moderate consumers since they took between two and three cups of tea daily (Table 4.4). Thirty-two respondents or 27.6% were classified as heavy consumers, taking more than 4 cups of tea each day.

**Table 4.4: How Long Tea Used \* Rate of Tea Consumption Cross Tabulation**

How long have you used tea		How do you rate yourself as a tea consumer			Total
		Heavy Consumer (>4 cups/day)	Moderate (Btn 2 &3 Cups/day)	Low (<2 cups/day)	
3-4 Yrs	Count	2			2
	% within how long tea used	100.0%			100.0%
	% within rate of consumption	6.3%			1.7%
	<b>% of Total</b>	<b>1.7%</b>			<b>1.7%</b>
5-6 Yrs	Count	1	2	1	4
	% within how long tea used	25.0%	50.0%	25.0%	100.0%
	% within rate of consumption	3.1%	3.1%	5.3%	3.5%
	<b>% of Total</b>	<b>.9%</b>	<b>1.7%</b>	<b>.9%</b>	<b>3.5%</b>
7+ Yrs	Count	29	62	18	109
	% within how long tea used	26.6%	56.9%	16.5%	100.0%
	% % within rate of consumption	90.6%	96.9%	94.7%	94.8%
	<b>% of Total</b>	<b>25.2%</b>	<b>53.9%</b>	<b>15.7%</b>	<b>94.8%</b>
Total	Count	32	64	19	115
	% % within how long tea used	27.8%	55.7%	16.5%	100.0%
	% % within rate of consumption	100.0%	100.0%	100.0%	100.0%
	<b>% of Total</b>	<b>27.8%</b>	<b>55.7%</b>	<b>16.5%</b>	<b>100.0%</b>

However, length of tea usage did not affect the volume of tea consumed, as Spearman's correlation ( $\rho=0.088$ ) show a weak relationship (Table 4.5).

**Table 4.5: Spearman's rho: How Long Tea Used Vs. Rate of Tea Consumption**

		How long tea used	Rate of Tea Consumption
For how long have you used tea	<b>Correlation Coefficient</b>	<b>1.000</b>	<b>.088</b>
	Sig. (2-tailed)	.	.351
	N	116	115
How do you rate yourself as a tea consumer	<b>Correlation Coefficient</b>	<b>.088</b>	<b>1.000</b>
	Sig. (2-tailed)	.351	.
	N	115	116

### 4.2.3 Tea Brand Preferences

Seven flagship tea brands from local brand makers whose sales turnover exceeded 100,000 kilogrammes were randomly arranged and presented to respondents in the questionnaire. KETEPA's Fahari was consistently ranked first by 60 of the 109 respondents who recognised it. Unbranded factory tea was ranked first by 18 out of 99 who recognised the tea; Melvin's Ginger and Home Cup were ranked first by 11 each of 89 and 92 respondents respectively.



Fahari was, therefore, the easy favourite, followed by unbranded factory tea, Home Cup and Melvin's Ginger in that order (Table 4.6). It was observed that in spite of Fahari clearly being a favourite brand, respondents identified with the company, KETEPA, rather than Fahari. Most of them sought assistance to identify KETEPA brand.

**Table 4.6: Brand Preference Statistics**

		Tamu Tamu	All Time	Fahari	Baraka Chai	Melvin's Ginger	Hope Cup	Unbranded factory tea
N	Valid	61	70	109	82	89	92	99
	Missing	56	47	8	35	28	25	18
<b>Mean</b>		5.77	4.44	1.81	4.29	3.35	3.22	3.30
<b>Median</b>		6.00	4.00	1.00	4.00	3.00	3.00	3.00
<b>Mode</b>		6	7	1	4	4	2	1

a Multiple modes exist. The smallest value is shown

Apparently, word-of-mouth was the most trusted and persuasive source of brand information, with 70 or 59.8% of those surveyed indicating that they were introduced to their favourite brands that way. The next important source of brand information was TV (14.5%)—a factor that could also be explained by the urban population—radio (13.7) and merchandisers (6.0%). Billboard, widely used by KETEPA was rated lowest at 1.7% (Table 4.7). This underlines the importance of creating brand stories in creating emotional bonds between tea brands and their customers and, hence, builds lasting brand-customer relationship.

**Table 4.7: How was your preferred first brand introduced to you?**

	Frequency	Percent	Valid Percent	Rank
By a friend/parents (word of mouth)	70	59.8	60.9	1
Advertised on TV	17	14.5	14.8	2
Advertised on Radio	16	13.7	13.9	3
At shop floor by merchandisers	7	6.0	6.1	4
Advertised on newspaper/magazine	3	2.6	2.6	5
Advertised on Billboard	2	1.7	1.7	6
<b>Total</b>	<b>115</b>	<b>98.3</b>	<b>100.0</b>	
Missing System	2	1.7		
<b>Total</b>	<b>117</b>	<b>100.0</b>		

#### 4.2.4 Evaluation of Value Proposition Mix Elements in Tea Brands

Eighty-four out of the 117 or 71.8% of respondents considered functional benefits of a tea brand as extremely important when choosing tea brands; while 23.9% considered functional benefits as somewhat important and 4.3% were non-committal (Table 4.8).

**Table 4.8: Evaluation of Functional Benefits of Tea Brands**

	Frequency	Percent	Valid Percent	Cumulative Percent
<b>Extremely important</b>	<b>84</b>	<b>71.8</b>	<b>71.8</b>	<b>71.8</b>
<b>Somewhat important</b>	<b>28</b>	<b>23.9</b>	<b>23.9</b>	<b>95.8</b>
<b>Neither important nor unimportant</b>	<b>5</b>	<b>4.3</b>	<b>4.3</b>	<b>100.0</b>
<b>Total</b>	<b>117</b>	<b>100.0</b>	<b>100.0</b>	

Emotional benefits of tea were considered extremely important by 57.3% of respondents, while 35.9% considered them somewhat important and 6.8% had a neutral opinion (Table 4.9).

**Table 4.9: Evaluation of Emotional Benefits of Tea Brands**

	Frequency	Percent	Valid Percent	Cumulative Percent
Extremely important	67	57.3	57.3	57.3
Somewhat important	42	35.9	35.9	93.2
Neither important nor unimportant	8	6.8	6.8	100.0
Total	117	100.0	100.0	

On average, self-expressive brand benefits were evaluated as extremely important by 60 of the 117 respondents, which translated into 51.3% of respondents. Thirty-eight per cent others found them somewhat important (Table 4.10).

**Table 4.10: Evaluation of Self-Expressive Benefits of Tea Brands**

	Frequency	Percent	Valid Percent	Cumulative Percent
Not at all important	1	.9	.9	.9
Somewhat unimportant	3	2.6	2.6	3.4
Neither important nor unimportant	9	7.7	7.7	11.1
Somewhat important	44	37.6	37.6	48.7
Extremely important	60	51.3	51.3	100.0
Total	117	100.0	100.0	

Functional and self-expressive benefits are not correlated (Table 4.11).

Spearman's Correlation (rho) operation was carried between the three elements of the value proportion mix elements. Table 4.11 shows that functional and emotional benefits have a low but significant correlation ( $\rho=0.268$ ,  $P<0.05$ ). The study therefore affirmed Aaker's (1996) assertion that for every functional benefits there is a corresponding emotion or feeling about the brand. It could also mean that brand benefits for tea are apparent at functional or physiological as well as at emotional or psychological levels (Aaker, 1996; Keller, 1998).

**Table 4.11: Spearman's rho: Functional Vs Emotional Benefits**

		Functional	Emotional
Functional	Correlation Coefficient	1.000	.268
	Sig. (2-tailed)	.	.003
	N	117	117
Emotional	Correlation Coefficient	.268	1.000
	Sig. (2-tailed)	.003	.
	N	117	117

\*\* Correlation is significant at the .01 level (2-tailed).

Table 4.12 shows that functional and self-expressive tea brand benefits had the highest correlation ( $\rho=0.340$ ). Emotional and self-expressive tea brand benefits had a correlation of 0.336 (Table 4.13).

**Table 4.12: Spearman's rho: Functional Vs Self-Expressive Benefits**

		Functional	Self-Expressive
Functional	Correlation Coefficient	1.000	.340
	Sig. (2-tailed)	.	.000
	N	117	117
Self-Expressive	Correlation Coefficient	.340	1.000
	Sig. (2-tailed)	.000	.
	N	117	117

\*\* Correlation is significant at the .01 level (2-tailed).

**Table 4.13: Spearman's rho: Emotional Vs Self-Expressive Benefits**

		Emotional	Self-Expressive
Emotional	Correlation Coefficient	1.000	.336
	Sig. (2-tailed)	.	.000
	N	117	117
Self-Expressive	Correlation Coefficient	.336	1.000
	Sig. (2-tailed)	.000	.
	N	117	117

\*\* Correlation is significant at the .01 level (2-tailed).

Emotional and self-expressive benefits are not correlated (Table 4.12).

**Fig 4.1: Overall Evaluation of Functional Benefits**

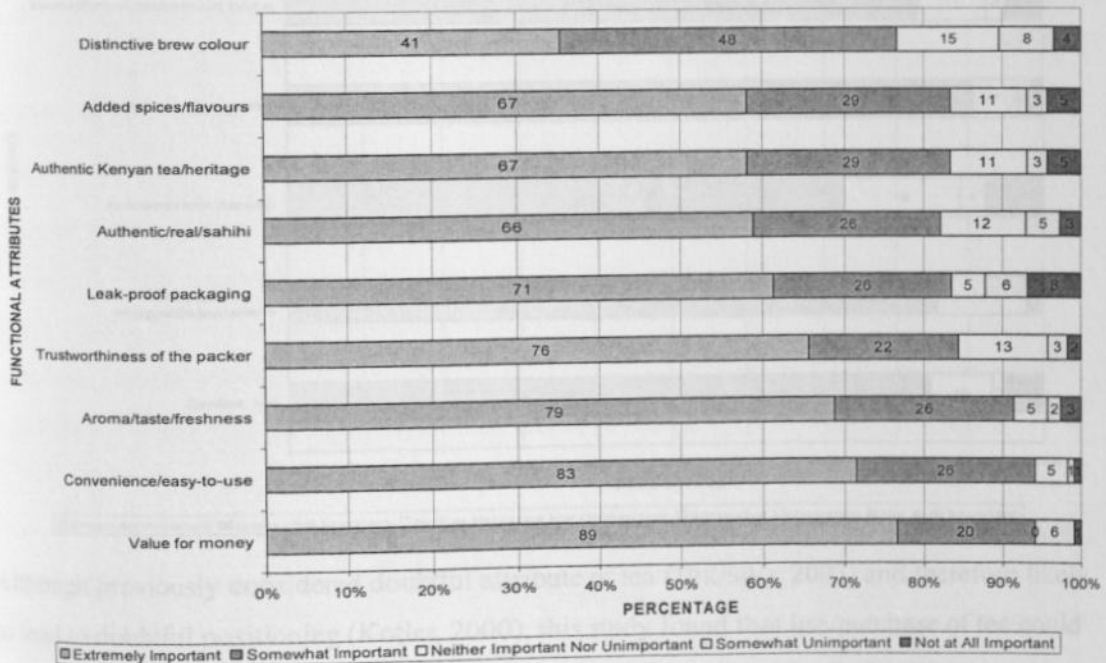
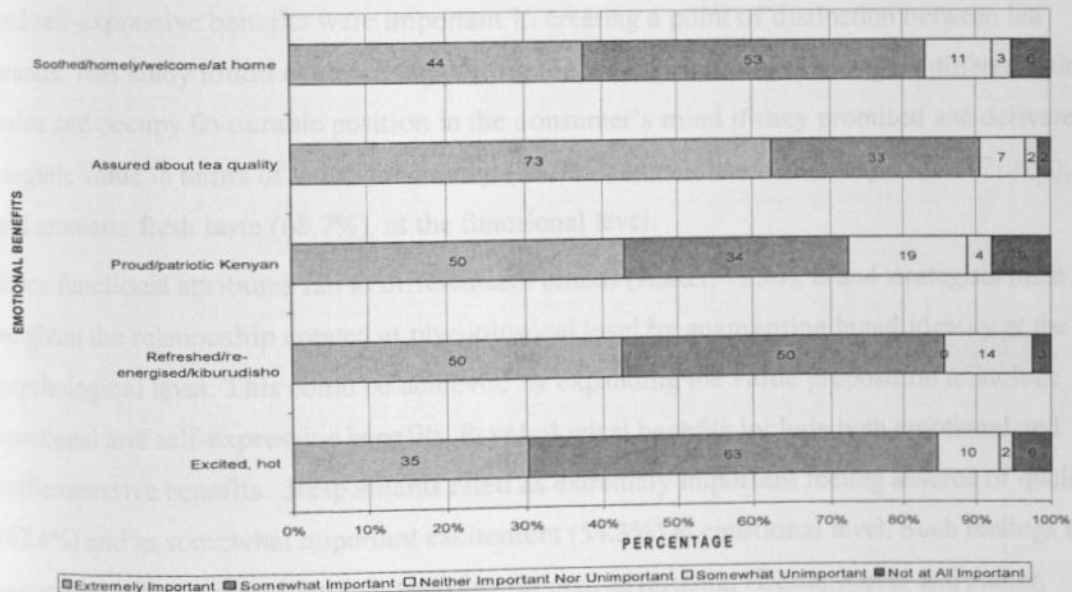


Fig 4.1 shows that most functional benefits that tea brand must deliver to connect with consumers were reasonably well appreciated as extremely important, with more than 61.7% mean approval of all product related attributes.

Value-for-money (76.7%); convenience/easy-to-use (71.6%); and aromatic fresh taste (68.7%) must at the very least form part of successful value proposition for a tea brand. This result confirms Aaker's (1996) view that product attributes are crucial in connecting the brand to the buying or use occasion. These attributes also describe "what the brand is" (Aaker and Joakimsthaler, 2000) hence aiding the decision-making. To succeed, tea brand must strategists must include functional or product attribute in their brand strategy.

Generally, respondents were less emphatic about which benefits they considered important on most of the emotional benefits (Fig 4.2). However, one's feeling of assurance about tea quality attribute was found extremely important by 62.4% the respondents. Other emotional brand attributes such as excitement, was somewhat considered important (54.3%) and so was homely/soothed/welcome (45.3). Feeling of feeling refreshed/re-energised/*kiburidisho* was also considered somewhat important by 42.9% of the respondents. Low rating of functional attributes of tea brands is evidence that tea brands are still evaluated at physiological level (Keller, 1998), and therefore brand relationships are yet to emerge.

**Fig 4.2: Overall Evaluation of Emotional Benefits**

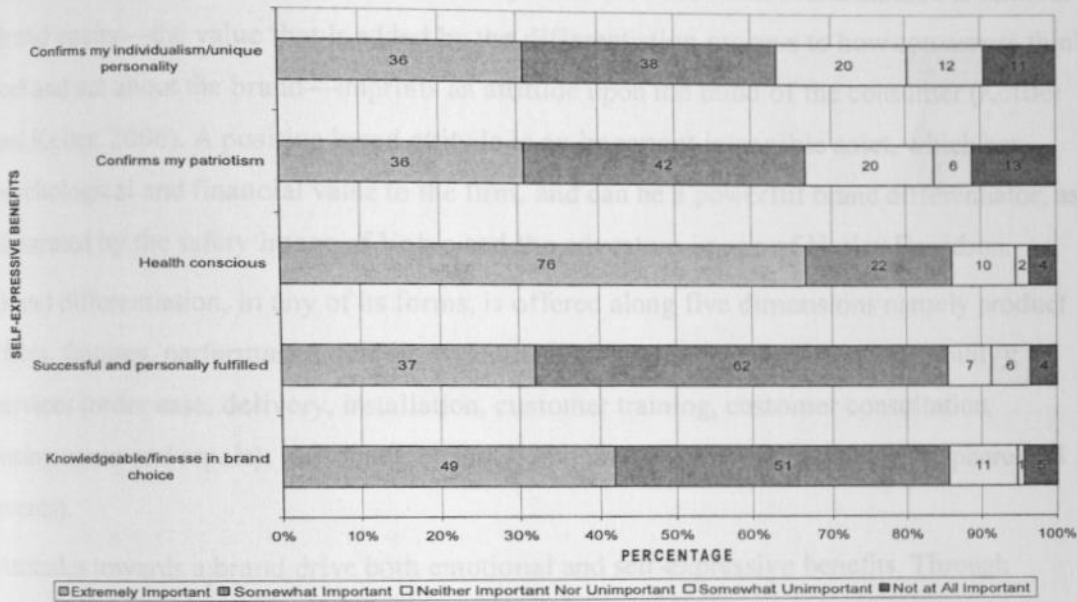


Although previously considered doubtful attribute of tea (TBK/SBO, 2003) and therefore likely to lead to doubtful positioning (Kotler, 2000), this study found that use/purchase of tea could actually aid communication of self-concept of the consumer (Fig 4.3). Such self-expressive



attribute was found to be health conscious, which was rated extremely important by 66.7% of the respondents. Fifty-three per cent of respondents found the attribute of success and fulfilled personality to be somewhat important.

**Fig 4.3: Overall Evaluation of Self-Expressive Benefits**



Analysing results for optimal combination of value proposition mix elements, it was found that although generally functional benefits significantly influenced brand choice, emotional and self-expressive benefits were important in creating a point of distinction between tea brands. This study found evidence supporting the view that strong brands gain differentiating value and occupy favourable position in the consumer's mind if they promised and delivered tangible value in terms of value-for-money (76.7%); convenience and easy-to-use (71.6%); and aromatic fresh taste (68.7%), at the functional level.

Since functional attributes fail to differentiate brands (Aaker, 1996), brand strategists must heighten the relationship created at physiological level by augmenting brand identity at the psychological level. This could be achieved by expanding the value proposition to include emotional and self-expressive benefits. Psychological benefits include both emotional and self-expressive benefits. Respondents rated as extremely important feeling assured of quality (62.4%) and as somewhat important excitement (54.3%) at emotional level. Such feelings are associated with the brand through transformational advertising (Batra, Meyer and Aaker, 1996). Tea brand strategists could also offer augmented benefits by helping their target consumer to communicate their self-concept of health conscious (66.7%) personal fulfilment (53.4%).

#### 4.2.5 Attitude towards Tea Brands

Keller (1998) argues that favourable associations with a brand occur when consumers believe that the brand possesses attributes that satisfy their need such that brand attitude is formed.

Brand equity—the value that is added by the differentiation process to how consumers think, feel and act about the brand—imprints an attitude upon the mind of the consumer (Kotler and Keller, 2006). A positive brand attitude is an important intangible asset, which has psychological and financial value to the firm, and can be a powerful brand differentiator, as illustrated by the safety image of Volvo and the adventure image of Harley Davidson.

Brand differentiation, in any of its forms, is offered along five dimensions namely product (form, features, performance quality, style, design, durability, reliability, reparability); services (order ease, delivery, installation, customer training, customer consultation, maintenance and repair); personnel; channel; and image (symbols, media, atmosphere and events).

Attitudes towards a brand drive both emotional and self-expressive benefits. Through transformational advertising process, Batra, Myers and Aaker (1996) state that advertisements evoke feelings that in turn shape consumers attitude towards a brand. A previous study (SBO/TBK, 2003) linked negative attitude of tea consumers towards tea to cost/price and cumbersomeness of tea making process.

Table 4.13 summaries tea consumers' attitudes for a selected brand. Apparently, respondents showed less than half of those surveyed expressing strong agreement to attitude statements linking their favourite brands to packaging hygiene (49.1%); value-for-money (46.1) reputation of quality (39% strongly agreed); and familiar brand (35.0%).

Agreement to attitude statements linking tea brands to attractive/innovative packaging (47.5%); good corporate citizenship (44.6%) and readily available brand (44.0%) was equally lukewarm. Half of those surveyed doubted that their favourites brands use 100% Kenya tea.

**Table 4.14: Attitude towards Tea Brand**

	Strongly Agree (Frequency)	%age of Total	Agree (Frequency)	%age of Total	Neutral, Disagree & Strongly Disagree (Frequency)	%age of Total	Total (Frequency)
Reputation of quality	39	34.2%	38	33.3%	37	32.5%	114
Value for money/price reasonable	53	46.1%	45	39.1%	17	14.8%	115
100% Kenya tea used	32	28.1%	25	21.9%	57	50.0%	114
Attractive/innovative packaging	31	26.7%	55	47.4%	30	25.9%	116
Packaging is hygienic	57	49.1%	45	38.8%	14	12.1%	116
Readily available brand	43	37.1%	51	44.0%	22	19.0%	116
Spices/flavours add new dimension	19	16.4%	54	46.6%	43	37.1%	116
Offers choice for my style	40	34.5%	46	39.7%	30	25.9%	116
I trust the brand	38	32.8%	50	43.1%	28	24.1%	116
Familiar brand	41	35.0%	41	35.0%	35	29.9%	117
Good corporate citizenship	16	13.8%	52	44.8%	48	41.4%	116

#### 4.2.6 Satisfaction Index for Tea Brand

Overall satisfaction is linked to product attributes, which indicate consumers' relative feelings or evaluations of brand. However, emotions help give products meaning and increase product use satisfaction while potentially enhancing product perceptions (Aaker, 1996). The feelings associated with a brand and the emotions they evoke can become so strongly associated that they are accessible during product consumption or use.

Table 4.14 is a summary of tea brands satisfaction measures. Like in attitude statements less than half of those surveyed expressed strong satisfaction on Easy-to-buy/available near me (46.2%); value-for-money 44.0%) and quenches thirst (38.5%). More than half of those surveyed, however, agreed that their brand satisfies in terms of refreshment/uplifts spirits (58.1%); aroma/great taste (50.9%). Tea consumers were either non-committal, disagreed or strongly disagreed with satisfaction statements linking tea to wholesomeness or health-giving attributes (47.0%).

Tea brand strategists could shape their market offerings services—any offering which is essentially intangible, whether it is linked with a product or not, with pre-sale and post-sale support in the case of product servicing. This is because service encounters affect the perception of the customer or consumer, which in turn affects brand use satisfaction. The motivation of employees is crucial as they provide the services which give customer

satisfaction, and in developing personal interaction with the customers. In addition, brand strategists must continuously build and tracks customer satisfaction and loyalty.

**Table 4.15: Brand Satisfaction Index**

	Strongly Agree (Frequency)	%age of Total	Agree (Frequency)	%age of Total	Neutral, Disagree & Strongly Disagree (Frequency)	%age of Total	Total (Frequency)
Refreshes/uplifts spirits	38	32.5%	68	58.1%	11	9.4%	117
Aroma/great taste	40	34.5%	59	50.9%	17	14.7%	116
Quenches thirst	45	38.5%	55	47.0%	17	14.5%	117
My kind of tea	45	38.5%	54	46.2%	18	15.4%	117
Value for money	51	44.0%	49	42.2%	16	13.8%	116
Easy to buy/available near me	54	46.2%	48	41.0%	15	12.8%	117
Wholesome/good for health	38	33.0%	23	20.0%	54	47.0%	115

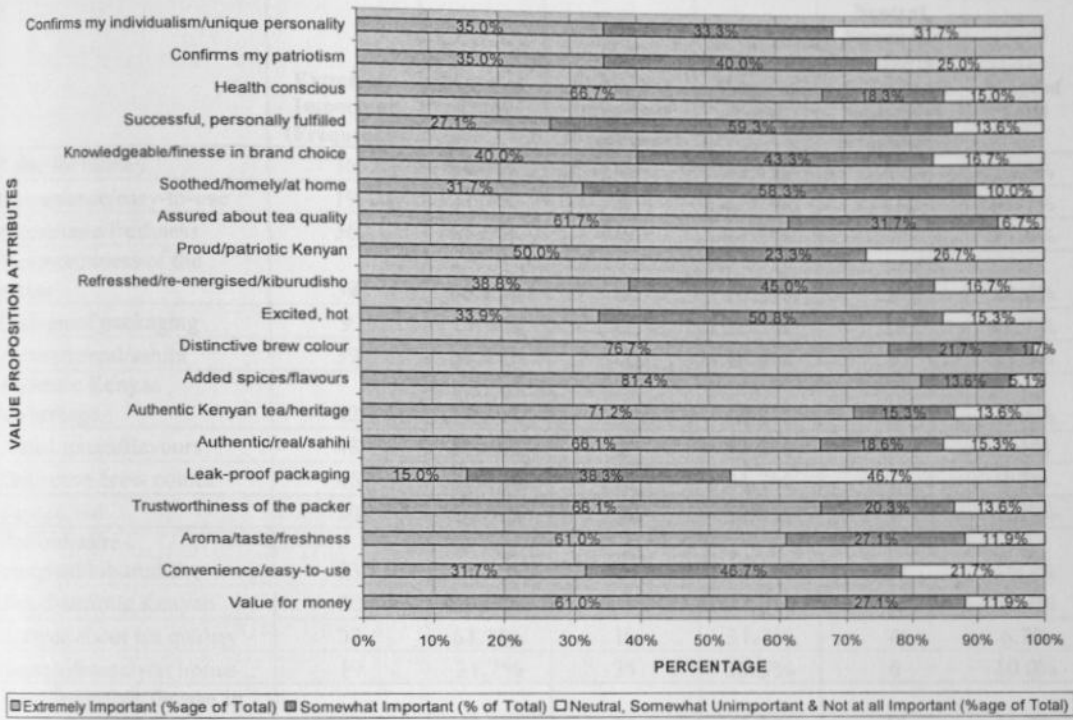
#### 4.2.7 Perceived Vs Actual Value Proposition: The Case of Fahari Tea Brand

A tea brand strategist's principal objective is to build a relationship with buyers, rather than merely to make a single sale. Ideally, the essence of that relationship consists of a strong bond between the buyer and the brand. Bonding is realised through finding points of distinction on which to peg the brand identity. This paper found supporting evidence for some of the strategies Alrek and Settle (1999) proposed for building customer-brand relationship. The six strategies include linking the brand to a particular need (functional attribute); associating it with a pleasant mood (emotional benefit); appealing to subconscious motives (self-expressive benefit).

Others are conditioning buyers to prefer the brand through reward; penetrating perceptual and cognitive barriers to create preference; and providing attractive models for buyers to emulate. The choice of brand strategy or combination of them depends mainly on the nature of the branded product or service. In the following paragraphs, chart and table, the author uses data derived from respondents who chose KETEPA's Fahari as their favourite tea brand to correlate perceived value proposition and actual value proposition as derived from its presentation and brand communications. At the functional level, Fahari is promoted as "authentic", Kenyan, high quality and packed in leak-proof packets.



**Fig 4.4: Evaluation of Value Proposition of Fahari Brand**



However, analysis of 60 respondents who chose Fahari as their favourite brand (Fig 4.4), indicated as extremely important functional attributes of added spices/flavours (81.4%); distinctive brew colour (76.7%); authentic Kenyan tea/heritage (71.2%) in that order as the product-related benefits that they perceive in their favourite brand. Only one attribute—authentic Kenyan tea/heritage—was common in both actual and perceived value proposition for Fahari (Table 4.13). There is evidence, therefore, to show that Fahari consumers do not perceive its functional benefits the same way as the brand makers, an apparent dissonance that may affect brand strength in the market. Leaf-proof packaging was particularly perceived negatively, with 46.7% of respondents being neutral or finding it simply not important.

**Table 4.16: Perceived Value Proposition of Fahari Brand**

	Extremely Important (Frequency)	%age of Total	Somewhat Important (Frequency)	%age of Total	Neutral, Somewhat Unimportant & Not at all Important (Frequency)	%age of Total	TOTAL (Frequency)
Value for money	36	61.0%	16	27.1%	7	11.9%	59
Convenience/easy-to-use	19	31.7%	28	46.7%	13	21.7%	60
Aroma/taste/freshness	36	61.0%	16	27.1%	7	11.9%	59
Trustworthiness of the packer	39	66.1%	12	20.3%	8	13.6%	59
Leak-proof packaging	9	15.0%	23	38.3%	28	46.7%	60
Authentic/real/sahihi	39	66.1%	11	18.6%	9	15.3%	59
Authentic Kenyan tea/heritage	42	71.2%	9	15.3%	8	13.6%	59
Added spices/flavours	48	81.4%	8	13.6%	3	5.1%	59
Distinctive brew colour	46	76.7%	13	21.7%	1	1.7%	60
Excited, hot	20	33.9%	30	50.8%	9	15.3%	59
Refreshed/re-energised/kiburudisho	23	38.3%	27	45.0%	10	16.7%	60
Proud/patriotic Kenyan	30	50.0%	14	23.3%	16	26.7%	60
Assured about tea quality	37	61.7%	19	31.7%	4	6.7%	60
Soothed/homely/at home	19	31.7%	35	58.3%	6	10.0%	60
Knowledgeable/finesse in brand choice	24	40.0%	26	43.3%	10	16.7%	60
Successful, personally fulfilled	16	27.1%	35	59.3%	8	13.6%	59
Health conscious	40	66.7%	11	18.3%	9	15.0%	60
Confirms my patriotism	21	35.0%	24	40.0%	15	25.0%	60
Confirms my individualism/unique personality	21	35.0%	20	33.3%	19	31.7%	60

Among the Fahari's actual emotional benefits is *kiburidisho sahihi* or "real refreshment". The author put other emotional benefits to Fahari consumers (Table 4.13). Analysis showed that generally emotional benefits were not well rated as functional benefits, a fact that is consistent with all the tea brands. For Fahari consumers, an emotional attribute they perceived to be extremely important was assurance of quality (61.7%) and patriotism (50.0%). Other emotional benefits found to be somewhat important were excitement and soothe/homely.

The success of the strategy depends heavily on the marketer's understanding of the preference building and bonding process. Emotions—born out of buying or use—cement the connection with one's favourite tea brand. This result has implications for Fahari brand identity strategy in that the actual proposition (*kiburidisho*) is subordinate to perceived "assurances of quality" benefit, which resonates with the brand enthusiasts at a hire level.

Since refreshment is an over-used positioning among competing beverages, Fahari would do well adopting quality assurance emotional benefit.

Like most Kenyan tea brands, Fahari is not promoted as a “badge” brand largely because hot beverages are generally used indoors. This is brand misnomer because the term *fahari* is Kiswahili for “pride”. Nonetheless, the author suggested some self-expressive benefits to respondents, among them Fahari enthusiasts, who rated its self-expressive benefits higher than emotional benefits (Table 4.13). Consumers perceived health-consciousness as extremely important to them (66.7%) when buying or using Fahari brand. This finding is consistent with the general evaluation of tea brands, and goes to show health consciousness could be an key plank in a strong tea brand identity when presented as a self-expressive rather than a functional attribute as industry stakeholders (Morrison, 2005, TBK, 2005, Nganga, 2000) suggests. Other important self-expressive benefits that Fahari was perceived to be strong on were successful personality (59.0%), knowledgeable/finesse in brand choice (43.3%) and confirmation of patriotism (40%).

#### **4.3 Conclusions**

This study found evidence in support of the view that product-related or functional attributes readily resonated well with most tea consumers, and thus an important attribute to be considered brand identity creation. The explanation for this could be, as Aaker (1996) argues, functional attributes informs customer’s brand choice decisions and use experience. Customers find it easy to evaluate functional brand attributes, which assures managers that customers evaluate brands using a logical model. The implication for tea brand strategists is that one has to find those attributes that customers readily credit their brands with. This study found those benefits to be perceived value-for-money, convenience/easy-to-use or buy and aroma/taste/freshness of the tea.

Research has shown, however, a strategy based solely on functional attributes neither differentiates a tea brand nor can it withstand competitive pressure, since they not the only bases for customer decisions. Tea brand strategist must consider other non-physical brand benefits to avoid the product-related fixation, which more often leads costly price wars and ultimately commoditisation of tea brands. Strategists must consider emotional and self-expressive benefits that, although not as strongly rated as the functional benefits in this study, add texture and depth to the tea brand identity.

Emotional benefits that were positively evaluated included excitement, assured about tea quality and refreshed/energised feelings. Emotions are important because they let the purchaser interact with the brand on more of a psychological level, hence heightening customer-brand relationship (Keller, 1998; Stengel, 2005). In any case, feelings are probably more important in shaping brand attitudes in low involvement situations that characterise tea-buying decisions (Le Claire, 1982).

The relative importance of self-expressive tea benefits suggests that, although tea is a low-cost product, heavy users would find tea-buying and use occasions as avenues to express "I am what I purchase" sort of attitude. Tea consumers rated as extremely important statements that indicated choice of tea brands would convey successful, fulfilled personality as well as health-consciousness. This finding is significant since it contradicts earlier an assertion that indicated consumers doubted tea's health claims (TBK/SBO, 2003). That assertion held true only if health claims were proffered as functional benefits.

Tea brand strategists must take cognisance of the fact that brands reduce buyer decision-making tension (Rust, Zeithamal and Lemon, 2004). To some extent, this study has shown that tea buyers look to popular brands they can trust to perform (at physiological level) and contribute to their social standing (at psychological level).

Value propositions based on Kenyan heritage tea's quality heritage offer no differentiating value, hence brand switching over time are inevitable. However, long-established firms can link their heritage to positively evaluated benefits such as quality assurance and value for money to create differentiated brand identity. Heritage in this case speaks of status, character, social class and a history; of a traditional way of life that is of value to present and future generations (Benson, 2004); and of inheritance, shared experiences and a common history, which only KETEPA can claim.

The Fahari Case instructively showed that brand's actual value proposition and a customer's perception on what those attribute should be are sometimes not sometimes correlated.

Evaluation of Fahari alongside media usage confirms that that, although advertisements (TV, radio, and billboard) are essential in creating brands Kim (1990), word-of-mouth or brand stories is far more effective in building brand equity. It is safe to conclude that for tea brands word-of-mouth supported by advertising playing built preference for KETEPA's Fahari.



#### 4.4 Limitations

A number of factors constrained scope and depth of this research project. This researcher acknowledged the fact that tea consumption cuts across income classes in both rural and urban Kenya. However, time and financial resources were inadequate to carry out a national study and establish in-depth analysis of the research question.

To complete the study in the time available, the researcher had to select an urban segment in which brand loyalty was already apparent, the C1s and C2s.

To keep the study scope manageable, a sample study was preferred over census even though the latter would have produced more data that are precise. However, the target population had low diversity (standard deviation of 0.04), making sampling method more cost-effective than census.

#### 4.5 Suggestions for Further Research

For its purposes, this study considered flagship brands from major tea firms with a certain threshold of annual sales turnover. For example, KETEPA brands not considered were Safari Pure and KETEPA Pride tea bags. The study also excluded Gold Crown Beverages' Kericho Gold and Melvin's other flavours.

Further research should include the whole range of tea brands from all firms in the Kenyan market to understand fully how tea brands are evaluated across the country and across the segments, not just the purposive tea market segments—C1 and C2—that this research restricted itself to. However, the researcher considered the segments more or less representative of all urban middle class population and sampling was considered more cost-effective to a census in this case.

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## Appendix 2: Questionnaire Design

RANDOM NUMBER:	
ESTATE:	
HOUSE NO.:	

Hello!

I am a research assistant representing a University of Nairobi student, Joseph M Gichuru (Reg. No. D61/P/7382/02). Mr. Gichuru is conducting an academic survey on tea brands to fulfil partial requirements for the award of Master of Business Administration degree.

Kindly take a few minutes to answer the following questions. You are assured that your answers will be kept strictly confidential. If you are interested in the final findings kindly indicate your email address after your name in the space provided.

### SELECTION A: TEA USAGE

1. Do you use tea in your household?

Yes	No
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2. If yes in question 1 above, for how long have you used tea?

0—2 yrs	3—4 yrs	5—6 yrs	7 + yrs
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3. When do you use tea/occasions of tea usage? (You may choose more than one answer)

At Breakfast	Break time/ between meals	Socially/to entertain guests	Outdoors/when I go out	Other occasions (specify)
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4. How do you rate yourself as a tea consumer?

Heavy consumer (4 + cups a day)	Moderate (Between 2 and 3 Cups a day)	Low (Less than 2 cups a day)
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### SELECTION B: BRAND PREFERENCE

5. We would like to know how you would choose tea brands. Please rank the following tea brands by placing "1" in front of the brand that you prefer most, a "2" next to your second preference, and continuing until you have ranked all the brands listed. (Brand Rank Order Scale)

_____	All Time Tea	_____	Baraka Chai
_____	Tamu Tamu	_____	Melvin's Tangawizi
_____	Unbranded factory tea	_____	Home Cup tea
_____	Fahari ya Kenya	_____	Other (specify)

6. How was your preferred tea brand introduced to you first?

Referred by a friend	Advertised on TV	Advertised on Radio	Advertised on a Billboard	Advertised on newspaper/magazine	At shop floor by merchandisers	Other media (specify)
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**SELECTION C: VALUE PROPOSITIONS**

7. The following are some the functional features/benefits associated with tea brands. For each feature/benefit, please check the one alternative that best expresses how important or unimportant that feature/benefit is to you (Importance of Benefits Sought Scales)

	Extremely important	Somewhat important	Neither Important nor unimportant	Somewhat unimportant	Not at all important
	5	4	3	2	1
Leak-proof packaging	{ }	{ }	{ }	{ }	{ }
Distinctive brew colour	{ }	{ }	{ }	{ }	{ }
Aroma/taste/freshness	{ }	{ }	{ }	{ }	{ }
authentic Kenyan tea/heritage/	{ }	{ }	{ }	{ }	{ }
Added spices/flavoured	{ }	{ }	{ }	{ }	{ }
Authentic/real/sahihi	{ }	{ }	{ }	{ }	{ }
Trustworthiness of packer	{ }	{ }	{ }	{ }	{ }
Value for money/Price	{ }	{ }	{ }	{ }	{ }
Convenience/easy-to-use	{ }	{ }	{ }	{ }	{ }
Other (Specify)	{ }	{ }	{ }	{ }	{ }
	{ }	{ }	{ }	{ }	{ }
	{ }	{ }	{ }	{ }	{ }

8. The following are some the emotional benefits associated with tea brands. For each feature/benefit, please check the one alternative that best expresses how important or unimportant that benefit is to you (that is, how I feel after using or purchasing the brand)

	Extremely important	Somewhat important	Neither Important nor unimportant	Somewhat unimportant	Not at all important
	5	4	3	2	1
Excited, hot	{ }	{ }	{ }	{ }	{ }
Refreshed/re-energized/kiburudisho	{ }	{ }	{ }	{ }	{ }
Proud/patriotic Kenyan	{ }	{ }	{ }	{ }	{ }
Assured about the tea quality	{ }	{ }	{ }	{ }	{ }
Soothed/homely/welcome/at home	{ }	{ }	{ }	{ }	{ }
Other (Specify)	{ }	{ }	{ }	{ }	{ }
	{ }	{ }	{ }	{ }	{ }
	{ }	{ }	{ }	{ }	{ }

9. Use of certain brands of tea is known to enhance our self-concept, that is "we are what we drink". The following are some self-expressive benefits associated with tea brands. For each benefit, please check the one alternative that best expresses how important or unimportant that benefit is to you (that is, the quality in you that the tea brand helps you communicate to your peers)

	Extremely important	Somewhat important	Neither Important nor unimportant	Somewhat unimportant	Not at all important
	5	4	3	2	1
Knowledgeable/finesse in brand choice	{ }	{ }	{ }	{ }	{ }
Successful and personally fulfilled	{ }	{ }	{ }	{ }	{ }
Health conscious	{ }	{ }	{ }	{ }	{ }
Confirms my patriotism	{ }	{ }	{ }	{ }	{ }
Confirms my individualism/unique personality	{ }	{ }	{ }	{ }	{ }
Others (specify)	{ }	{ }	{ }	{ }	{ }

10. For each of the following statements, please indicate how strongly you agree or disagree with the statement indicating by ticking only the number which best represents your level of agreement.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
	5	4	3	2	1
Company/packer has reputation of quality consistency	{ }	{ }	{ }	{ }	{ }
Price is reasonable/value for money	{ }	{ }	{ }	{ }	{ }
Company uses 100% Kenyan tea	{ }	{ }	{ }	{ }	{ }
Packaging is attractive/innovative	{ }	{ }	{ }	{ }	{ }
Packaging assures hygiene	{ }	{ }	{ }	{ }	{ }
Brand readily available at my favourite retailer (kiosk/shop/supermarket)	{ }	{ }	{ }	{ }	{ }
Spices/flavours add new dimension to tea drinking	{ }	{ }	{ }	{ }	{ }
Company has choice of offers to suit my style (loose, teabags, instant, etc)	{ }	{ }	{ }	{ }	{ }
I trust brand not to let me down when I entertain guest	{ }	{ }	{ }	{ }	{ }
My favourite tea is a familiar brand	{ }	{ }	{ }	{ }	{ }
Company is good corporate citizen	{ }	{ }	{ }	{ }	{ }
Others (specify)	{ }	{ }	{ }	{ }	{ }
	{ }	{ }	{ }	{ }	{ }
	{ }	{ }	{ }	{ }	{ }

**SECTION D: BRAND SATISFACTION MEASURE**

11. Overall, how satisfied are you with the tea brand you are currently using?

	Very satisfied	Somewhat satisfied	Neither satisfied nor dissatisfied	Somewhat dissatisfied	Very dissatisfied
	5	4	3	2	1
Value for money	{ }	{ }	{ }	{ }	{ }
Refreshes & uplifts spirits	{ }	{ }	{ }	{ }	{ }
Wholesome & good for health	{ }	{ }	{ }	{ }	{ }
Aromatic/tastes great	{ }	{ }	{ }	{ }	{ }
Quenches thirst	{ }	{ }	{ }	{ }	{ }
Easy to buy/ available near me	{ }	{ }	{ }	{ }	{ }
My kind of tea	{ }	{ }	{ }	{ }	{ }
Other (specify)	{ }	{ }	{ }	{ }	{ }
	{ }	{ }	{ }	{ }	{ }
	{ }	{ }	{ }	{ }	{ }
	{ }	{ }	{ }	{ }	{ }

**SECTION E: DEMOGRAPHICS**

12. Please indicate your name (optional)

Email:	Phone:

13. Kindly tick your gender

Male	Female
------	--------

14. Kindly indicate the number of persons in your household

1—5	6—10	11+

15. Kindly indicate the age bracket under which you fall:

18—24 yrs	25—35 yrs	36—45 yrs	46 + yrs

16. Please state monthly household income bracket

Under Ksh 100,000	Ksh 100,001—150,000	Ksh 150,001—200,000	Ksh 200,001+



### Appendix 3: Key Informant Interview Guide

1. Name of company
2. Name of Executive (optional)
3. Position held
4. Give a brief history of your company?
5. What is your flagship brand?
6. What is the flagship brand's proportion of total company sales?
7. Which brands are its competitors?
8. Is there a particular segment it shows steady or stable growth? Why is that so?
9. Describe the total distribution system of your company's tea brands
10. How significant are supermarkets as a sales outlet?
11. How does your flagship brand functionally differ with competition?
12. What emotional benefits does your brand confer to consumers?
13. Does your flagship brand provide any self-expressive benefits? Which ones?
14. Overall, what would you say is your flagship brand's value proposition?
15. Has the changed positioning in its history?
16. If yes, when and how?
17. Overall, how do you evaluate the local tea market in terms of brand competition and future outlook?

## Appendix 4: Sampling Techniques

### A4.1 Determining the Population Standard Deviation

In practical situations, population standard deviation is usually unknown, and must be estimated using several approaches. This paper uses Aaker and Day's (1990) "worst case" situation, which assumes that the largest population variance would occur if half the population would respond with a +0.2 and another half with -0.2. The population variance,  $\delta^2$ , or measure of population dispersion, would then be:  $0.5(0.2-0)^2 + 0.5(-0.2-0)^2 = 0.04$ . Hence, the population standard deviation,  $\delta$ , which is square root of variance would be 0.2. The recommended sample size (n), at 90% ( $z=1.65$ ) confidence level and a 0.1 allowable error, would be:  $N = 2z^2pq/d^2$ . This implies that our sample (n) would be given by  $2(1.65)^2(0.04)(0.6)/0.1^2=130.68$  or approximately 131 respondents.

### A4.2 Determining the Sample Size

The size of a sample is determined by availability of resources, which sets the upper limit; and requirements of data analysis which sets the lower limit. In other words, the sample size must be large enough to allow reliable analysis of cross tabulation (requires at least 50 cases in each category of independent variable); provide desired level of accuracy in estimates of larger population; and test for significance between estimators (Sekaran, 1984).

We need to know: (i) size of the sampling error,  $s^2$ , that is desired; and (ii) the desired confidence level, for example, 90% confidence. Note that there is a trade off between the value of more accurate information and cost of increased sample size (Aaker and Day, 1990). Thus, to calculate the minimum sample size required for accuracy in estimating proportions, we need:

- (a) Reasonable estimates of key proportions to be measured in the study: This study uses "worst case" situation (Aaker and Day, 1990), which assumes that the largest population variance would occur if half the population would respond with a +0.2 and another half with -0.2. The population variance would then be:  $0.5(0.2-0)^2 + 0.5(-0.2-0)^2 = 0.04$ . Here, it is assumed that 50% (or 0.50) maximises the expected variance and indicates a sample size that is sure to be large enough for the study purposes.
- (b) The degree of accuracy needed: here, an accuracy of 10% (or 0.10) is desired.
- (c) Confidence level: the customary 90% confidence level ( $z=1.65$ ) is specified.
- (d) The size of population the sample is supposed to represent: our target population is 1,215 units, far less than 10,000 units; therefore we shall require a smaller sample.
- (e) The minimum difference between two sub-groups expected to be found to be statistically significant: here, we expect a difference of 10% points (or 0.10)

Therefore, when target population is greater than 10,000, the sample size is given by:

$$n = \frac{2z^2pq}{d^2}$$

Where,

- |   |   |   |
|---|---|---|
| n | = | The required sample size ( $N > 10,000$ )   |
| z | = | The standard normal deviate, in this case 1.65, which corresponds to 90% confidence level                 |
| p | = | Proportion in the target population estimated to have a particular characteristic. We assume 40% (or 0.4) |
| q | = | $1-p = 60%$ (or 0.6)  |
| d | = | Degree of accuracy desired: in this case, 0.1   |

This study desires accuracy (d) of 0.10, where the proportion of the target population with a certain characteristic is assumed to be 0.4 and the z value is 1.65. The sample then would be:

$$n = 2z^2pq/d^2, \text{ where,}$$

$$z = 1.65; p=0.4; q=1-0.4=0.6; d=0.1;$$

$$\text{Hence, } n = 2 \times 1.65^2 \times 0.4(1-0.4)/0.1^2$$

$$= 130.68$$

However, in this study the population is estimated at 1,215, far less than 10,000 cases required to be valid under the above formulae. In this case, the required sample size must be smaller than 130.68 calculated above.

Therefore, when the population size is less than 10,000, sample size ( $n^f$ ) is given by:

$$n^f = n/(1+n/N)$$

Where,

$$n^f = \text{The desired sample size (N < 10,000)}$$

$$N = \text{Estimated population size}$$

$$n = \text{The required sample size (N > 10,000), which is 130.68}$$

n was found to be 130.68 therefore, we proceed as follows:

$$n^f = n/(1+n/N)$$

$$= 130.68/(1+130.68/1,215)$$

$$= 130.68/1.11$$

$$= 117.99 \text{ (or approximately 118)}$$

#### 4.1.2 Black Tea

There are two kinds of black tea. The cut, tea and curl (CTC) teas are predominantly manufactured and used in Kenya and India. This tea is processed through a CTC machine before it is passed through the normal black tea manufacturing system shown in A.3.1 above. The black orthodox tea is rolled in a tour vane instead of being passed through a CTC machine. The rest of the processes remain the same for black teas.

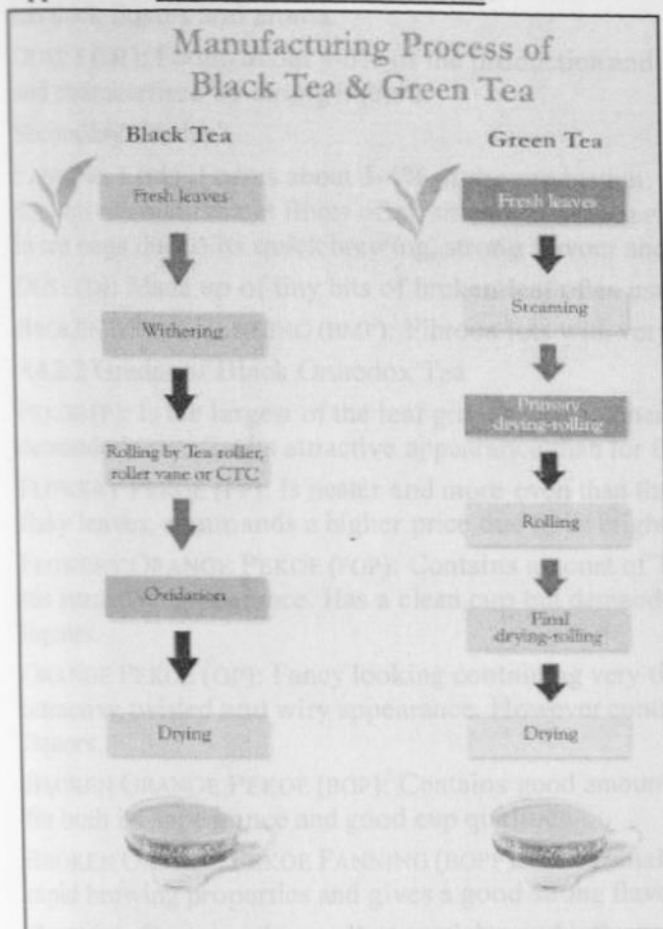
##### A.3.1 Grades of Black Cut, Tear & Curl (CTC) Tea

###### Primary Grades

**BLACK TEA GRADE 1 (BP1):** Forms about 42-14% of the total production and has the largest size particles. Liquors are light in colour but have an encouraging flavouring characteristic.

**BLACK TEA GRADE 2 (BP2):** Forms the bulk of the production about 54-60% and made up of dark grainy particles slightly smaller than the BP1.

## Appendix 5: Types and Grades of Tea



### A4.0 Types of Tea

Overall, teas are classified in terms of colour of leaf when processed or brewed. Accordingly, there are three basic types of tea namely black, oolong and green teas. The popularity of each type of tea depends on the market. While green and oolong teas are popular in oriental cultures such as Japan and China, while black teas are more widely available due to simplicity of manufacture popular in most of the world's largest producers such as India, Kenya and Sri Lanka. The primary difference between green and black teas is that green teas are not allowed to go through the fermentation process, which causes teas to turn black during the drying process.

#### A4.1 Green Tea

These are not oxidized; they are withered, immediately steamed to prevent oxidation and then rolled

and dried. They are characterised by a delicate taste, light green colour and are very refreshing. Some green teas however, can be quite pungent with a surprising amount of body to the cup. The green Orthodox will produce similar orthodox grades as indicated above while the CTC green teas processing will produce the same cut, tea and curl (CTC) grades as above.

#### A4.2 Black Tea

There are two kinds of black tea. The cut, tea and curl (CTC) teas are predominantly manufactured and used in Kenya and India. This tea is macerated through a CTC machine before it is passed through the normal black tea manufacturing system shown in A3.1 above. The black orthodox tea is rolled in a rotor vane instead of being passed through a CTC machine. The rest of the processes remain the same for black teas.

##### A4.2.1 Grades of Black Cut, Tear & Curl (CTC) Tea

###### Primary Grades

**BROKEN PEKOE 1 (BP1):** Forms about 12-14% of the total production and has the largest size particles. Liquors are light in colour but have an encouraging flavouring characteristic.

**PEKOE FANNING 1 (PF1):** Forms the bulk of the production about 58-60% and made up of black grainy particles slightly smaller than the BP1.



**PEKOE DUST (PD):** Forms 10-12% of the production, often black and finer than the pfl and has thick liquors and aroma.

**DUST 1 (D1):** Forms about 4-6% of the production and is made up of the smallest particles and characterised by strong liquors.

#### Secondary Grades

**FANNING 1 (F1):** Forms about 3-4% of the production. This is a mixture of black tea and large amount of smallish cut fibres often sifted out of the primary grades. The teas are quite useful in tea bags due to its quick brewing, strong flavour and good colouring qualities.

**DUST (D):** Made up of tiny bits of broken leaf often used to brew strong tea.

**BROKEN MIXED FANNING (BMF):** Fibrous lots with very little trace of black teas.

#### A4.2.2 Grades of Black Orthodox Tea

**PEKOE (P):** Is the largest of the leaf grades with thinner liquors as compared to smaller grades; demanded more for its attractive appearance than for the cup quality.

**FLOWERY PEKOE (FP):** Is neater and more even than the pekoe, it is curly and free of stalk and flaky leaves, commands a higher price due to its brighter and cleaner liquors.

**FLOWERY ORANGE PEKOE (FOP):** Contains amount of Tips that contribute to the flavour and the attractive appearance. Has a clean cup but demanded more for appearance than the liquors.

**ORANGE PEKOE (OP):** Fancy looking containing very tightly rolled leaf resulting to very attractive twisted and wiry appearance. However contains no tips and is thin and light in liquors.

**BROKEN ORANGE PEKOE (BOP):** Contains good amount of tips, smaller particles and is sold for both its appearance and good cup qualities.

**BROKEN ORANGE PEKOE FANNING (BOPF):** This contains the smallest of all grades and has rapid brewing properties and gives a good strong flavour and coloury liquors.

**DUST (D):** Contains the smallest particles and influenced by its appearance. In a cup, it produces strong coloury liquors.

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Source: <http://www.ktdateas.com/thetea.asp?pageid=2> accessed on March 17, 2006: 6:15 pm.

Appendix 6: Letter of Authority



**UNIVERSITY OF NAIROBI**  
**SCHOOL OF BUSINESS**  
**MBA PROGRAM - LOWER KABETE CAMPUS**

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Telephone: 418416/75 Ext. 208  
Telegrams: "Varsity", Nairobi  
Telex: 22095 Varsity

P.O. Box 30197  
Nairobi, Kenya

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DATE 16-06-06 .....

TO WHOM IT MAY CONCERN

The bearer of this letter GICHURU, J.M. .....

Registration No: 561/P/7382/02 .....

is a Master of Business Administration (MBA) student of the University of Nairobi.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/her by allowing him/her to collect data in your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you

J.T. KARIUKI  
CO-ORDINATOR, MBA PROGRAM