

**AN EMPIRICAL INVESTIGATION OF THE STRATEGIC
MARKETING PRACTICES OF THE SOFT DRINK INDUSTRY IN
KENYA.**



**BY
ABDALLAH HUSSEIN KHAMIS**

**A PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION, UNIVERSITY OF NAIROBI
OCTOBER 2000.**

DECLARATION


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

Signed: 

Abdallah Hussein Khamis:

Date: 3/10/2001

This project has been submitted for examination with my approval as the university supervisor.

Signed: 

Francis N. Kibera, Ph.d

Professor of Marketing

University of Nairobi.

Department of Business Administration

Date : 3/10/01

DEDICATION

This project is dedicated to my beautiful and loving wife Zeinab, who gave me a lot of hope, encouragement and assistance throughout the study, and to my dear daughters MwanaKombo and MwanaHalima who wondered why daddy was going to school at old age. Lastly to my parents, Hussein Khamis and MwanaKombo Bakari for they gave me the education to reach this level. Allah is great.

TABLE OF CONTENTS

	Page
List of Tables.....	i
Declaration.....	ii
Dedication	iii
Acknowledgement	iv
Abstract	v
 CHAPTER 1 : INTRODUCTION	
Introduction	1
Background	1
Statement of the problem	4
Objectives of the study.....	6
Importance of the study.....	6
 CHAPTER 2 : LITERATURE REVIEW	
Introduction	8
Conceptual framework.....	9
Strategic Marketing	9
Characteristics of strategic marketing	13
Marketing mix variables	14
Strategic marketing planning process	15
Product strategies	16
Pricing strategies	19
Distribution strategies	24
Promotional strategies	26
 CHAPTER 3 : RESEARCH DESIGN	
The population of the study	31
Data collection	31
Data analysis.....	32
Measurement of results	32

CHAPTER 4 : DATA INTERPRETATION AND ANALYSIS

Marketing environment	33
Product strategies	37
Pricing objectives	44
Pricing strategy	46
Promotion strategy	47
Advertising appeal applied	49
Sales Promotion	51
Personal Selling	52
Public relations	53
Distribution strategy	54

CHAPTER 5 : SUMMARY OF RESULTS

Conclusion	60
Limitation of study and recommendations for future research.....	61
Selected bibliography	62
Appendix	

LIST OF TABLES

	Page
Table 4.1. Perceived market environment factors	34
Table 4.2. Importance of marketing objectives	36
Table 4.3. Product attributes.....	37
Table 4.4. Product strategies.....	38
Table 4.5. Importance of attributes in products	40
Table 4.6 Pricing objectives	42
Table 4.7 Pricing strategies	46
Table 4.8. Advertising objectives.....	47
Table 4.9. Advertising appeals applied	49
Table 5.0. Sales promotion activities	51
Table 5.1. Personal selling	52
Table 5.2 Public Relation Activities.....	53
Table 5.3 Distribution Activities	54

ACKNOWLEDGEMENT

My special and sincere thanks go to my supervisor, Professor Kibera of Business Administration Department, without whose guidance and constant advice this work would not have been completed. I want to thank him very much for this tireless effort, invaluable guidance and constant advice from the project conception right through to writing up of the final report. I wish also to single out Mrs. Margaret Ombok for her dedication and time and offering excellent insights into the project. I must say I benefited from her in-depth marketing skills.

Special thanks also go to Glaxowelcome for having granted me sponsorship and time to undertake the MBA degree course at the University of Nairobi. I am particularly indebted to Dr. W. Kiarie for having personally made the pursuit of this course a reality. My appreciation is also extended to all the lectures of the faculty of commerce and in the Department of Business Administration especially Dr. Ogutu, Dr. E. Aosa and Mr. J. Maalu.

I wish to specifically register my appreciation to all my MBA classmates for the good network that we had. I also wish to thank all the management staff who took their precious time to fill my questionnaires. To all the participating companies, I extend a big thank you for having assisted this project to take shape.

My most sincere and gratitude to my loving wife Zeinab, who during the Programme constantly challenged me to do even better. It was an outstanding example for many that knew as husband and wife. Thank you for your marvelous contribution in making this dream a reality. Thanks also go to my two beautiful daughters, MwanaKombo and MwanaHalima who were patient and understanding during the whole duration of the Programme.

In addition, I extend my thanks and gratitude to my father Hussein, mother MwanaKombo who took a keen interest in my education right from childhood and for having forgone so much to give me a profound base in the world of academia. To my sister and brother Hassan I say thank you for the motivation. Last but not least my thanks go to all those who assisted me in one way or another during the programme, especially typing the reports. For those who have made other contributions to my life and their names are not mentioned, here above, I register my profound appreciation.

Adballah Hussein Khamis

OCTOBER 2001.

ABSTRACT

The first objective of the study was to identify the strategic marketing practices followed by the soft drink industry in Kenya.

The second objective was to assess the relative importance of the strategic marketing practices used by the soft drink companies.

To facilitate the study the population of interest included all the soft drink companies operating in Kenya. There are ten companies including Coca-Cola bottling partners. A partially structured questionnaire was personally administered to two top managers in each company. The target was to administer two questionnaires to each plant so as to get twenty respondents. In the end however, the researcher managed to get fifteen respondents.

The results showed that the strategic marketing practices applied in the soft drink industry in Kenya are promotion strategies with emphasis on advertising, sales promotion, personal selling and Brand public relations in that order; distribution (Place) strategies with emphasis on kiosks network and supermarkets; pricing strategice and product strategies in that order.

The above results should be viewed and adopted in the light of the limitations of the study which include small sample size, time and resource constraints and non-participation of two Bottling Companies.

CHAPTER 1

INTRODUCTION

1.1 Background

Achieving a competitive advantage is a major preoccupation of senior executives in a competitive slow growth market that characterizes many industries today. Gaining strategic leverage is a problem for companies in turbulent and uncertain markets such as the soft drink market in Kenya.

In Kenya the soft drink manufacturers consist of Coca-Cola (K), which is partnering with eight strategically located Bottling companies, Softa Bottling company (for softa brands) and the newly re-launched Schweppes brands distributed by Anspar Beverages.

Earlier, Pepsi Co. had operations in Kenya but pulled out after a bruising battle with Coca Cola during the difficult trading environment of the early 1980s (Financial Standard, 26th October 1999). The major brands of Coca-Cola are Coke, Fanta, Krest, Sprite and Stoney. Coke is the flagship brand and the Company has a total brand equity of US\$72.5 billion (Inter-brand Survey, 2000). Softa Bottling has Softa Cola, Softa Lemon, Softa Orange and Babito as its main product lines. It recently launched new Softa brands, Strawberry and Tropical fruit flavors. On the other hand, Schweppes brands are Sport Cola, Soda Water, Schweppes pineapple, Crush (Flagship brand) and Schweppes lemon.

The implementation of Structural Adjustment Programs (SAPs) in Kenya led to intense competition. Therefore, new entrants especially cheap imports and substitutes threatened the strategic positions of the incumbents in the market place. Porter asserted that importation of products affords the customers substitutes that give them a choice. Thus the market and trade liberalization in the early 1990s opened the gates for massive imports of manufactured goods and services thereby saturating the already diminishing market in Kenya (Economic Survey Report 2000). The Report stated that low investments, under utilization of already existing capacity by industries, de-investment from the manufacturing sector and loss of income of many workers as factories wound up were some of the effects of liberalization in the market place. For instance, in the soft drink and beer industries there was a major influx of all sorts of soft drinks such as Mirinda brands, canned Pepsi Cola, Red bull while in the beer industry wines, opaque beer and spirits were available in many outlets. The emergence of various milk processing firms in the country has offered consumers with a wide entire growing choice of dairy products. This includes butter, fresh milk, fermented milk (maziwa lala) long life milk and yogurt. With such an overwhelming variety, one wonder what makes a rational consumer choose one particular brand of soft drink or milk over all the others available on the shelves. This led into intense competition for the same disposable income from the consumer. As stated by Pearson and Robinson (1997) the consumption of soft drink is directly proportional to age; therefore the main target market for all these companies is the youth. The majority of the youth are unemployed as the economy is depressed. The

Kenya Gross Domestic Product growth is 1.3% (Central Bank Economic Review, July 2000) this has led to low capita consumption of soft drinks and related products.

On the other hand, companies responded by investing heavily on marketing programs to enhance their performance and achieve meaningful growth. Coca-Cola, for instance, practiced aggressive; innovative and creative advertising policies that use billboards, Christmas Coca-Cola caravans, roadside shows and points of purchase raffles. On the other hand, Softa Bottling Company, imitates Coca Cola's strategies by adopting strategic positioning of vendors (push carts) in various locations, minimum advertising and sales promotion as the key strategy of making in roads into competitor, strong hold (East African Standard, Friday 25,2000). As for Anspar Beverages, Schweppes brands are advertised through billboards, sales promotions and eye-catching infomercials.

In related industries such as the beer, companies such as Castle Brewing Kenya Ltd. the and East African Breweries, Ltd., were intensively engaged in corporate advertising campaigns, sales promotion, product extensions and re-position their products so as to compete more effectively. In the same vein, beverages such as Cadbury changed packaging of the drinking chocolate form to revamp the brand and increase appeal to consumers. As argued by Boseman and Phatak (1989) if a firm wants to remain vibrant and successful in the long run, it must make impact assessment of the external environment especially such relevant groups as competitors, customers, consumers' suppliers, creditors and government on its operations. It was underscored by Total Kenya

(1993) Ltd, that success is dependent on productivity, customer satisfaction and competitive strength.

These companies need to adjust themselves to the new business environment. The situation probably needs strategic marketing practices in order to survive the fierce competition.

Strategic marketing is crucial to an organization because it takes into consideration fundamental changes in the environment thus making firms proactive rather than reactive (Bett, 1995). According to Okutoyi (1992), it is strategy that determines whether a firm excels, survives or dies. Porter (1980) asserted that strategy had an important role in helping businesses position themselves in industry. Effective strategy may enable a business to influence its environment in its favour and even be able to defend itself against competition.

Therefore, to survive in such a dynamic market environment strategic management is critical. Aaker (1992:72) stated that given the current strategic focus in business, there is need to understand competitor strengths in the market and then position one's own offerings to take advantage of the weaknesses and avoid head to head clashes against strengths.

1.2 Statement of the problem

One of the major trends in the developing countries today has been the dramatic growth of soft drink consumption. With the increasing competition companies are facing today, rewards will go to those who can exactly “read” customer wants by continuously scanning the market environment and delivering greatest value to customers. Therefore in the place, marketing skills will separate amateurs from professionals (Kipkorir, 1995). As stated by Evans et al (1987) as the operating environment changes a more pronounced transformation of the business landscape lies ahead. He further asserted that executives would be forced to rethink the strategic fundamentals of their business. Therefore, strategies are vital to adaptation of changed business environment. In Kenya, the Economic Survey (2000) stated that after the implementation of SAPs, reduced demand occasioned by high product prices, flooding of the Kenyan market with substandard imported goods and export market restrictions abroad led to companies registering low profits. This could probably be attributed to lack of strategic marketing practices. As asserted by Owiye (1997) that sugar companies in Kenya had put in place a number of measures to contain the cutthroat competition that had been the norm in the business environment. On the other hand, Chume (1998) concluded that food manufacturers in Nairobi declined because of the influx of imported food products from other countries as a result of economic liberalization. The Coca-Cola brands, Schweppes and Softa are heavily affected by these imported soft drinks. Wanjere (1999) supported that companies operating in very competitive environment would be more involved in strategic

marketing planning than those operating in less competitive environment. He concluded that marketing planning is what separates successful companies from unsuccessful ones in the manufacturing sector. In the same vein, Bett (1995) concluded that liberalization had led to an unpredictable-trading environment with greater competition and poor performance in the dairy sector. However, the soft drink industry experienced the same trading environment but managed the competition with Coca-Cola leading the way. Therefore the study seeks to identify the strategic marketing practices of the soft drink industry in Kenya. It also examines the establishment of strategic marketing practices by soft drink companies.

1.3 Objectives of the Study

The study had two objectives:

- a) To identify the strategic marketing practices of firms in the soft drink industry in Kenya.
- b) To assess the relative importance of the strategic practices of the industry companies.

1.4 Importance of the Study

a) Consumers:

It is hoped that the knowledge generated by this study will enable the soft drink industry to serve its customers better. Therefore, consumers will in turn benefit from improved customer service.

b) Academicians

The knowledge generated by the study will enable other researchers to improve and develop a better understanding of strategic marketing practices and sharpen their competitiveness.

c) The country

If strategic marketing leads to profitable soft drink industry then it is hoped that the entire country will be able to benefit from this through increased taxation and generation of employment opportunities for its population.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

Different writers have defined marketing in various ways. In 1994 the role of marketing was emphasized as influencing the success of a business in words which are still valid today. "If we want to know what a business is, we must start with its purpose to create customers. What a business thinks it produces is not of prime importance especially not to the future success. What the customer thinks he is buying, what he considers "value" is decisive it determines what a business is and whether it will prosper (Drucker 1954).

Marketing has also been said to be "the management process responsible for identifying, anticipating and ensuring customer satisfaction profitably." (Evans and Bernet 1987:11).

Kotler (1997) defined marketing as a social and management process by which individuals and groups obtain what they need and want through creating offering and exchanging products of value with others. Earlier Kotler (1988) defined marketing as getting the right people at the right places at the right time at the right price with the right communication and promotions. On the other hand, Kibera and Waruingi (1998) defined marketing as the performance of those activities that attempt to satisfy a given individual's or organization's target group needs and wants for mutual benefit or benefits.

For the purpose of this study the definition of the American Marketing Association (AMA Journal) has been adopted. The association defined marketing as the process of planning and executing the conception pricing, promotion and distribution of ideas, goods

and services to create exchanges that satisfy individual and organizational goals (Marketing News, March 1 1995:1). The above definition recognizes that marketing management is a process involving analysis, planning, implementation and control; that it covers goods, services and ideas; that it rests on the notion of exchanges; and that the goal is to produce satisfaction for the parties involved. Thus it is essentially demand management (Kotler 1997:15).

2.2.0 Conceptual framework

2.2.1 Strategic Marketing

Strategic Marketing has been defined as a set of determinations that guides or direct managers to reach their desired long term market positions (Ferrell & Lucas 1989). Strategic marketing has evolved through interaction among market management strategy and planning. Managing a business unit to anticipate and respond to changes that affect the market place so that decision are made today that allow the business unit to be ready for tomorrow in such a fashion as to avoid the threats and take advantage of the opportunities (Cohen 1988: 2).

Strategic marketing has also been defined as the unique (and differentiated) position that organizations aim to hold in the mind of its customers (Paul Field 1988). To understand the concept of strategic marketing the awareness of the concept of strategy is important. Strategy is a broad program of goals and activities that helps organizations to achieve corporate success (Porter 1980: 1995) Porter et al (1996) defined by saying strategy is the creation of a unique and valuable position, involving a different set of activities. If there

were only one ideal positions, there would be no need for strategy as companies would be no need for strategy as companies would face a simple imperative wins the race to discover and pre-empt it (Porter et al1996). At this point it is imperative to distinguish between strategy and operational effectiveness. Operational effectiveness (OE) means performing similar activities better than rivals perform them. It refers to any number of practices that allows a company to better utilize its inputs, for example, reducing defects in products or developing better products faster. (Porter 1999:40)

Therefore, as a game plan, strategy describes how objectives will be achieved. Strategic marketing is crucial to an organization because it takes into consideration fundamental changes in the environment thus making organizations become proactive rather than reactive. Okutoyi concluded it is strategy that determines whether a firm excels, survives or dies (Okutoyi 1998). Porter (1980) stressed that strategy has an important role in helping business position themselves in the industry. This is because competitors can quickly imitate management techniques, new technology, input improvements and superior ways of meeting customer needs by rapid diffusion of best practices (Porter et al 1996). Strategy has also been emphasized by other scholars "to live only the present and just react to the next wave is folly, strategy and anticipation of change will always fit into a business model, no matter how fast - paced an industry seems (Toffter: 1999). He adds that "if you don't have a strategy, you will be permanently reactive and part of somebody else's strategy". Even the most successful Chief Executive Officers have endorsed the importance of strategy by motto of "people first, strategy second" (Fortune magazine June 21, 1999).

The above literature underscores the importance of strategy for a company to compete effectively, in the liberalized market with cut throat (predating) pricing on the helm and competitors can reposition themselves to match superior performance (Porter 1996). Aaker (1998) concluded that given the current strategic focus in business, there is need to understand competitor strengths in the market and then positions one's own offering to take advantage of the weaknesses and avoid head to head clashes against strengths. Therefore the management should be aware of such factors as the external environment, competitor, own strengths and weaknesses and valuation of alternatives, to undergo a strategic transformation.

Raynor (1998:373) stated that strategy is the first level of bringing the vision into the present. The strategy allows for a series of specific goals to be defined, which in turn drives concrete actions. Advising (through action) fulfills the strategy, which make the vision a reality. Without corporate core competencies the achievement of strategic intent is impossible. Coca-Cola has the core competence.

Many companies face stiff competition and rewards normally go to those who can bestride customer wants by continuously scanning the marketing environment and delivering greatest value to target customers. This confirmed by Tom peters "dictum of getting close to your customer" arguing that understanding what your customer truly need and value is the essential basis for strategic success in the market place, marketing skills with separate amateurs from professionals (Kipkorir 1995). This clearly shows that in a

highly dynamic environment, success depends on developing new advantages and developing them faster (World Executives Digest, Feb 1997). From the background, it's true that business has entered new realities where the four traditional sources of competitive advantage namely, cost and quality, timing and know-how, strong holds and deep pockets-has been eroded by the unrelenting maneuvering of companies (World Executives Digest, Feb 1997). It further added that in the hyper-competition environment the frequency, boldness and aggressiveness of dynamic movement by players accelerate to create a condition of constant disequilibrium and change. Market stability is threatened by short product life cycles, short product design cycles, new technologies, frequent entry by unexpected outsiders, repositioning by incumbents and radical redefinition's of market boundaries, as diverse industries merge consequently strategic market is needed to be practiced for companies to do well.

For the purpose of the study the following definition is going to be used. Strategic Marketing is the managerial process that entail analysis, formulation and evaluating of strategies that would enable an organization to achieve goals by developing and maintaining strategic fit between the organization's distinctive competence resources vis-a-vis the threat and the opportunities arising from its changing environment. (Kerin, Mohegan, Varadarajan 1990) Therefore, it is clear that strategic marketing management is a periodic planning process that is normally supplemented by techniques that allow the organization to be strategically responsive outside the planning process.

The strategy needs to be driven by the market and its environment rather than internal orientation. It's a proactive rather reactive and task should be to try to influence with environment as well as respond to it (Aaker 1998). Strategic marketing entail conducting situational analysis, determination of marketing objectives, selection of target markets, design of a marketing plan; implementation and control of the plan.

2.2.2 Characteristics of Strategic Marketing:

Strategic marketing focuses on financial performance rather than marketing's concern about increasing sales. Some of the characteristics of strategic marketing are: -

a) Market-driven strategies

Competitive Advantage is customer driven and is based on the degree of customer satisfaction achieved by a firm and the extent to which the firm exceeds the customer satisfaction levels of the competitor. Marketing strategy contributes to Competitive Advantage by combining the customer-influencing strategies of the business into an integrated array of market-focussed actions.

b) Environmental turbulence

The turbulence of the contemporary business environment places a special importance on strategic marketing's market and competitor-monitoring activities.

c) Customer satisfaction

The key to achieving customer satisfaction is linking buyer's need with the organizations product or service planning processes. Success in achieving high quality products and services depends importantly on finding out which dimensions of product and service quality drive customer satisfaction.

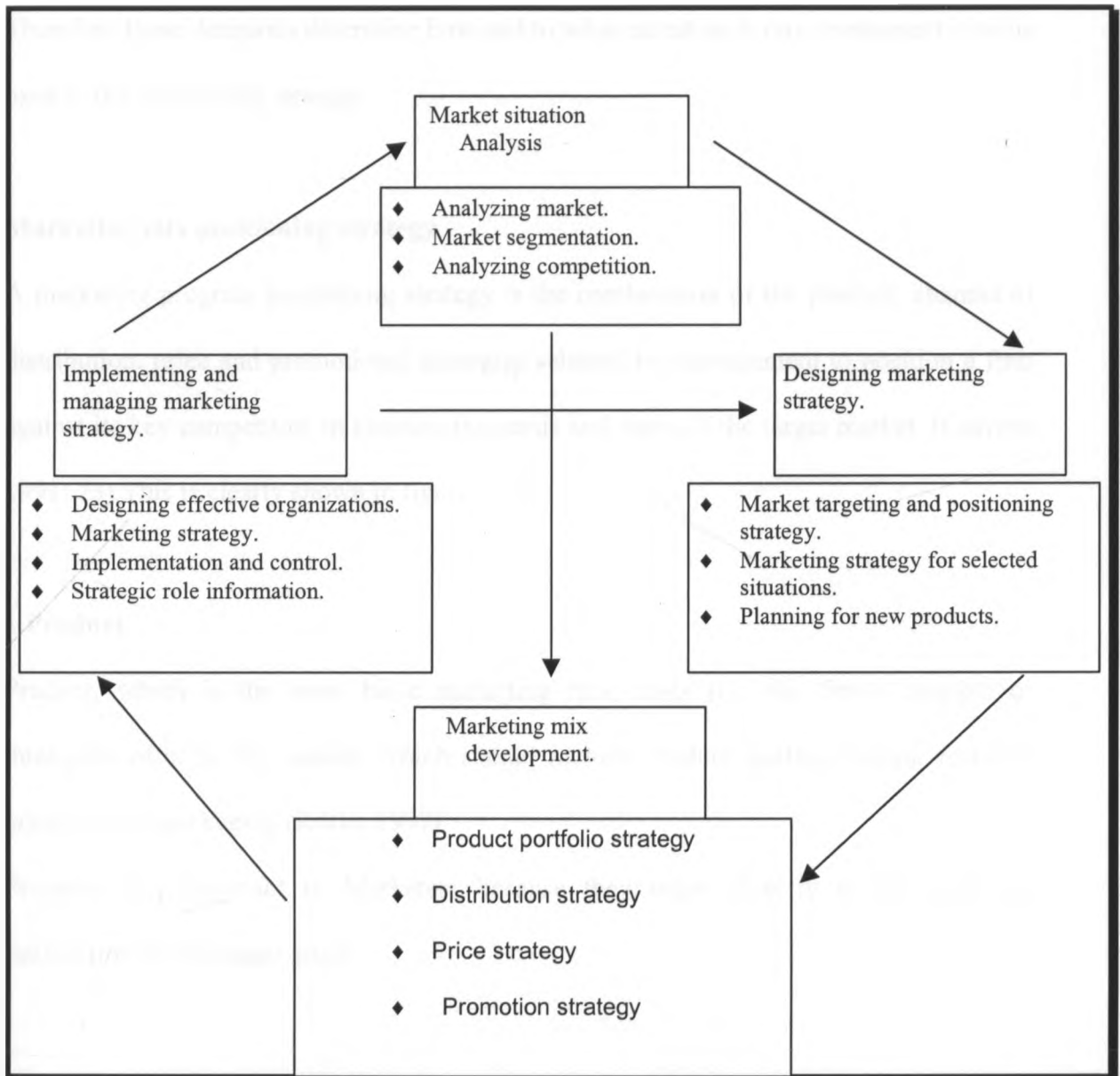
d) Financial performance

The objective is to make strategic marketing decisions that contribute to the financial performance of the business.

2.2.3 Marketing Mix Variables

The market mix is the set of markets tools that the firm uses to pursue its market objective in the target market (Kotler 1997). The marketing mix comprises of 4 Ps as popularized by McCarthy (1996) four-factor classification. These are product, price, place (distribution) and promotions. These market mix elements are the strategic pillars that a firm can use against competitors. Porter (1980, 1995) suggests that low cost and differentiation (uniqueness) represent two generic strategies available to organizations and all effective strategies evolve from one or both of these foundations (base).

Figure 2.2.3 STRATEGIC MARKETING-PLANNING PROCESS.



Source: Cravens D.W: Strategic Marketing: Irwin Homewood 3rd edition 1991:68

Cravens (1991: 78) stated that selecting an appropriate marketing mix involves two kinds of decisions. Firstly, management must determine the role each mix component. This consists of identifying the functions unique to each component as well as deciding the

role of the mix components that can perform the same_functions. The interactive of effects of the mix components should be evaluated. Secondly the management should choose the most cost-effective means of performing each mix component function. Therefore these decisions determine how and to what extent each mix component is to be used in the positioning strategy.

Marketing mix positioning strategy

A marketing program positioning strategy is the combination of the product, channel of distribution, price and promotional strategies selected by management to position a firm against its key competitors in meeting the needs and wants if the target market. (Cravens 1991: 73).This is clearly shown in figure 2.2.3

1.Product

Product, which is the most basic marketing mix, tools (i.e. the firm's tangible or intangible offer to the market) which should include product quality, design, features, branding and packaging (Kotler 1997)

Products are important to Marketers because they relate directly to the customer satisfaction or consumer goals.

2.2.5 Product strategies

Brands have been successful over a long time period offer some useful insights regarding product strategies (Cravens, 1991). Cravens further noted that many new products fail,

while established brands like Coca-Cola continue to build strong market positions. Some of the product strategies are:

Strategies for existing products

Many of the new products are actually modifications of existing products. Therefore, once the need for a strategy change for an existing product is identified. Management has several options for responding to the situation namely:

i) Cost reduction strategy

Low cost gives a company a major advantage over the competition. Softa brands are lowly priced compared to competitors. Cost can be reduced by changes in the engineering, design by manufacturing improvements and thereby increases in marketing productivity (Cravens 1991).

ii) Product alteration strategy

Products are often improved by changing their features, quality and styling. Features provide a way of differentiating a brand against competition. Coca-Cola has differentiated itself from the competitors. Cravens (1991:408) noted that the ability to produce products with varied features that appeal to different buyers is an important competitive advantage. Also quality improvement is an important strategy for increasing competitive advantage.

iii) Marketing strategy alteration

Adjustments in market targeting and positioning strategies are necessary as a product moves through its life cycle. Cravens (1991:408) noted that problems or opportunities might indicate the need to adjust marketing strategy during a particular product life cycle stage.

iv) Product elimination strategy

This strategy is considered when the above mentioned strategies are not feasible. The management may decide to drop, sell it to another company or halt a product production.

Other strategies are:

i) Branding strategies

It involves selecting a strategy from several options such as private branding which is assigning of a brand name by a non-manufacturer; corporate branding where primary emphasis is on building brand equity using the corporate name. It's appropriate when it is not feasible to establish specific brand identity and when the product offering is relatively narrow. On the other hand, product -line branding places a brand name on a line of brands. It provides more focus than corporate brand and it's cost effective by promoting an entire line rather than a specific product. This branding strategy is effective when a firm has one or more lines each representing an interrelated offering of items.

On specific product branding it is the strategy of assigning a brand name to a specific product. Various producers of frequently purchased items such as soft drink, toothpaste and soap use it. A brand name on a product gives it a unique identification in the market

place. A successful brand can gain a strong loyalty overtime product that represents low involvement purchases benefit from brand name.

ii) New product strategy

A Company may decide to introduce a new product to a new market or current market depending with customers.

2.Price

Price is the critical Marketing mix tool, it is the amount of money that customers pay for a product (Kotler 1998:93). It's also the value placed on goods and services (Stanto 1987:260). It is what consumers are willing to pay for a product or service (Kibera & Waruingi 1988). In the marketing strategy a company's pricing policy send a message to the market. It gives customers an important sense of a company's philosophy, therefore before defining a price managers must think about how customers will value the product (Dolan 1995: 174).

2.2.6 Pricing strategies

The role of price in marketing strategy depends on the target market, the product and the distribution strategies management selects. Factors such as product quality and features, type of channel, end-users served and intermediaries functions help in establishing a price range (Cravens 1991:447). Therefore the choice of price strategy depends on how management decides to price the product relative to competition and whether price performs an active or passive role in the marketing program. The use of price as an active

or passive factor refers to whether price is discussed in advertising, personal selling and other promotional efforts. Many firms choose to price at or near the prices of key competitors and non-price factors are emphasized in their marketing strategies.

Some of the strategies are:

Price strategies for existing products

This considers the on-going aspects of pricing. According to Cravens (1991). They are: -

i) High - Active strategy (High pricing strategy)

Here, high price is charged to customers. It is used in prestigious brands seeking an affluence image. It always assumed to be signaling the value of the product. It is used to serve small target markets. A firm is also less subjected to retaliation by competitors particularly if its products are differentiated.

ii) High - passive strategy

This is used when customers in the target market are concerned with product quality and performance. Therefore, higher prices are charged to customers.

iii) Low active strategy (Low -pricing strategy).

Many retailers use this strategy. It is used when price is an important factor in the buyers' decision.

iv) Special pricing strategies

These are used when special-pricing situations occurs in the markets and competitive environments:

Price segmentation strategy

Price is used in several markets to appeal to different price segments. It requires that buyers be unwilling to move between segments. Price elasticity difference makes it feasible to appeal to different segments.

Distribution channel pricing strategy

This is used where intermediaries are involved taking into consideration the needs of the channel members. The strategy adopted by the producer should allow the flexibility and incentives necessary to reach sales objectives. Therefore, these decisions require analysis of cost and pricing at all channel levels. If producer prices to intermediaries are too high, inadequate margins may discourage intermediaries from actively promoting the producer's brand. Margins vary based on the nature and importance of the functions that intermediaries in the channel are expected to perform. For example in the soft drink industry, margins between costs and selling prices must be large enough to compensate a wholesaler for carrying a complete stock of soft drinks in the storeroom.

Price flexibility strategy

It is a special consideration in deciding how flexible prices will be. For instance, will prices be firm or will they be negotiated behind buyer and seller.

Product life cycle pricing

Some firms guide pricing decisions according to the life cycle of a product. Depending on its stage in the product life cycle, the price of a particular product or an entire line may be based on market share, profitability, and cash - flow or other objectives. In many product-markets, price declines as product moves through its life cycles. Because of life cycle considerations, different objectives and policies may apply to particular products within a mix or line. For many products, price becomes a more active element of strategy as they move through the life cycle and competitive pressures build costs decline and volume increases. Cravens (1991) stated that life cycle pricing strategy should correspond to the overall marketing program positioning strategy used.

Other strategies for new products commonly used are:

Market-penetration in pricing strategy

Which is the setting of low pricing with an objective of building volume and market position. It is done when the product wants to enter the market assuming the market is price sensitive; when production and distribution costs fall with accumulated production experience and discourages actual and potential competition.

Market-skimming pricing strategy

Is used when the firm wants to "skim" the market. The prices are changed highly especially when the product has higher comparative benefits version available substitutes (Kotler 1997). Market skimming makes sense under the following conditions:

- a) A sufficient number of buyers have high current demand.
- b) The unit costs of producing a small volume are not so high that they cancel the advantage of charging what the traffic will bear.
- c) The high initial price does not attract more competitors to the market.
- d) The high price communicates the image of a superior product. In soft drink industry this pricing strategy mainly goes with the type of packaging of the brand. Canned and plastic packaging soft drink tends to "skim" the market. Other brand extensions such as light and diet soft drink also "skim" the market due to the nature of its small market.

Some of Pricing practices that have received most attention in terms of legal and ethical considerations are:

Horizontal price fixing

It is price collusion between competitors mainly for products with narrow profit margins.

Price discrimination

It is charging different customers different prices without an underlying cost basis for discrimination.

Price fixing in channels of distribution

It is basically specifying the prices of distributors.

3. Distribution

Distribution is the third element of the marketing mix. It has great impact on product availability, consumer acceptance and overall economic performance of the company. Access to effective and efficient distribution channels is often a key success factor (Aaker 1998).

Distribution strategies

The distribution channels may be exclusive where it involves severely limiting the number of intermediaries handling the products or services. It is used when the producer wants to maintain a great deal of control over the service level and service outputs offered by the resellers. It involves exclusive dealing arrangements where the resellers agree not to carry competing brands; for example Coca-Cola sponsored distributors and retail outlets. They use the company workers to keep only company brands to enhance the quality of brands and corporate image. It ensures brands availability and consequently purchase of the brands. Selective distribution strategy is the second form where it involves the use of more than a few but less than all of the intermediaries who are willing to carry a particular product. It is used both by established companies and by new companies seeking to obtain distributors. It enables the producer to gain adequate market coverage with more control and less cost than intensive distribution. The last form is extensive distribution strategy where the manufacturer places the goods or services in as many outlets as possible where consumers require a great deal of location convenience. It is important to offer greater intensity of distribution. It is generally for convenience items

such as soap, soft drinks and snack foods (Kotler 1997: 540). The distribution intensity depends on several factors namely; management's preferences, product and market target influences. (Cravens 991:427). Therefore, strategic requirements, management's preferences and other constraints must be evaluated to determine what intensity provides the best strategic fit and performance potential. In soft drink industry, delivery of the brands is very crucial where dispensers, vending machines and coolers are used to distribute the brands. This forms part of the bottle network where it forms special role in the value chain creation of the organizations.

Aaker (1998) an analysis of likely or emerging changes within distribution channel can be important in understanding a market and its key success factors for instance the increased sale of wine in supermarkets made it more important for wine makers to focus on packaging and advertising. Coca Cola (K) has not been aggressive in supermarkets compared to sellers of pure fruit juices spirits, wines and other soft drinks where prices have been shifting downwards most of the times. On the other hand Softa brands have mainly concentrated in specific outlets. Therefore firms should analyze consumer needs for product outputs, establish channel objectives, set channel strategies in terms coverage, exposure and support required for the channel in order to gain competitive positioning. Aaker (1998) concluded that channel power is related to customer power in profitability analysis.

4. Promotion

The fourth element of the marketing mix is promotions, which is used to inform and persuade the market regarding an organization product or services.

Promotional strategy

Promotion strategies combine advertising, personal selling, sales promotion and publicity into coordinated programs for communicating with buyers and others involved in purchasing decisions (Cravens 1991:476). The communication objectives help determine how advertising, personal selling and sales promotion will be used in the marketing program. Some of the objectives are:

- **Need recognition**

One communication objective, typical for new product introduction is to trigger a need, However, need recognition may also be important for existing products and services, particularly those the buyer can postpone purchasing or choosing not to purchase.

- **Gathering Information**

Promotion can aid buyer's search for information. One of the objectives of new product promotional activities is to help buyers learn about the product.

- **Evaluation of alternatives**

Promotion can be used to help buyers evaluate alternative product or brands. Both comparative advertising and personal product selling are effective in demonstrating brand strength over competing brands.

- **Decision to purchase**

It helps in purchase making process.

- **Product use**

Promotion can be used to explain product use after or before purchase.

Components of a promotion strategy

i) Advertising:

It is any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor (American Marketing Association: 1960). It has been widely used by Coca-Cola Company to build its brand equity. It is also an effective way to reach numerous dispersed buyers at a low cost per exposure. It may take the form of infomercials, which are television commercials and Newspaper Ads. Advertorials, which are, print ads that offer editorial content. Advertising strategy development begins by identifying and describing the target audience. Then the management establishes the role and scope of advertising, decide on advertising budget and set specific objectives. The selection of creative strategy follows and determines how objectives will be accomplished. Kotler and Armstrong (1996: 502) stated that any advertising message could be presented in different execution styles such as

Slice of life: This style shows how a product fits in with a particular lifestyle.

Fantasy: This style creates a fantasy around the product or its use.

Mood or image: This style builds a mood or image around the product such as love, beauty or serenity.

Personality symbol: This style creates a character that represents the product.

Technical expertise: This style shows the company's expertise in making the product.

Scientific evidence: This style presents survey or scientific evidence that the brand is better or better used than one or more.

Testimonial evidence: These styles feature a highly believable or likable source that endorses the product.

ii) Sales promotion

It consists of short - term incentives to encourage purchase or sales of product or service.

These are: -

Consumer promotion:

It is sales promotion designed to stimulate consumer purchasing. It includes:

Samples: They are offered to consumers of a trial amount of a product.

Coupons: There are certificates that give buyers a saving when they purchase a specified product. They are intended to influence the purchase decision.

Rebates: These are cashing refunds offers. These are offers to refund part of the purchase price of a product to consumers who send a "proof of purchase" to the manufacturer.

Price packs (Cents - off deals): They are reduced prices units are marked by the producer directly on the label or packaging.

Premiums: These are goods offered either free or at low cost as an incentive to buy a product.

Advertising specialties: These are useful articles imprinted with advertisement name, given as gifts to consumers.

Patronage rewards: Cash or other awards for the regular use of a certain company's products or services.

Point of purchase (POP)

Promotions: Displays and demonstration that take place at the point of purchase or sale. They are intended to influence the purchase decision.

Contests, sweepstakes, games

They are promotional events that take place during special occasions

i) Trade - promotion tools.

They are used to persuade retailers or wholesalers to carry a brand, give it shelf space, promote it in advertising and push it to consumers. It consists of:

Discounts: A straight reduction in price on purchase during a stated period of time.

Allowance: Promotional money paid by manufacturers to retailers in return for an agreement to feature the manufacturer products in some way.

ii) Business - Promotional tools.

These take the form of: -

Conventions and trade shows to promote products.

Sales contests for sales people and / or dealers to motivate them to increase their sales performance over a given period.

Personal selling

It is the oral presentation in a conversation with one or more prospective purchases for the purpose of making a sale. One of the Advantages of personal selling over advertising is its flexibility in responding to the buyers objections and questions at the time the decision to purchase is made.

Publicity and Public Relations

Publicity is doing activities to promote a company or its products by planting news about it in media not paid by the sponsor. While public relations (PR) is the building of good relations with the company's various publics by obtaining favorable publicity building up a good "corporate image" and heading off unfavorable stories and events.

The major PR tools include: Community activities, sponsorships, press relations, product publicity through speeches and press release, corporate communications, lobbying, counseling and special events ranging from new conferences press tours, grand openings and fireworks displays to lesser shows, such as hot-air balloon releases. Once these strategies have been identified a strategic marketing plan may then be prepared and implemented.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Population of the study

The population of interest comprised the eight Coca-Cola bottling companies and the two independent soft drink. Companies operating in Kenya therefore population was the companies since the study covered all the ten companies no sampling was required. The census approach used in this study has also been used successfully by Bett (1995) in the study of strategic mainly of dairy products in Kenya and by Okujoye (1992) in the study of professional mix elements by Kenya Commercial Banks.

3.2 Data collection

The relevant primary data was collected using a partially structured questionnaire (appendix 1). The first part (part A) of the questionnaire named out questions on the general information of the companies activities to give the helicopter view of the companies operations and ownership (part B) came questions which focussed on the 4p's (marketing mix variables) and the strategic marketing practices. This addressed the objectives pursued by these companies, data on the second objective of assessing the relative importance of the strategic practices of the various companies was collected through structured questions by ranking in the order of importance of each practice. The questionnaire was personally administered to the sales and marketing or other area managers in charge of marketing activities in each soft drink company. Two senior managers from each company method were interviewed. This method of interview was chosen for its flexibility. It enabled the researcher to explain and clarify certain concepts

that may not have been clear particularly for marketing managers with non-marketing background.

This method was also suitable for its low costs and high rate of response. A response rate of 75% was realized. The strategic marketing practices investigated were derived from a model by cravens (1991 – 68). The model formed the yardstick of the strategic marketing practices are pursued by the industry.

3.3 Data analysis

Once the data was collected, it was analyzed using descriptive structures. This was deemed suitable in view of the objective show.

3.3:1 Measurement of results

Pertinent questions and / or statements were used to test whether or not a phenomena existed . A phenomenon, activity or practice was only said to exist if more than half the sample responded affirmatively, for instance, to draw conclusions on whether firms had pricing strategy, it was required that they be able to identify the pricing objectives such as maximum profit or to increase market share and give the pricing strategy used to achieve the pricing objective. These factors would then constitute the parameters for analysis so that if a firm undertook more than half of them, then it was said to be practicing the pricing strategies. Similarly, if more than half the firms in the industry stated they practiced any activity, then the response was generated to apply to the entire industry. For instance Coca-Cola as the market leader started the concept of strategic site depot and other companies such as softa and Schweppes adopted the same strategy.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION.

The process of strategic marketing encompasses the market environment analysis, development of marketing program, implementation of program and evaluation of program.

The study is based on what practices the soft drink industry engages in to thrive in the hyper competitive market place. Therefore the marketing positioning strategy is the combination of the product, channel of distributing price, and promotional strategies selected by management. This helps in positioning a firm against its key competitors in meeting the needs and wants in the target market (Carvers 1991:73). These strategies are product portfolio strategies, price strategies, promotion strategies and distribution strategies.

4.1 The Market Environment

Strategy relates an organization to its external environment therefore it is important to consider environmental factors when preparing a marketing plan. The data on what environmental factors companies use when preparing marketing plans are listed in table 4.1 below.

Table 4.1 perceived environmental factors in preparing marketing plans

Variables	Score (1)	Score (2)	Score (3)	Score (4)	Score (5)	Total
	%	%	%	%	%	%
Market shares	85.7	7.1	7.1		-	100
Market growth potential	50	42.9	-	-	7.1	100
Change of the consumer taste	50	16.7	16.7	-	16.7	100
Government regulation	-	33.3	-	-	33.3	100
Business regulation	-	33.3		33.3	33.3	100
Profitability	-	25	50	25		100
Availability of suppliers	25	25	50	-	-	100
Availability of Finance	-	50	16.6	-	3.33	100
Technological factors	20	20	-	40	20	100
Demand of the product	-	20	20	40	20	100
Competition	33.3	1	33.3	33.3		100
Head office requirements	-		50		50	100
Staff qualification	-				50	100
Number of employees	33.3				66.6	100

Table 4.1 reveals that according to soft drink industry the following environmental factors are very important in preparation of marketing plans:

FACTORS	% OF SAMPLE
Market share	85.7
Market growth potential	50
Change of the consumer	50
Taste	50
Availability of finance	50
Competition	33.3

On the other hand, the firms responded that the following environmental factors are least important in preparation of the marketing plans.

FACTORS	% SAMPLE
Number of employees	66.6
Staff qualifications	50
Government regulations	33.3
Business regulations	33.3

From the above, it is clear that market share is usually an important factor in preparation of the marketing plans. These findings are consistent with the literature that consumer brands such as soft drink are volume driven (market share is vital). This may also explain why firms in the industry are coming up with a wide variety of flavors and colors to increase their market share.

Table 4.2 importance of marketing objectives

Marketing	Very important	%	%	%	Least important	Total
Customer objectives	100	-	-	-	-	100
Product quality	100	-	-	-	-	100
Market share growth	73.3	26.7	-	-	-	100
Profit maximization	73.3	13.4	13.4	-	--	100
Survival	53.3	-	-	20	26.7	100
Target return on investment	86.7	*	13.3	-	-	100

Table 4.2 shows that majority of the respondents 100% take customer satisfaction and product quality as very important marketing objectives. Target return on investment which scored is 86.7%, and market share and profit maximization which scored 73.3% are also important factors in marketing objective. Survival scored 53.3% as an important markets objective. Therefore these results suggest that the soft drink industry is customer driven with quality as a key priority. Again the target return on investment is important to enhance shareholder wealth maximization. These results again suggest that there is competition in the soft drink industry. In competitive industries wars are fought to capture as much of the market share (73.3%) as possible. This in turn leads to customer driven approach marketing. Product quality importance suggests the attention companies give in ensuring no contamination takes place, therefore, encouraging repeat purchase by consumers. These characteristics are descriptive of the soft drink industry in Kenya.

4.2 Product strategies

The current study focussed on what product strategies the soft drink industry engages to meet their objectives in the market place. The study yielded the data below.

Table 4.3 product attributes applied in soft drink product decisions

Product strategies	Always %	Sometimes %	Never %	Total %
We offer high quality products	100	-	-	100
We offer a wide variety of products	100	-	-	100
We offer a variety of product items within each line	46.7	53.3	-	100
We offer a variety series of products to suit customer needs	80	20	-	100
We have well shaped packaging	100	-	-	
Our products come in various brands	100	-	-	100
On each product we print the company name	93.3	6.7	-	100
On a regular basis we reduce the product lines that are not doing well in name	100	-	-	100
We offer different colours of drinks	100	-	-	100
Based on new emerging needs we come up with new products as at when required.	100	-	-	100

Table 4.3 reveals that majority of the respondents emphasize certain attributes in the soft

drink industry in product decisions

ATTRIBUTES	% OF SAMPLE
High quality product	100
Wide variety of products	100
Well shaped packaging	100
Various brands offering	100
Different flavours	100
Different colours	100
Based on emerging needs for new products	100

On the other hand, the industry responded that the following attributes sometimes were emphasized in product decision.

ATTRIBUTE	%OF SAMPLE
Variety of product items with each line	53.3
Various sizes of products to suit customer needs	20
On each product we attain the company name	26.6

From the above it is clear that high quality products, wide variety, well shaped packaging, differentiated offering, a variety of flavors, and new / emerging needs of customers are influential attributes in product decisions. This may also explain why companies such as Coca-Cola have made strategic moves by introducing new flavors and colours such fanta passion and fanta blackcurrant into the market. On the other hand, softa has introduced strawberry and tropical flavours.

On product quality, these results also explain why Nairobi Bottlers Ltd. has invested in a new filling line with an automatic 60% checking on product quality standards. On the side of packaging the appearance of a product is of vital importance especially on fast consumer goods such as soft drinks. The package provides a critical visual contact at the point of sale hence acting both as reminder and a distinguishing feature (Baker, 1992: 350).

This explains why the industry has invested heavily on new glass bottles, newer paper packages and newer sizes of bottles to attract the consumers and to satisfy their needs as per various sizes available in the market place such as 300ml, 500ml and 1 liter packs. This also suggests that the packaging attributes help in the segmentation of the soft drink target market.

Table 4.4: Products strategies pursued by the soft drinks industry were as follows

Product strategies	Always %	Sometimes %	Never %	Total %
Product modification	20	33.3	46.7	100
Product withdrawal	6.7	46.7	46.7	100
Product elimination	13.3	6.7	80	100
Corporate branding	86.7	-	13.3	100
Individual branding	93.3	-	6.7	100
Combination branding	40	20	40	100
Product development	86.7	13.3	-	100
Market development	86.7	13.3	-	100
Differentiation strategy	86.7	-	13.3	100
New product introduction	86.7	-	13.3	100
Entering new markets	40	20	40	100
Attaining competition on quality	60	50	20	100
Putting entry barriers for other substitutes	60	20	20	100

Table 4.4 reveals that according to respondents the following are always the product strategic by soft drink industry.

Product strategy	% of sample
Individual branding	93.3
Product development	86.7
Market developments	86.7
Differentiation strategy	86.7
New product introduction	86.7
Corporate branding	86.7

On the other hand the respondents gave the following as sometimes-applied product strategy in the industry.

Product strategy	%of sample
Product withdrawal	46.7
Investing	26.7
Combination modification	33.3

And the product strategies never applied in product elimination with 80% while product modification and product withdrawal scored 46.7% each.

These results suggest that individual branding 93.3% is always practiced. While corporate branding (86.7%) product development (86.7%) market development (86.7%) differentiation strategy 86.7% are also favored and practiced. This explains why we have different brand names in the industry such coca – cola, fanta, sprite, crush and softa cola. The corporate branding is probably used to leverage the brand in the market place which is saturated with cheap imported soft drinks. Also it explains why new products have been introduced in the market place such as powered for sports people from Coca-Cola. These characteristics are descriptive of the soft drink industry as Kenya

4.5 Importance of attributes in developing new products are detailed below

Attributes	Very important %	%	%	%	Least important %	Total
Competitor offers	86.7	-	-	-	13.3	100
Customer needs	93.3	-	-	-	9.7	100
More of customers	86.7	-	-	-	13.3	100
Market share	93.3	-	-	-	9.7	100
Product quality	100	-	-	-	-	100
Computability of the intruded product with existing skills.	93.3	-	-	-	9.7	100
Corporate image compatibility	93.3	-	-	-	9.7	100
Compatibility of financial resources with intended new products	100	-	-	-	-	100
Compatibility of the intended product with promotional programs.	100	-	-	-	-	100
Compatibility of the intended product with the organization	80	-	-	-	20	100
Compatibility of the intended product with distribution outlets						100

Table 4.5 shows the very important attributes in developing new products in the industry

ATTRIBUTE	% OF SAMPLE
Competitor offers	86.7
Customer needs	93.3
Income customers	86.7
Market share	93.3
Product quality	100
Compatibility of the intended product with	93.3
Existing skills	93.3
Corporate image	100
Compatibility	100
Financial resources	100
Compatibility within the organization	80
Distribution outlet	100

Therefore these results suggests that financial resources (11%), distribution outlets (100%) and corporate image compatibility (100%) are very important attributes in new product development. These attributes were followed by customer needs (93.3%), market share (93.3%), skills (93.3%), competitor offering (86.7%) and income of customers (86.7%)

This again re-emphasizes the importance of market share, distribution outlets, resources and corporate image in soft drink industry. The customer needs are critical, therefore the

firms have come up with different flavours and colours in different sizes to cater for different customer needs. These results again suggest the competitive nature of the industry since competitor offerings are regarded as very important. This probably suggests why disposable packs have been introduced to compete with the ready- to- drink preparations such as ribena and boost to mention a few.

4.6 Pricing objectives

Importance attached to pricing decisions in the soft drink industry are detailed below in the table 4.6

Pricing objective	Always %	Sometimes Apply %	Never apply %	Total %
Maximum profit	10	10	80	100
Meet competition	40	67	53.3	100
Offer better value than competitor	33.3	-	66.7	100
Under-cut competitor	66.7	-	33.3	100
Increase consumption	13.3	-	86.7	100
Increase market share	13.3		86.7	100

The table 4.6 reveals that according to respondent the following pricing objectives are always any shared in the soft drink industry.

PRICING OBJECTIVE	%SAMPLE
Undercut competition	66.7
Meet competition	40

On the other hand, the following objectives were never applied in the pricing objectives.

OBJECTIVES	% SAMPLE
Maximize profit	80
Offer better value	66.7
Competitor	66.7
Increase consumption	86.7
Increase market share	86.7

Therefore, it's clear that majority of the companies (66.7%) set their prices to undercut competition to meet competition (40%). On the other hand, maximum profit pricing objectives 80%, increase market share and increasing consumption rate 86.7% each were never applied. This probably explains other reasons for a company existence apart from profit maximization. Also pricing is used as strategy to fight competition since it's pegged with competition. This probably explains why softa prices are low compared to coca-cola and suppliers brands to penetrate the market.

4.7 Pricing strategy

The table below 4.7 shoes the pricing strategy defined by soft drink industry.

Table 4.7

Pricing strategies	Always %	Sometimes apply %	Never apply %	Total %
Skimming pricing	-	40	100	100
Price discounts	-	80	20	100
Cash rebates	-	60	40	100
Price segmentation	100	-	-	100
Low pricing	-	80	20	100
Price feasibility	20	60	20	100
Price discrimination	-	20	80	100

Majority of the companies (100%) said that they always use price segmentation strategy to cater for different customer segments such low middle class and upper class. This explains the packaging sizes which differ in different outlets such as fast moving restaurants, Street vendors, supermarkets and even kiosks. The use of small size paper cups could be probably due to lower class segment and customers who are on daily routines. Depending with the season, price discrimination (80%), cash rebates 60% and low pricing 100% are sometimes applied. This probably explains why during low seasons (cold weather) and high seasons different prices are applied depending on the firms overall strategy.

Their pricing strategy was cited as the main factor behind competition and market segmentation. Price strategy is also used to communicate quality in the industry.

4.8 Promotion strategy

This strategy is used in informing persuading and creating awareness in the market of the organization, it's products and / or services. The advertising activities are indicated in table 4.8 below.

Table 4.8 advertising objectives undertaken by the firms.

Advertising objectives	Very well %	Reasonably Well %	Not at all %	Total %
We know our market well	100	-	-	100
We made advertising to educate our customers	93.3	6.7	-	100
To switch customers to our brands	100	-	-	100
To increase market share	100	-	-	100
To create awareness on new products	86.7	13.4	6.7	100
Communicate and enhance customer growth	100	-	-	100
To make use of the advertising budget	100	-	-	100
To increase sales	66.7	13.4	21.1	100
To create awareness on events	86.7	13.4	-	100
To enhance our corporate image.	86.7	13.4	6.7	100

Promotion plays a major role in creating awareness, Erasing perceptions of faults and

creating subjective associations that in turn result in benefits, which are important

When there is apparent competition between two or more competing alternatives (baker 1992:422).

The table 4.8 clearly shows that advertising objectives of the soft drink industry are:

ADVERTISING OBJECTIVE	%OF SAMPLE
Knowing of market	100
Switching customers to brands	100
Communicate to increase market share	100
Communicate to enhance customer growth	100
Like advertising budget	100
Create awareness using events	86.7%
Use advertising to increase sales	86.7%

From the above, it is evident that advertising objectives play a major role for firms in the industry to succeed in the market place. The results against suggests the importance of market share in the industry. The switching of customers to brands (100%) suggests the competitive nature of the industry. Also, the industry is clearly customer driven with programs tailored to suit customer needs. This is clearly explained with education of customers (93.3%) use of events such as sports (66.7%) and communication to enhance customer growth objective (100%). On a similar note, new products introduction is mainly through advertising (86.7%). The firms have advertising budgeting (100%) clearly demonstrating the seriousness and professionalism in managing brands in the industry.

4.9 Advertising appeal applied

Advertising appeals applied by the industry are shown below in the table 4.9.

Table 4.9 advertising appeals

Appeals	Very well %	Reasonably well %	Not at all %	Total %
Slice of life	53.3	46.67	-	100
Fantasy	80	20	-	100
Image	86.7	6.67	6.67	100
Personality symbol	66.67	26.7	6.67	100
Technical expertise	93.3	6.67	-	100
Scientific evidence	53.3	46.67	-	100
Testimonial evidence	80	20	-	100

Advertising appeals assists in execution of the advertising strategy. Table 4.9 reveals that according to respondents the following advertising appeals are very well practiced by the industry.

ADVERTISING APPEAL	% OF SAMPLE
Technical experience	43.3
Image	86.7
Evidence	80
Fantasy	80
Personality symbol	66.67
Scientific evidence	53.3
Slice of life	53.5

On the other hand, scientific evidence and slice of life are also reasonably well practiced with 46.67% each appeal. The above results, once again shows that the advertising

message of mainly emphasized on the image of the brand such love serenity or friendliness and testimonial evidence. These results suggest that the products are mainly targeting the youth given the nature of the message in the appeal. Therefore the appeals probably are basically meant trigger impulse purchase of the products. As they informing, convincing and reminding consumers. These findings concur with the earlier observation that competitive marketing is major feature in the industry. Responses indicate that all the appeals are used very well.

5.0 Sales promotion

Sales promotion consists of short-term incentives to encourage purchase of sales of a product or service. The table below 5.0 show the details.

Table 5.0 sales promotion activities

Activities / Incentive	Very important %	Reasonability Well %	Not at all %	Total %
Free sample	93.3	6.67	-	100
Coupon offer	20	46.67	33.3	100
Rebates	20	46.67	33.3	100
Price discounts	40	20	40	100
Premiums	46.6	33.3	20	100
Advertising specials	46.67	33.3	6.67	100
Patronage rewards	53.3	26.67	20	100
Point of purchase (P.O.P) gifts	60	33.3	6.67	100
Contests	53.3	26.67	20	100
Discounts	46.67	20	33.3	100
Allowances	33.3	46.67	20	100
Sponsorship	80	13.3	6.67	100

Free sample appeared to be the very important promotion to all tool companies were using with (93.3%) of the sample in dealing participation. This could be explained by the fact that soft drinks are impulse purchase products sponsorship plays a major role with (80%) participation of the sample. This explains the sponsorship of events by companies such as under eighteen-football team sponsored by coca-cola. This brings out the

targeting of the youths as the main market segment for the industry. The point of purchase (60%) is also practiced with special emphasis on all the outlets to increase the demand of the products. This result suggests the fact that the industry focus move on shelf-space in the retail outlets for marketing execution process to be effective.

On the other hand, rebates and allowances are reasonably well practiced with 46.67% each may be due to the nature of the industry and the competition in applying these incentives to all the consumers. The logistics could be a problem since the products are volume driven meaning they have to be sold for the company to benefit economically.

5.1 Personal selling

This is the oral presentation in a conversion with one or more prospective purchasers for the purpose of making sale.

The table 5.1 below shows the emphasis of personal selling activities given by the industry.

Table 5.1 personal selling activities.

Personal selling activity	Always	Sometimes	Never	Total
Salesperson used	86.67	6.67	6.67	100
Bonuses to retailers	53.3	20	26.67	100
Temporary allocation	100	-	-	100
Merchandising	100	-	-	100
Training of sales people	100	-	-	100

Personal selling was utilized with (86.67%) sales force were to perform marketing execution process such as merchandising and order generation in retail outlets.

Therefore, the fact that the industry is volume driven, the numbers of outlets to be covered is important. The company allocation of field force (100%) and training of sales people to work efficiently and effectively in their territories again explain this. Thus personal selling is key as all the companies have indicated they always use sales people in the retail outlets.

5.2 Public relations

Public relations activities practiced by the soft drink industry are shown below in table 5.2

Table 5.2 emphasis of public relations activities

Activities	Often	Sometimes	Never	Total
Seminars	66.67	33.3	-	100
Game/sports	66.67	20	13.3	100
Scholarships	40	20	40	100
Financial position communication	20	20	60	100
Community activities e.g. cleaning	46.67	53.3	-	100
Donations	53.3	20	26.67	100
Press kits	80	13.3	6.67	100
Campaigns to educate consumers	66.7	20	13.3	100

The tables 5.1 clearly shows that 80% of the companies often utilized press kits while seminars, games and campaign educate consumers were utilized by 67.7% of the sample participated. These results again suggest the importance of brand building efforts in the industry therefore there is heavy emphasis on brand public relations in the industry. The companies participate in community activities (53.3%) while the industry does not

emphasize financial position communication (60%) to public. This is probably because the companies are not public owned and are therefore not quoted in the Nairobi stock Exchange.

5.3 Distribution strategy

This is a fourth element of the marketing mix variables. It plays a vital role on product availability, consumer acceptance and overall economic performance of the company.

The distribution activities practiced are indicated below.

Table 5.3 Distribution activities

Activity	Often %	Sometimes %	Never %	Total
Use of kiosks	93.3	6.67	-	100
Use of shops and supermarkets	100	-	-	100
Use of Vendors/Trolleys	100	-	-	100
Use of only authorized agents	80	6.67	13.3	100
Wholesalers/strategic supply depots	60	6.67	33.3	100

The table reveals that use of shops, supermarkets and vendors / trolleys (100%) are a major practice in the industry. The use of kiosks is common (93.3%) and may be attributed to their strategic placement in the market place. The use of depots (60%) and authorized agents (80%) is applied in the industry. This results show the different distribution outlets the industry applies so as to avail the products when needed and at the most convenient place and time, for the consumers to satisfy their need promptly without delay and to avoid out of stock situations.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND IMPLICATIONS

5.1 Summary of results

The result reported in this study were guided by the objectives namely identification of the strategies meeting practices of the soft drink and assessing the relative importance of these practice of the industry

Data was collected using semi- structured questionnaires. The questionnaire was filled by interviewing the respondents to facilitate inter-personal communication so that concepts could be explained and to generate a high response rate. The response rate was 75%.

Findings of the study indicate that individual branding, product development differentiation strategies and corporate branding are the main product strategies practiced by the soft drink industry. These strategies were also in line with the offering of high quality products, wide variety of products and appealing packaging to satisfy the customer.

Marketing activities were well planned with the guidance of marketing plans. The marketing plans formulations were mainly affected by market share, market growth potential and change of the consumer taste. Marketing objectives were market driven with customer satisfaction and product quality as the most important objectives. The pricing objectives practiced are undercutting competition and meeting competition. This explains the intense competition in the industry. Competition is highly regarded thus companies

are involved in various strategic marketing practices to occupy strategic positions in the market place. Since strategy is about outstaging the competition the presence of competitive activities suggest that companies are making conscious strategies to survive

The pricing strategy mainly practiced is price segmentation that enables the companies to cater for different segments of the mass market. This also probably contributes to the packaging strategies where different sizes and value packs are availed in the market place in the form of glass bottles; paper packs and even cans. Price discrimination and low pricing strategies have been adopted by the late entry competitors such as Schweppes and softa. This explains the leading of Coca-Cola in the market place while others are constant followers. The pricing strategies relate more with competition where cost effectiveness is the main concern of the modern consumer. Therefore, different pricing strategies are practiced differently during different times of the year depending on the company policy and overall performance.

The promotional strategies practiced in the industry are well budgeted for and the main objectives of advertising being market share increment, customer growth, creating awareness and switching customer to brands. The advertising strategy utilizes different appeals to attract more consumers especially the youth as they have high per capita consumption. Therefore promotion is aggressively addressed due to intense competition and building strong brands is vital

Sales promotion strategies such as free sampling ,sponsorships and point of purchase rewards are well practiced.

Personal selling strategies such as employment of field sales force ,training of sales force and merchandising were key results areas in the industry.

Public relation strategy was equally practiced with more emphasis on client use of press kit, seminars, games and education of consumers as the major activities to build strong brand public relations. Lastly, distribution is crucial in the industry with emphasis on shops, supermarkets and kiosks to avail the products within consumer reach more efficiently and effectively without stock-out problem. This explains probably why companies have heavily invested in building a detailed distribution network including strategic depots for convenience to facilitate consumer satisfaction and overcoming fierce competition from both local and foreign soft drinks.

Several strategies were important to the industry in line with the second objective of the study.

Promotional strategies such as Advertising, Sales promotion, Personal selling and public relations were more important in building /creating demand while distribution strategies were crucial in fulfilling the demand for customer satisfaction. Pricing strategies played a major role in segmenting the market especially where different packaging materials are used. More importantly price segmentation was more practiced followed by low pricing to contain the competitive forces of the industry. With the changing needs of the consumer, product strategies such as individual branding are leading while different promotion strategy and corporate branding followed product strategy.

As stated by Hyman[1989:86] market demands depend on all the determinants of individual demand, including income , price of related products and preferences of consumers. Income determines the amount of money available for purchasing a particular class of products. This is determined by marginal propensity to spend. Therefore, the firms are more focussed on the promotion strategies such as advertising, sales promotion, personal selling and public relation. Distribution strategies are primarily aimed at delivering the product to the consumers at the right time and the right place

CONCLUSION

In the soft drink industry, promotional strategies such as advertising, sales promotion, brand public relations and personal selling are the corner stones of strategic marketing practices in creating demand. On the other hand, Good network distribution strategies fulfil demand and ensure extensive brand availability within reach of the consumers when needed especially in high traffic areas. Intensive distribution channels ensure success in the market place where trolleys, strategic depots and other retail outlets create success in market share expansion, growth and profitability. Individual branding and corporate branding plays a major role in the product strategies with product quality being the major emphasis on the liquid and the package. The pricing strategy is utilized in price segmentation, which explains the different classes of consumer of the products. Low pricing is used depending on seasons, the company policy and the marketing objective being persued. In conclusion its important to invest in distribution channels building as stated but such (1993) that change in the demand others when the consumer are willing to buy either more or less than previously at the same place. Thus brands should be available within reach to consumers when desired. To build strong brands, one need well planned and well executed marketing strategies. Therefore, successful companies are those that study the consumer behavior trends overtime and are able to adapt accordingly.

5.2 Limitations of the study and recommendations for future research.

The study was based on the entire industry, therefore one could not carry out a study on specific organization within the industry and compare the findings.

This study sought to identify the strategic marketing practices in the industry that have been successful despite competition. It would be interesting to compare the findings of the soft drink industry with the beverage industry as whole and beer industry in terms of strategic marketing practices.

Time was a limiting factor. This restricted both the scope and the depth of the work. Given ample time this study could be replicated in wider scope that would go beyond manufacturers to look at perceptions among consumers and members of the distribution industry demands.

APPENDIX I

AUGUST 2000

Dear respondent,

I am a Post graduate student in the Faculty of commerce, University of Nairobi pursuing a masters degree in Business and Administration (Executive MBA Program). I am conducting a study on the topic "AN EMPRICAL INVESTIGATION OF THE STRATEGIC MARKETING PRACTISES OF THE SOFT DRINK INDUSTRY IN KENYA"

Your organisation has been selected to form part of this study. Kindly assist me by comleting the attached questionnaire as well as providing any other relevant information, which you feel, will assist in this study.

The information is purely for academic purposes and your name will in no way appear in the report. Any information provided will be treated in strict confidence. A copy of the research findings will be made available to your organisation upon request.

Your co-operation will be highly appreciated. Thank you.

Yours Faithfully,

Abdallah H.K.

APPENDIX II

Part A

This questionnaire is divided into two parts. The first part requires you to fill information about your organization. It will be used to classify the results of the study. The second part is meant to highlight the various aspects of strategic marketing practices as they are applied in your organization.

Company Data:

1. Name of the organization
2. Title of the respondent
3. Qualifications
4. Department/ section
5. Years of experience in the company
.....
.....
.....
6. Who own the company (Tick one)
 - Indigenous Investors
 - Foreign Investors
 - Both foreign and indigenous Investors
7. Products produced in Kenya
 - Number of product lines.....

8. Market served (Tick one)

- Domestic markets only
- Foreign markets only
- Both domestic and foreign markets

SECTION B

PLANNING

Q1

- (a) Do you plan for your
Marketing activities ?

Yes No

- (b) If yes, what duration does the plan cover.

1 - 6 month 7 - 12 month Over 1 year

Q2

- (a) Do you assess the environment before preparing the marketing Plan?

Yes No Sometimes

- (b) If yes, tick the business environmental factors considered when preparing the marketing plan.

- Market size
- Market growth potential
- Changes of consumers tastes
- Government regulations
- Business regulation
- Political stability
- Availability of suppliers
- Availability of finance/funds

- Technological factors
- Demand for the product
- Competition
- Head office policies
- Qualifications of staff
- Number of employees
- Others(PleaseSpecify)

(b) Of the factors listed above rank them ones do affect in the order of importance. (1-Very Important to 5-Least Important)

Q3) Do you "regularly" review your marketing plans?

- (a) Yes No

(c) If yes, what factors influence your marketing plans?

.....

.....

.....

Q4) Marketing Objectives

A) Indicate how important the following marketing objectives are to your organization by ticking the appropriate box.

		Very important			Least important	
a)	Customer satisfaction	()	()	()	()	()
b)	Product quality	()	()	()	()	()

- c) Market share growth () () () () ()
- e) Profit maximization () () () () ()
- f) Survival () () () () ()
- g) Target return on investment () () () () ()
- h) Others (specify)

.....

.....

.....

B) Who participates in setting the marketing objectives?

Q5)

a) Do you offer the same product to all the customers across?

Yes No

b) If "no" please indicate the specific target market of your products in the table below.

PRODUCT	TARGET GROUP
1.	
2.	
3.	
4.	

PRODUCT:

Below are some statements related to product strategy.

Q1. Read the statement and tick the appropriate box as it applies to your organisation.

	Always	Sometimes	Never
1. We offer high quality product.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. We offer a wide variety of products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. We offer a variety of products items within each line	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. We offer a various sizes of products to suit the customer needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. We have well shaped packaging	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Our products come in various brands	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. We offer different brand names for each product	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. On each product we attach the company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. On regular basis we reduce the product lines that are not doing well in the market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. We offer different flavours of drinks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. We offer different colours of drinks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Based on new / emerging needs we come up with new products as at when required	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q2. What factors do you consider when developing new products?

B) Which of the following product strategies does your firm pursue?

	Always	Sometimes	Never
a) Product modification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Product withdrawal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Divesting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Selling of the product to another firm.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Corporate brand image	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) Product line branding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g) Combination branding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h) Entering new markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i) New product introduction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j) Attacking competition on Product quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k) Putting of entry barriers for potential substitutes /competitors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other(Specify)

Q1 Price

A) Below are pricing objectives that may be pursued by various firms, please indicate the ones that do apply

	Always	Sometimes apply	Never apply
a) Get maximum profit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Meet competition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Offer better value than Competing brand	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Undercut competition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Increase frequency of consumption	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l) Increase the market share	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m) Earn predetermined return On investment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
n) Others (specify)			

C) Indicate by ticking the appropriate box the importance you attach following attributes when developing new products.

	very important	least important			
a) competitors offer	()	()	()	()	()
b) Customer need	()	()	()	()	()
c) Income of customers	()	()	()	()	()
d) Market share	()	()	()	()	()
e) Production quality	()	()	()	()	()
f) Compatibility of the intended Product with production facilities	()	()	()	()	()
g) Compatibility of the intended Product with the existing Skills/(Human resource)	()	()	()	()	()
h) Compatibility of the intended Product with the corporate image.	()	()	()	()	()
i) Compatibility of the intended Product with financial resources.	()	()	()	()	()
j) Compatibility of the intended Product with distribution outlets	()	()	()	()	()
k) Compatibility of the intended Product with promotion programs	()	()	()	()	()
l) Compatibility of the intended product to your organization.	()	()	()	()	()

B) Of the objectives indicated above that apply to your organization, please rank them on the space provided in order of importance

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____

C) Indicate by ticking the appropriate box the pricing strategies that are applicable to your organization

	Always	Sometimes	Never
- We offer high price strategy for new products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- We offer price discounts for all our products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- We offer cash rebates on our products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- We offer different prices for our products depending on geographical areas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- We offer price cuts during low seasons	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- We increase prices during high seasons	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

D) Do you "regularly" change the prices of your products?

Yes No

If often, what factors influence you to change the prices?

1. _____
2. _____
3. _____

4. PROMOTION

(i) Advertising

In the advertising activities, please tick the appropriate box that describes your organisation advertising activities.

	Very well	Reasonably well	Not at all
a) We know our target market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) We use advertising to educate our customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) We use advertising to switch our customers to our brands	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) We use advertising to increase market share	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) We use advertising to introduce new products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) We communicate to consumers to enhance market growth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g) We use percentages of total purchases as the budget For advertising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h) We use advertising to increase sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i) We create awareness to consumers regularly Especially during price - cuts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- j) We let our customers know what we do to satisfying them

(ii) Advertising appeals

- a) We use steps to show how products fit with a particular life style
- b) We create fantasy around the product or its use
- c) We build a mood/image around the product such as love, beauty or serenity
- d) We use character/personalities that represents the product
- e) We use the company's expertise in making the product
- f) We present survey/scientific evidence that the brand is Better/better used than one or more
- g) We use highly believable source to endorse the Product

(iii) Sales promotion

Qa In relation to your promotion activities please tick the appropriate box that describes your organisation activities.

- a) We give free samples to our consumers when need be to try the products
- b) We offer certificates that offer consumers savings when they purchased specific products.
- c) We offer refund part of the purchase price of a product to consumers who send a "proof of purchase" to manufacturer.
- d) We reduce prices from our manufacturing plant and label on the pack

- | | | | |
|---|--------------------------|--------------------------|--------------------------|
| e) We offer free goods or at low price as an incentive to buyers | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| f) We offer gifts printed with some message to consumers | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| g) We offer rewards on regular use of the product | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| h) We demonstrate our products | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| i) We organise contests during special occasions | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| j) We sometimes offer a straight price reduction on purchase during a stated period | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| k) We pay our retailers in return for an agreement to feature more of our products than competitors | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| l) We sponsor events eg. Safari rally | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Qb Indicate the factors that you consider when developing a sales campaign in order of importance.

1. _____
2. _____
3. _____
4. _____
5. _____

(iv) Personal selling

In the process of using sales force (sales people) to sell the products directly to users please tick the appropriate box that describes what your organisation does.

Always Sometimes Never

- | | | | |
|--|--------------------------|--------------------------|--------------------------|
| a) We use sales persons to sell directly to consumers | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b) We offer incentives to consumers when they buy from our salesmen directly for their own Consumption | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c) We have sales persons different regions to Handle different distributors. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d) We have people who ensure product availability in all outlets in their regions | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e) We train our sales persons | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

(iv) Public relations

Qa The following are the PR activities that an organisation may be involved in. Please indicate by ticking the appropriate box that apply to your organisation.

Often Sometimes Never

- | | | | |
|---|--------------------------|--------------------------|--------------------------|
| a) We organise seminars to communicate our product quality and other related facts. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b) We sponsor games depending with the season | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c) We offer scholarships/assistance for best deserving students in high schools. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d) We regularly communicate our financial position to financial analyst | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e) We do community activities such as cleaning the city and repairing roads | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| f) We offer donations during disasters | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| g) We offer press kits to communicate certain issues | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

h) We carry out specific campaigns to educate the consumers

(v) **Distribution**

Products need to be available to the users. Please tick what appropriately describes your organisation activities. Often Sometimes Never

a) We use kiosks at certain points to each customer

b) Our products are available in shops and supermarkets

c) We use vendors in certain geographical areas

d) We use only authorised agents

e) We also wholesale in certain points

Thank you for taking your time to fill the questionnaire.

SELECTED BIBLIOGRAPHY

Aaker D: Strategic marketing management New York: John Willey and sons 1988.

Aosa.E: An Empirical investigation of Aspects of strategy formulation and implementation within large private manufacturing companies in Kenya.

Unpublished PHD Dissertation, University of Strathclyde 1992

Al Ries and J. Trout: Marketing Warfare Penguin book publishing. U.S.A. 1986

Bach G.L: Economics: Analysis, Decision making and policy. Englewood Cliffs NJ
Prentice Hall, 1963.

Benton, P.R and Lyod B: "Riding the whirlwind: Managing

Turbulence." Strategic Management Journal- Long range planning vol.25
No.2 1992 pp 111-118.

Bett. S.K: "Strategic marketing of Dairy products in Kenya." Unpublished MBA
Project, University of Nairobi. (1995)

Bii. J: "The extent to which Commercial Banks in Kenya use the promotional mix
to market their service." Unpublished MBA project, June 1982,
University of Nairobi.

Bryne J.A : "New Formula " Business Week April 10th 2000 pg 64 – 68

Charan.R and G. Colvin: "Why CEO's Fail". Fortune Magazine. June 21 - 1999 pg33 - 37.

Cravens.D.W: **Strategic Marketing**: Irwin Incorporation 1991.

Collins. J:"Turning Goals into Results: The power of catalytic mechanisms. "**Harvard Business Review** - July - Aug 1999. Pg 71

Committee on Definitions: Marketing definitions, a Glossary of marketing Terms
(Chicago, **American Marketing Association**.1960)

Daily Nation Reporter: "Coca Cola Enjoy" Reminding people of the real joy of drinking
Coca- Cola. **Daily Nation**, 31st March 2000.

Drucker. P and Lyoyd. B:"Riding the whirlwind:Managing Turbulence."**Strategic Management Journal- Long Range Planning**".Vol.25.1992 pp 11 - 118.

Fortune Magazine Reporter: Global 500 **Fortune Magazine** April 17th 2000. Pg

Gerald et al: **International marketing and Export management**. Addison Wesley
Longman publish company England. 3rd Edition 1998. Pg 459

Gluck, F.W Kaufman S.P and A.S. Walleck: " Strategic management for competitive
Advantage." **Harvard Business Review**. July - August 1998, pp 154 - 161.

Haines, W.R: "Making Corporate planning in Developing countries". **Strategic Management Journal Long range planning**. Vol.21 1988. PP 91 - 96.

Hayman, .D.V: **Modern Economics: Analysis and Applications**: Homewood Irwin 2nd
Edition, 1989

Joachimstthaler and D. Aaker: "The Lure of Global Branding." **Harvard Business Review**. Nov - Dec 1999.Pg 137 - 144.

- Karemi C.K: The State of Strategic Management Practices in the Retailing Sector: The Care of Supermarkets in Nairobi. **Unpublished MBA Project** 1993, University of Nairobi.
- Keller, R.L: " The Brand Report Card." **Harvard Business Review** Jan -Feb 2000.Pg 147.
- Kibera, F. and B.C.Waruingi: **Fundamentals of Marketing: An African Perspective**, Kenya Literature Bureau, 1998.
- Kipkorir, L: "The State of Marketing Intelligence Activities in Kenya's Retailing sector: The Case of Supermarkets in Nairobi, Kenya. "**Unpublished MBA Project**. University of Nairobi 1992.
- Kotler.P: **Marketing Management: Analysis planning and control** prentice Hall 1997.
- Kogut.B: "What makes a Company Global". **Harvard Business Review**. Jan - Feb 1999. Pg 165 - 169.
- Michael .J BAaker: **Marketing strategy and management**. Macimillan press Ltd Hampshire. Second Edition 260. Pg 313 - 420.
- M.K Gikuri: "The performance of KBL Tusker Premium Beer since Inception: A marketing and Financial Analysis." **Unpublished MBA Project** 1981. University of Nairobi.
- Njuguna E.K: "Strategic Practices in the Oil Companies in Kenya." **Unpublished MSC Project**. USIU - Nairobi 1996.
- Okong'o. P: "Big firms drop the conventional to boost sales." **The Financial Standard** 26th Oct 1999. Pg 10

Okutoyi.P: **The relationship between the use of strategic marketing and banking performance in Kenya.** Unpublished MBA Project University of Nairobi 1992.

Owiye. P : "Why Kenyan sugar firms are failing to compete effectively within the Liberalized trading environment in Kenya": The care of Government over sugar firms. **Unpublished MBA Project** 1997. University of Nairobi.

Porter M.E: **Competitive strategy techniques for analyzing industries and competitors.** New York. The freepress 1980: 1997.

Reed.S: "The Global 1000." Special Report.
Business Week. July 10, 2000. Pg 45.

Roger .A. Kevin, Vijay Mahijan .R. RajanVaradarajan: **"Contemporary perspectives on strategic marketing planning"** Allyn and Baron, Boston 1990.

Roger .A. Kevin et al: **Contemporary perspectives on strategic marketing planning**
Allyn and Baron Boston 1990.

Rosebeth .M.K: "Thriving Locally in the Global Economy." **Harvard Business Review.**
Sept - Oct 1995. Pg 151 - 159.

Starton J. and Fitrel.C: **Fundamental marketing.**
McGraw Hill, Toronto 1987.

Sull .D.N: "Why Good Companies Go Bad."
Harvard Business Review July - Aug 1999. Pg 43.

Wanjere M.D: "An investigation of aspects of marketing planning within large private manufacturing companies in Nairobi. Unpublished MBA Project
University of Nairobi. July 1999.

World Executive Digest 1997

**AN EMPIRICAL INVESTIGATION OF THE STRATEGIC
MARKETING PRACTICES OF THE SOFT DRINK INDUSTRY
KENYA.**



**BY
ABDALLAH HUSSEIN KHAMIS**

**A PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION, UNIVERSITY OF NAIROBI
OCTOBER 2000.**

DECLARATION

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

Signed: .....

Abdallah Hussein Khamis:

Date: 3/10/2001.....

This project has been submitted for examination with my approval as the university supervisor.

Signed: .....

Francis N. Kibera, Ph.d

Professor of Marketing

University of Nairobi.

Department of Business Administration

Date : 3/10/01.....

DEDICATION

This project is dedicated to my beautiful and loving wife Zeinab, who gave me a lot of hope, encouragement and assistance throughout the study, and to my dear daughters MwanaKombo and MwanaHalima who wondered why daddy was going to school at old age. Lastly to my parents, Hussein Khamis and MwanaKombo Bakari for they gave me the education to reach this level. Allah is great.

TABLE OF CONTENTS

Page

List of Tables.....	i
Declaration.....	ii
Dedication	iii
Acknowledgement	iv
Abstract	v

CHAPTER 1 : INTRODUCTION

Introduction	1
Background	1
Statement of the problem	4
Objectives of the study.....	6
Importance of the study.....	6

CHAPTER 2 : LITERATURE REVIEW

Introduction	8
Conceptual framework.....	9
Strategic Marketing	9
Characteristics of strategic marketing	13
Marketing mix variables	14
Strategic marketing planning process	15
Product strategies	16
Pricing strategies	19
Distribution strategies	24
Promotional strategies	26

CHAPTER 3 : RESEARCH DESIGN

The population of the study	31
Data collection	31
Data analysis.....	32
Measurement of results	32

CHAPTER 4 : DATA INTERPRETATION AND ANALYSIS

Marketing environment 33
Product strategies 37
Pricing objectives 44
Pricing strategy 46
Promotion strategy 47
Advertising appeal applied 49
Sales Promotion 51
Personal Selling 52
Public relations 53
Distribution strategy 54

CHAPTER 5 : SUMMARY OF RESULTS

Conclusion 60
Limitation of study and recommendations for future research..... 61
Selected bibliography 62
Appendix

LIST OF TABLES

	Page
Table 4.1. Perceived market environment factors	34
Table 4.2. Importance of marketing objectives	36
Table 4.3. Product attributes.....	37
Table 4.4. Product strategies.....	38
Table 4.5. Importance of attributes in products	40
Table 4.6 Pricing objectives	42
Table 4.7 Pricing strategies	46
Table 4.8. Advertising objectives.....	47
Table 4.9. Advertising appeals applied	49
Table 5.0. Sales promotion activities	51
Table 5.1. Personal selling	52
Table 5.2 Public Relation Activities.....	53
Table 5.3 Distribution Activities	54

ACKNOWLEDGEMENT

My special and sincere thanks go to my supervisor, Professor Kibera of Business Administration Department, without whose guidance and constant advice this work would not have been completed. I want to thank him very much for this tireless effort, invaluable guidance and constant advice from the project conception right through to writing up of the final report. I wish also to single out Mrs. Margaret Ombok for her dedication and time and offering excellent insights into the project. I must say I benefited from her in-depth marketing skills.

Special thanks also go to Glaxowelcome for having granted me sponsorship and time to undertake the MBA degree course at the University of Nairobi. I am particularly indebted to Dr. W. Kiarie for having personally made the pursuit of this course a reality. My appreciation is also extended to all the lectures of the faculty of commerce and in the Department of Business Administration especially Dr. Ogutu, Dr. E. Aosa and Mr. J. Maalu.

I wish to specifically register my appreciation to all my MBA classmates for the good network that we had. I also wish to thank all the management staff who took their precious time to fill my questionnaires. To all the participating companies, I extend a big thank you for having assisted this project to take shape.

My most sincere and gratitude to my loving wife Zeinab, who during the Programme constantly challenged me to do even better. It was an outstanding example for many that knew as husband and wife. Thank you for your marvelous contribution in making this dream a reality. Thanks also go to my two beautiful daughters, MwanaKombo and MwanaHalima who were patient and understanding during the whole duration of the Programme.

In addition, I extend my thanks and gratitude to my father Hussein, mother MwanaKombo who took a keen interest in my education right from childhood and for having forgone so much to give me a profound base in the world of academia. To my sister and brother Hassan I say thank you for the motivation. Last but not least my thanks go to all those who assisted me in one way or another during the programme, especially typing the reports. For those who have made other contributions to my life and their names are not mentioned, here above, I register my profound appreciation.

Adballah Hussein Khamis

OCTOBER 2001.

ABSTRACT

The first objective of the study was to identify the strategic marketing practices followed by the soft drink industry in Kenya.

The second objective was to assess the relative importance of the strategic marketing practices used by the soft drink companies.

To facilitate the study the population of interest included all the soft drink companies operating in Kenya. There are ten companies including Coca-Cola bottling partners. A partially structured questionnaire was personally administered to two top managers in each company. The target was to administer two questionnaires to each plant so as to get twenty respondents. In the end however, the researcher managed to get fifteen respondents.

The results showed that the strategic marketing practices applied in the soft drink industry in Kenya are promotion strategies with emphasis on advertising, sales promotion, personal selling and Brand public relations in that order; distribution (Place) strategies with emphasis on kiosks network and supermarkets; pricing strategic and product strategies in that order.

The above results should be viewed and adopted in the light of the limitations of the study which include small sample size, time and resource constraints and non-participation of two Bottling Companies.

CHAPTER 1

INTRODUCTION

1.1 Background

Achieving a competitive advantage is a major preoccupation of senior executives in a competitive slow growth market that characterizes many industries today. Gaining strategic leverage is a problem for companies in turbulent and uncertain markets such as the soft drink market in Kenya.

In Kenya the soft drink manufacturers consist of Coca-Cola (K), which is partnering with eight strategically located Bottling companies, Softa Bottling company (for softa brands) and the newly re-launched Schweppes brands distributed by Anspar Beverages.

Earlier, Pepsi Co. had operations in Kenya but pulled out after a bruising battle with Coca Cola during the difficult trading environment of the early 1980s (Financial Standard, 26th October 1999). The major brands of Coca-Cola are Coke, Fanta, Krest, Sprite and Stoney. Coke is the flagship brand and the Company has a total brand equity of US\$72.5 billion (Inter-brand Survey, 2000). Softa Bottling has Softa Cola, Softa Lemon, Softa Orange and Babito as its main product lines. It recently launched new Softa brands, Strawberry and Tropical fruit flavors. On the other hand, Schweppes brands are Sport Cola, Soda Water, Schweppes pineapple, Crush (Flagship brand) and Schweppes lemon.

The implementation of Structural Adjustment Programs (SAPs) in Kenya led to intense competition. Therefore, new entrants especially cheap imports and substitutes threatened the strategic positions of the incumbents in the market place. Porter asserted that importation of products affords the customers substitutes that give them a choice. Thus the market and trade liberalization in the early 1990s opened the gates for massive imports of manufactured goods and services thereby saturating the already diminishing market in Kenya (Economic Survey Report 2000). The Report stated that low investments, under utilization of already existing capacity by industries, de-investment from the manufacturing sector and loss of income of many workers as factories wound up were some of the effects of liberalization in the market place. For instance, in the soft drink and beer industries there was a major influx of all sorts of soft drinks such as Mirinda brands, canned Pepsi Cola, Red bull while in the beer industry wines, opaque beer and spirits were available in many outlets. The emergence of various milk processing firms in the country has offered consumers with a wide entire growing choice of dairy products. This includes butter, fresh milk, fermented milk (maziwa lala) long life milk and yogurt. With such an overwhelming variety, one wonder what makes a rational consumer choose one particular brand of soft drink or milk over all the others available on the shelves. This led into intense competition for the same disposable income from the consumer. As stated by Pearson and Robinson (1997) the consumption of soft drink is directly proportional to age; therefore the main target market for all these companies is the youth. The majority of the youth are unemployed as the economy is depressed. The

Kenya Gross Domestic Product growth is 1.3% (Central Bank Economic Review, July 2000) this has led to low capita consumption of soft drinks and related products.

On the other hand, companies responded by investing heavily on marketing programs to enhance their performance and achieve meaningful growth. Coca-Cola, for instance, practiced aggressive; innovative and creative advertising policies that use billboards, Christmas Coca-Cola caravans, roadside shows and points of purchase raffles. On the other hand, Softa Bottling Company, imitates Coca Cola's strategies by adopting strategic positioning of vendors (push carts) in various locations, minimum advertising and sales promotion as the key strategy of making in roads into competitor, strong hold (East African Standard, Friday 25,2000). As for Anspar Beverages, Schweppes brands are advertised through billboards, sales promotions and eye-catching infomercials.

In related industries such as the beer, companies such as Castle Brewing Kenya Ltd. the and East African Breweries, Ltd., were intensively engaged in corporate advertising campaigns, sales promotion, product extensions and re-position their products so as to compete more effectively. In the same vein, beverages such as Cadbury changed packaging of the drinking chocolate form to revamp the brand and increase appeal to consumers. As argued by Boseman and Phatak (1989) if a firm wants to remain vibrant and successful in the long run, it must make impact assessment of the external environment especially such relevant groups as competitors, customers, consumers' suppliers, creditors and government on its operations. It was underscored by Total Kenya

(1993) Ltd, that success is dependent on productivity, customer satisfaction and competitive strength.

These companies need to adjust themselves to the new business environment. The situation probably needs strategic marketing practices in order to survive the fierce competition.

Strategic marketing is crucial to an organization because it takes into consideration fundamental changes in the environment thus making firms proactive rather than reactive (Bett, 1995). According to Okutoyi (1992), it is strategy that determines whether a firm excels, survives or dies. Porter (1980) asserted that strategy had an important role in helping businesses position themselves in industry. Effective strategy may enable a business to influence its environment in its favour and even be able to defend itself against competition.

Therefore, to survive in such a dynamic market environment strategic management is critical. Aaker (1992:72) stated that given the current strategic focus in business, there is need to understand competitor strengths in the market and then position one's own offerings to take advantage of the weaknesses and avoid head to head clashes against strengths.

1.2 Statement of the problem

One of the major trends in the developing countries today has been the dramatic growth of soft drink consumption. With the increasing competition companies are facing today, rewards will go to those who can exactly “read” customer wants by continuously scanning the market environment and delivering greatest value to customers. Therefore in the place, marketing skills will separate amateurs from professionals (Kipkorir, 1995). As stated by Evans et al (1987) as the operating environment changes a more pronounced transformation of the business landscape lies ahead. He further asserted that executives would be forced to rethink the strategic fundamentals of their business. Therefore, strategies are vital to adaptation of changed business environment. In Kenya, the Economic Survey (2000) stated that after the implementation of SAPs, reduced demand occasioned by high product prices, flooding of the Kenyan market with substandard imported goods and export market restrictions abroad led to companies registering low profits. This could probably be attributed to lack of strategic marketing practices. As asserted by Owiye (1997) that sugar companies in Kenya had put in place a number of measures to contain the cutthroat competition that had been the norm in the business environment. On the other hand, Chume (1998) concluded that food manufacturers in Nairobi declined because of the influx of imported food products from other countries as a result of economic liberalization. The Coca-Cola brands, Schweppes and Softa are heavily affected by these imported soft drinks. Wanjere (1999) supported that companies operating in very competitive environment would be more involved in strategic

marketing planning than those operating in less competitive environment. He concluded that marketing planning is what separates successful companies from unsuccessful ones in the manufacturing sector. In the same vein, Bett (1995) concluded that liberalization had led to an unpredictable-trading environment with greater competition and poor performance in the dairy sector. However, the soft drink industry experienced the same trading environment but managed the competition with Coca-Cola leading the way. Therefore the study seeks to identify the strategic marketing practices of the soft drink industry in Kenya. It also examines the establishment of strategic marketing practices by soft drink companies.

1.3 Objectives of the Study

The study had two objectives:

- a) To identify the strategic marketing practices of firms in the soft drink industry in Kenya.
- b) To assess the relative importance of the strategic practices of the industry companies.

1.4 Importance of the Study

a) Consumers:

It is hoped that the knowledge generated by this study will enable the soft drink industry to serve its customers better. Therefore, consumers will in turn benefit from improved customer service.

b) Academicians

The knowledge generated by the study will enable other researchers to improve and develop a better understanding of strategic marketing practices and sharpen their competitiveness.

c) The country

If strategic marketing leads to profitable soft drink industry then it is hoped that the entire country will be able to benefit from this through increased taxation and generation of employment opportunities for its population.

LITERATURE REVIEW

2.1 Introduction

Different writers have defined marketing in various ways. In 1994 the role of marketing was emphasized as influencing the success of a business in words which are still valid today. "If we want to know what a business is, we must start with its purpose to create customers. What a business thinks it produces is not of prime importance especially not to the future success. What the customer thinks he is buying, what he considers "value" is decisive it determines what a business is and whether it will prosper (Drucker 1954).

Marketing has also been said to be "the management process responsible for identifying, anticipating and ensuring customer satisfaction profitably." (Evans and Bernet 1987:11). Kotler (1997) defined marketing as a social and management process by which individuals and groups obtain what they need and want through creating offering and exchanging products of value with others. Earlier Kotler (1988) defined marketing as getting the right people at the right places at the right time at the right price with the right communication and promotions. On the other hand, Kibera and Waruingi (1998) defined marketing as the performance of those activities that attempt to satisfy a given individual's or organization's target group needs and wants for mutual benefit or benefits.

For the purpose of this study the definition of the American Marketing Association (AMA Journal) has been adopted. The association defined marketing as the process of planning and executing the conception pricing, promotion and distribution of ideas, goods

and services to create exchanges that satisfy individual and organizational goals (Marketing News, March 1 1995:1). The above definition recognizes that marketing management is a process involving analysis, planning, implementation and control; that it covers goods, services and ideas; that it rests on the notion of exchanges; and that the goal is to produce satisfaction for the parties involved. Thus it is essentially demand management (Kotler 1997:15).

2.2.0 Conceptual framework

2.2.1 Strategic Marketing

Strategic Marketing has been defined as a set of determinations that guides or direct managers to reach their desired long term market positions (Ferrell & Lucas 1989). Strategic marketing has evolved through interaction among market management strategy and planning. Managing a business unit to anticipate and respond to changes that affect the market place so that decision are made today that allow the business unit to be ready for tomorrow in such a fashion as to avoid the threats and take advantage of the opportunities (Cohen 1988: 2).

Strategic marketing has also been defined as the unique (and differentiated) position that organizations aim to hold in the mind of its customers (Paul Field 1988). To understand the concept of strategic marketing the awareness of the concept of strategy is important. Strategy is a broad program of goals and activities that helps organizations to achieve corporate success (Porter 1980: 1995) Porter et al (1996) defined by saying strategy is the creation of a unique and valuable position, involving a different set of activities. If there

were only one ideal positions, there would be no need for strategy as companies would be no need for strategy as companies would face a simple imperative wins the race to discover and pre-empt it (Porter et al 1996). At this point it is imperative to distinguish between strategy and operational effectiveness. Operational effectiveness (OE) means performing similar activities better than rivals perform them. It refers to any number of practices that allows a company to better utilize its inputs, for example, reducing defects in products or developing better products faster. (Porter 1999:40)

Therefore, as a game plan, strategy describes how objectives will be achieved. Strategic marketing is crucial to an organization because it takes into consideration fundamental changes in the environment thus making organizations become proactive rather than reactive. Okutoyi concluded it is strategy that determines whether a firm excels, survives or dies (Okutoyi 1998). Porter (1980) stressed that strategy has an important role in helping business position themselves in the industry. This is because competitors can quickly imitate management techniques, new technology, input improvements and superior ways of meeting customer needs by rapid diffusion of best practices (Porter et al 1996). Strategy has also been emphasized by other scholars "to live only the present and just react to the next wave is folly, strategy and anticipation of change will always fit into a business model, no matter how fast - paced an industry seems (Toffter: 1999). He adds that "if you don't have a strategy, you will be permanently reactive and part of somebody else's strategy". Even the most successful Chief Executive Officers have endorsed the importance of strategy by motto of "people first, strategy second" (Fortune magazine June 21, 1999).

The above literature underscores the importance of strategy for a company to compete effectively, in the liberalized market with cut throat (predating) pricing on the helm and competitors can reposition themselves to match superior performance (Porter 1996). Aaker (1998) concluded that given the current strategic focus in business, there is need to understand competitor strengths in the market and then positions one's own offering to take advantage of the weaknesses and avoid head to head clashes against strengths. Therefore the management should be aware of such factors as the external environment, competitor, own strengths and weaknesses and valuation of alternatives, to undergo a strategic transformation.

Raynor (1998:373) stated that strategy is the first level of bringing the vision into the present. The strategy allows for a series of specific goals to be defined, which in turn drives concrete actions. Advising (through action) fulfills the strategy, which make the vision a reality. Without corporate core competencies the achievement of strategic intent is impossible. Coca-Cola has the core competence.

Many companies face stiff competition and rewards normally go to those who can bestride customer wants by continuously scanning the marketing environment and delivering greatest value to target customers. This confirmed by Tom peters "dictum of getting close to your customer" arguing that understanding what your customer truly need and value is the essential basis for strategic success in the market place, marketing skills with separate amateurs from professionals (Kipkorir 1995). This clearly shows that in a

highly dynamic environment, success depends on developing new advantages and developing them faster (World Executives Digest, Feb 1997). From the background, it is true that business has entered new realities where the four traditional sources of competitive advantage namely, cost and quality, timing and know-how, strong holds and deep pockets-has been eroded by the unrelenting maneuvering of companies (World Executives Digest, Feb 1997). It further added that in the hyper-competition environment the frequency, boldness and aggressiveness of dynamic movement by players accelerate to create a condition of constant disequilibrium and change. Market stability is threatened by short product life cycles, short product design cycles, new technologies, frequent entry by unexpected outsiders, repositioning by incumbents and radical redefinition's of market boundaries, as diverse industries merge consequently strategic market is needed to be practiced for companies to do well.

For the purpose of the study the following definition is going to be used. Strategic Marketing is the managerial process that entail analysis, formulation and evaluating of strategies that would enable an organization to achieve goals by developing and maintaining strategic fit between the organization's distinctive competence resources vis-a-vis the threat and the opportunities arising from its changing environment. (Kerin, Mohegan, Varadarajan 1990) Therefore, it is clear that strategic marketing management is a periodic planning process that is normally supplemented by techniques that allow the organization to be strategically responsive outside the planning process.

The strategy needs to be driven by the market and its environment rather than internal orientation. It's a proactive rather reactive and task should be to try to influence with environment as well as respond to it (Aaker 1998). Strategic marketing entail conducting situational analysis, determination of marketing objectives, selection of target markets, design of a marketing plan; implementation and control of the plan.

2.2.2 Characteristics of Strategic Marketing:

Strategic marketing focuses on financial performance rather than marketing's concern about increasing sales. Some of the characteristics of strategic marketing are: -

a) Market-driven strategies

Competitive Advantage is customer driven and is based on the degree of customer satisfaction achieved by a firm and the extent to which the firm exceeds the customer satisfaction levels of the competitor. Marketing strategy contributes to Competitive Advantage by combining the customer-influencing strategies of the business into an integrated array of market-focussed actions.

b) Environmental turbulence

The turbulence of the contemporary business environment places a special importance on strategic marketing's market and competitor-monitoring activities.

c) Customer satisfaction

The key to achieving customer satisfaction is linking buyer's need with the organizations product or service planning processes. Success in achieving high quality products and services depends importantly on finding out which dimensions of product and service quality drive customer satisfaction.

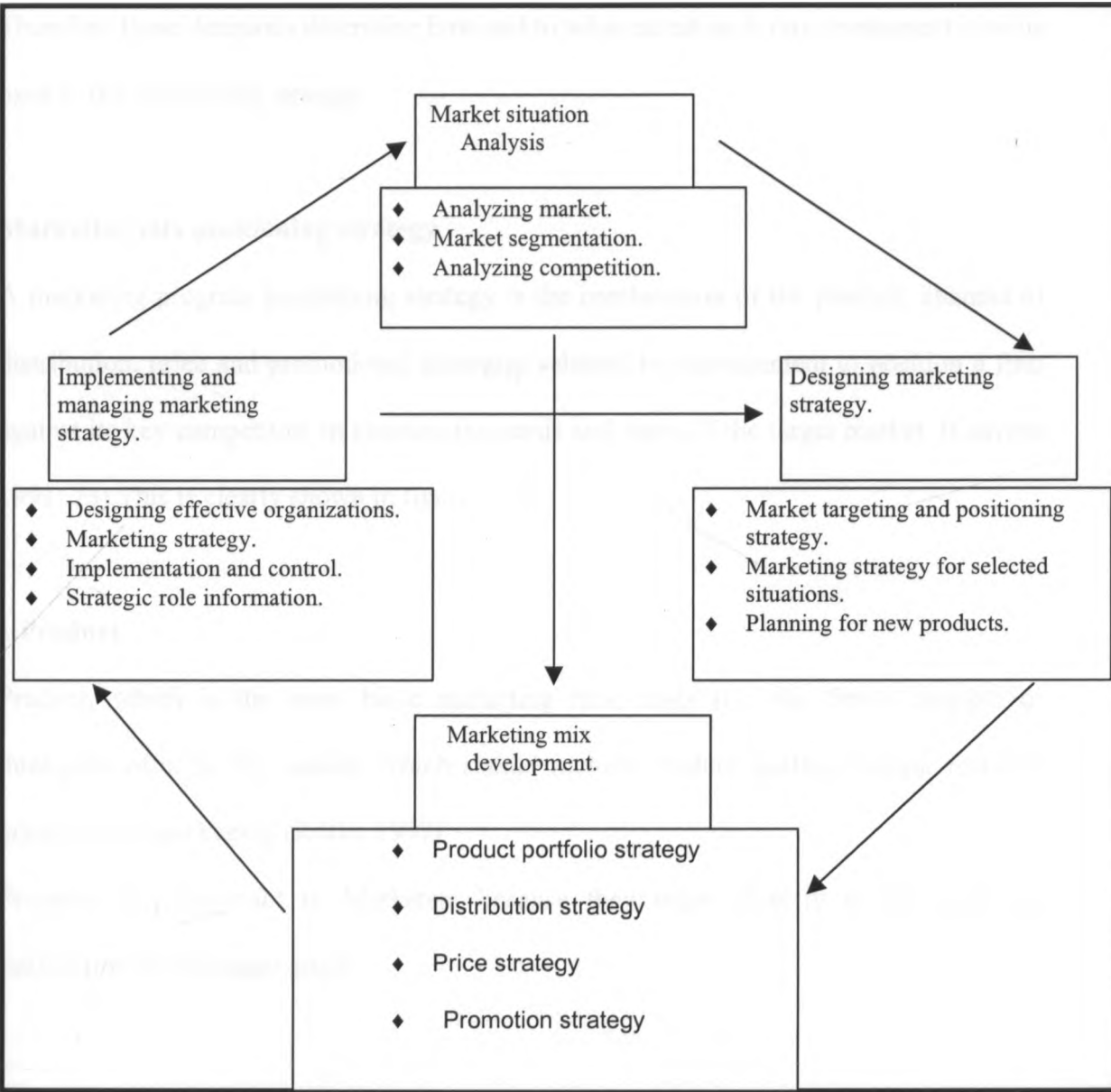
d) Financial performance

The objective is to make strategic marketing decisions that contribute to the financial performance of the business.

2.2.3 Marketing Mix Variables

The market mix is the set of markets tools that the firm uses to pursue its market objective in the target market (Kotler 1997). The marketing mix comprises of 4 Ps as popularized by McCarthy (1996) four-factor classification. These are product, price, place (distribution) and promotions. These market mix elements are the strategic pillars that a firm can use against competitors. Porter (1980, 1995) suggests that low cost and differentiation (uniqueness) represent two generic strategies available to organizations and all effective strategies evolve from one or both of these foundations (base).

Figure 2.2.3 STRATEGIC MARKETING-PLANNING PROCESS.



Source: Cravens D.W: Strategic Marketing: Irwin Homewood 3rd edition 1991:68

Cravens (1991: 78) stated that selecting an appropriate marketing mix involves two kinds of decisions. Firstly, management must determine the role each mix component. This consists of identifying the functions unique to each component as well as deciding the

role of the mix components that can perform the same_functions. The interactive of effects of the mix components should be evaluated. Secondly the management should choose the most cost-effective means of performing each mix component function. Therefore these decisions determine how and to what extent each mix component is to be used in the positioning strategy.

Marketing mix positioning strategy

A marketing program positioning strategy is the combination of the product, channel of distribution, price and promotional strategies selected by management to position a firm against its key competitors in meeting the needs and wants of the target market. (Cravens 1991: 73). This is clearly shown in figure 2.2.3

1.Product

Product, which is the most basic marketing mix, tools (i.e. the firm's tangible or intangible offer to the market) which should include product quality, design, features, branding and packaging (Kotler 1997)

Products are important to Marketers because they relate directly to the customer satisfaction or consumer goals.

2.2.5 Product strategies

Brands have been successful over a long time period offer some useful insights regarding product strategies (Cravens, 1991). Cravens further noted that many new products fail,

while established brands like Coca-Cola continue to build strong market positions. Some of the product strategies are:

Strategies for existing products

Many of the new products are actually modifications of existing products. Therefore, once the need for a strategy change for an existing product is identified. Management has several options for responding to the situation namely:

i) Cost reduction strategy

Low cost gives a company a major advantage over the competition. Softa brands are lowly priced compared to competitors. Cost can be reduced by changes in the engineering, design by manufacturing improvements and thereby increases in marketing productivity (Cravens 1991).

ii) Product alteration strategy

Products are often improved by changing their features, quality and styling. Features provide a way of differentiating a brand against competition. Coca-Cola has differentiated itself from the competitors. Cravens (1991:408) noted that the ability to produce products with varied features that appeal to different buyers is an important competitive advantage. Also quality improvement is an important strategy for increasing competitive advantage.

iii) Marketing strategy alteration

Adjustments in market targeting and positioning strategies are necessary as a product moves through its life cycle. Cravens (1991:408) noted that problems or opportunities might indicate the need to adjust marketing strategy during a particular product life cycle stage.

iv) Product elimination strategy

This strategy is considered when the above mentioned strategies are not feasible. The management may decide to drop, sell it to another company or halt a product production.

Other strategies are:

i) Branding strategies

It involves selecting a strategy from several options such as private branding which is assigning of a brand name by a non-manufacturer; corporate branding where primary emphasis is on building brand equity using the corporate name. It's appropriate when it is not feasible to establish specific brand identity and when the product offering is relatively narrow. On the other hand, product -line branding places a brand name on a line of brands. It provides more focus than corporate brand and it's cost effective by promoting an entire line rather than a specific product. This branding strategy is effective when a firm has one or more lines each representing an interrelated offering of items.

On specific product branding it is the strategy of assigning a brand name to a specific product. Various producers of frequently purchased items such as soft drink, toothpaste and soap use it. A brand name on a product gives it a unique identification in the market

place. A successful brand can gain a strong loyalty overtime product that represents low involvement purchases benefit from brand name.

ii) New product strategy

A Company may decide to introduce a new product to a new market or current market depending with customers.

2.Price

Price is the critical Marketing mix tool, it is the amount of money that customers pay for a product (Kotler 1998:93). It's also the value placed on goods and services (Stanto 1987:260). It is what consumers are willing to pay for a product or service (Kibera & Waruingi 1988). In the marketing strategy a company's pricing policy send a message to the market. It gives customers an important sense of a company's philosophy, therefore before defining a price managers must think about how customers will value the product (Dolan 1995: 174).

2.2.6 Pricing strategies

The role of price in marketing strategy depends on the target market, the product and the distribution strategies management selects. Factors such as product quality and features, type of channel, end-users served and intermediaries functions help in establishing a price range (Cravens 1991:447). Therefore the choice of price strategy depends on how management decides to price the product relative to competition and whether price performs an active or passive role in the marketing program. The use of price as an active

or passive factor refers to whether price is discussed in advertising, personal selling and other promotional efforts. Many firms choose to price at or near the prices of key competitors and non-price factors are emphasized in their marketing strategies.

Some of the strategies are:

Price strategies for existing products

This considers the on-going aspects of pricing. According to Cravens (1991). They are: -

i) High - Active strategy (High pricing strategy)

Here, high price is charged to customers. It is used in prestigious brands seeking an affluence image. It is always assumed to be signaling the value of the product. It is used to serve small target markets. A firm is also less subjected to retaliation by competitors particularly if its products are differentiated.

ii) High - passive strategy

This is used when customers in the target market are concerned with product quality and performance. Therefore, higher prices are charged to customers.

iii) Low active strategy (Low -pricing strategy).

Many retailers use this strategy. It is used when price is an important factor in the buyers' decision.

iv) Special pricing strategies

These are used when special-pricing situations occurs in the markets and competitive environments:

Price segmentation strategy

Price is used in several markets to appeal to different price segments. It requires that buyers be unwilling to move between segments. Price elasticity difference makes it feasible to appeal to different segments.

Distribution channel pricing strategy

This is used where intermediaries are involved taking into consideration the needs of the channel members. The strategy adopted by the producer should allow the flexibility and incentives necessary to reach sales objectives. Therefore, these decisions require analysis of cost and pricing at all channel levels. If producer prices to intermediaries are too high, inadequate margins may discourage intermediaries from actively promoting the producer's brand. Margins vary based on the nature and importance of the functions that intermediaries in the channel are expected to perform. For example in the soft drink industry, margins between costs and selling prices must be large enough to compensate a wholesaler for carrying a complete stock of soft drinks in the storeroom.

Price flexibility strategy

It is a special consideration in deciding how flexible prices will be. For instance, will prices be firm or will they be negotiated behind buyer and seller.

Product life cycle pricing

Some firms guide pricing decisions according to the life cycle of a product. Depending on its stage in the product life cycle, the price of a particular product or an entire line may be based on market share, profitability, and cash - flow or other objectives. In many product-markets, price declines as product moves through its life cycles. Because of life cycle considerations, different objectives and policies may apply to particular products within a mix or line. For many products, price becomes a more active element of strategy as they move through the life cycle and competitive pressures build costs decline and volume increases. Cravens (1991) stated that life cycle pricing strategy should correspond to the overall marketing program positioning strategy used.

Other strategies for new products commonly used are:

Market-penetration in pricing strategy

Which is the setting of low pricing with an objective of building volume and market position. It is done when the product wants to enter the market assuming the market is price sensitive; when production and distribution costs fall with accumulated production experience and discourages actual and potential competition.

Market-skimming pricing strategy

Is used when the firm wants to "skim" the market. The prices are changed highly especially when the product has higher comparative benefits version available substitutes (Kotler 1997). Market skimming makes sense under the following conditions:

- a) A sufficient number of buyers have high current demand.

- b) The unit costs of producing a small volume are not so high that they cancel the advantage of charging what the traffic will bear.

- c) The high initial price does not attract more competitors to the market.

- d) The high price communicates the image of a superior product. In soft drink industry this pricing strategy mainly goes with the type of packaging of the brand. Canned and plastic packaging soft drink tends to "skim" the market. Other brand extensions such as light and diet soft drink also "skim" the market due to the nature of its small market.

Some of Pricing practices that have received most attention in terms of legal and ethical considerations are:

Horizontal price fixing

It is price collusion between competitors mainly for products with narrow profit margins.

Price discrimination

It is charging different customers different prices without an underlying cost basis for discrimination.

Price fixing in channels of distribution

It is basically specifying the prices of distributors.

3. Distribution

Distribution is the third element of the marketing mix. It has great impact on product availability, consumer acceptance and overall economic performance of the company.

Access to effective and efficient distribution channels is often a key success factor (Aaker 1998).

Distribution strategies

The distribution channels may be exclusive where it involves severely limiting the number of intermediaries handling the products or services. It is used when the producer wants to maintain a great deal of control over the service level and service outputs offered by the resellers. It involves exclusive dealing arrangements where the resellers agree not to carry competing brands; for example Coca-Cola sponsored distributors and retail outlets. They use the company workers to keep only company brands to enhance the quality of brands and corporate image. It ensures brands availability and consequently purchase of the brands. Selective distribution strategy is the second form where it involves the use of more than a few but less than all of the intermediaries who are willing to carry a particular product. It is used both by established companies and by new companies seeking to obtain distributors. It enables the producer to gain adequate market coverage with more control and less cost than intensive distribution. The last form is extensive distribution strategy where the manufacturer places the goods or services in as many outlets as possible where consumers require a great deal of location convenience. It is important to offer greater intensity of distribution. It is generally for convenience items

such as soap, soft drinks and snack foods (Kotler 1997: 540). The distribution intensity depends on several factors namely; management's preferences, product and market target influences. (Cravens 991:427). Therefore, strategic requirements, management's preferences and other constraints must be evaluated to determine what intensity provides the best strategic fit and performance potential. In soft drink industry, delivery of the brands is very crucial where dispensers, vending machines and coolers are used to distribute the brands. This forms part of the bottle network where it forms special role in the value chain creation of the organizations.

Aaker (1998) an analysis of likely or emerging changes within distribution channel can be important in understanding a market and its key success factors for instance the increased sale of wine in supermarkets made it more important for wine makers to focus on packaging and advertising. Coca Cola (K) has not been aggressive in supermarkets compared to sellers of pure fruit juices spirits, wines and other soft drinks where prices have been shifting downwards most of the times. On the other hand Softa brands have mainly concentrated in specific outlets. Therefore firms should analyze consumer needs for product outputs, establish channel objectives, set channel strategies in terms coverage, exposure and support required for the channel in order to gain competitive positioning. Aaker (1998) concluded that channel power is related to customer power in profitability analysis.

4. Promotion

The fourth element of the marketing mix is promotions, which is used to inform and persuade the market regarding an organization product or services.

Promotional strategy

Promotion strategies combine advertising, personal selling, sales promotion and publicity into coordinated programs for communicating with buyers and others involved in purchasing decisions (Cravens 1991:476). The communication objectives help determine how advertising, personal selling and sales promotion will be used in the marketing program. Some of the objectives are:

- **Need recognition**

One communication objective, typical for new product introduction is to trigger a need, However, need recognition may also be important for existing products and services, particularly those the buyer can postpone purchasing or choosing not to purchase.

- **Gathering Information**

Promotion can aid buyer's search for information. One of the objectives of new product promotional activities is to help buyers learn about the product.

- **Evaluation of alternatives**

Promotion can be used to help buyers evaluate alternative product or brands. Both comparative advertising and personal product selling are effective in demonstrating brand strength over competing brands.

- **Decision to purchase**

It helps in purchase making process.

- **Product use**

Promotion can be used to explain product use after or before purchase.

Components of a promotion strategy

i) Advertising:

It is any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor (American Marketing Association: 1960). It has been widely used by Coca-Cola Company to build its brand equity. It is also an effective way to reach numerous dispersed buyers at a low cost per exposure. It may take the form of infomercials, which are television commercials and Newspaper Ads. Advertorials, which are, print ads that offer editorial content. Advertising strategy development begins by identifying and describing the target audience. Then the management establishes the role and scope of advertising, decide on advertising budget and set specific objectives. The selection of creative strategy follows and determines how objectives will be accomplished. Kotler and Armstrong (1996: 502) stated that any advertising message could be presented in different execution styles such as

Slice of life: This style shows how a product fits in with a particular lifestyle.

Fantasy: This style creates a fantasy around the product or its use.

Mood or image: This style builds a mood or image around the product such as love, beauty or serenity.

Personality symbol: This style creates a character that represents the product.

Technical expertise: This style shows the company's expertise in making the product.

Scientific evidence: This style presents survey or scientific evidence that the brand is better or better used than one or more.

Testimonial evidence: These styles feature a highly believable or likable source that endorses the product.

ii) Sales promotion

It consists of short - term incentives to encourage purchase or sales of product or service.

These are: -

Consumer promotion:

It is sales promotion designed to stimulate consumer purchasing. It includes:

Samples: They are offered to consumers of a trial amount of a product.

Coupons: There are certificates that give buyers a saving when they purchase a specified product. They are intended to influence the purchase decision.

Rebates: These are cashing refunds offers. These are offers to refund part of the purchase price of a product to consumers who send a "proof of purchase" to the manufacturer.

Price packs (Cents - off deals): They are reduced prices units are marked by the producer directly on the label or packaging.

Premiums: These are goods offered either free or at low cost as an incentive to buy a product.

Advertising specialties: These are useful articles imprinted with advertisement name, given as gifts to consumers.

Patronage rewards: Cash or other awards for the regular use of a certain company's products or services.

Point of purchase (POP)

Promotions: Displays and demonstration that take place at the point of purchase or sale. They are intended to influence the purchase decision.

Contests, sweepstakes, games

They are promotional events that take place during special occasions

i) Trade - promotion tools.

They are used to persuade retailers or wholesalers to carry a brand, give it shelf space, promote it in advertising and push it to consumers. It consists of:

Discounts: A straight reduction in price on purchase during a stated period of time.

Allowance: Promotional money paid by manufacturers to retailers in return for an agreement to feature the manufacturer products in some way.

ii) Business - Promotional tools.

These take the form of: -

Conventions and trade shows to promote products.

Sales contests for sales people and / or dealers to motivate them to increase their sales performance over a given period.

Personal selling

It is the oral presentation in a conversation with one or more prospective purchases for the purpose of making a sale. One of the Advantages of personal selling over advertising is its flexibility in responding to the buyers objections and questions at the time the decision to purchase is made.

Publicity and Public Relations

Publicity is doing activities to promote a company or its products by planting news about it in media not paid by the sponsor. While public relations (PR) is the building of good relations with the company's various publics by obtaining favorable publicity building up a good "corporate image" and heading off unfavorable stories and events.

The major PR tools include: Community activities, sponsorships, press relations, product publicity through speeches and press release, corporate communications, lobbying, counseling and special events ranging from new conferences press tours, grand openings and fireworks displays to lesser shows, such as hot-air balloon releases. Once these strategies have been identified a strategic marketing plan may then be prepared and implemented.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Population of the study

The population of interest comprised the eight Coca-Cola bottling companies and the two independent soft drink. Companies operating in Kenya therefore population was the companies since the study covered all the ten companies no sampling was required. The census approach used in this study has also been used successfully by Bett (1995) in the study of strategic mainly of dairy products in Kenya and by Okujoye (1992) in the study of professional mix elements by Kenya Commercial Banks.

3.2 Data collection

The relevant primary data was collected using a partially structured questionnaire (appendix 1). The first part (part A) of the questionnaire named out questions on the general information of the companies activities to give the helicopter view of the companies operations and ownership (part B) came questions which focussed on the 4p's (marketing mix variables) and the strategic marketing practices. This addressed the objectives pursued by these companies, data on the second objective of assessing the relative importance of the strategic practices of the various companies was collected through structured questions by ranking in the order of importance of each practice. The questionnaire was personally administered to the sales and marketing or other area managers in charge of marketing activities in each soft drink company. Two senior managers from each company method were interviewed. This method of interview was chosen for its flexibility. It enabled the researcher to explain and clarify certain concepts

that may not have been clear particularly for marketing managers with non-marketing background.

This method was also suitable for its low costs and high rate of response. A response rate of 75% was realized. The strategic marketing practices investigated were derived from a model by Cravens (1991 – 68). The model formed the yardstick of the strategic marketing practices are pursued by the industry.

3.3 Data analysis

Once the data was collected, it was analyzed using descriptive structures. This was deemed suitable in view of the objective show.

3.3:1 Measurement of results

Pertinent questions and / or statements were used to test whether or not a phenomena existed . A phenomenon, activity or practice was only said to exist if more than half the sample responded affirmatively, for instance, to draw conclusions on whether firms had pricing strategy, it was required that they be able to identify the pricing objectives such as maximum profit or to increase market share and give the pricing strategy used to achieve the pricing objective. These factors would then constitute the parameters for analysis so that if a firm undertook more than half of them, then it was said to be practicing the pricing strategies. Similarly, if more than half the firms in the industry stated they practiced any activity, then the response was generated to apply to the entire industry. For instance Coca-Cola as the market leader started the concept of strategic site depot and other companies such as softa and Schweppes adopted the same strategy.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION.

The process of strategic marketing encompasses the market environment analysis, development of marketing program, implementation of program and evaluation of program.

The study is based on what practices the soft drink industry engages in to thrive in the hyper competitive market place. Therefore the marketing positioning strategy is the combination of the product, channel of distributing price, and promotional strategies selected by management. This helps in positioning a firm against its key competitors in meeting the needs and wants in the target market (Carvers 1991:73). These strategies are product portfolio strategies, price strategies, promotion strategies and distribution strategies.

4.1 The Market Environment

Strategy relates an organization to its external environment therefore it is important to consider environmental factors when preparing a marketing plan. The data on what environmental factors companies use when preparing marketing plans are listed in table 4.1 below.

Table 4.1 perceived environmental factors in preparing marketing plans

Variables	Score (1) %	Score (2) %	Score (3) %	Score (4) %	Score (5) %	Total %
Market shares	85.7	7.1	7.1		-	100
Market growth potential	50	42.9	-	-	7.1	100
Change of the consumer taste	50	16.7	16.7	-	16.7	100
Government regulation	-	33.3	-	-	33.3	100
Business regulation	-	33.3		33.3	33.3	100
Profitability	-	25	50	25		100
Availability of suppliers	25	25	50	-	-	100
Availability of Finance	-	50	16.6	-	3.33	100
Technological factors	20	20	-	40	20	100
Demand of the product	-	20	20	40	20	100
Competition	33.3	1	33.3	33.3		100
Head office requirements	-		50		50	100
Staff qualification	-				50	100
Number of employees	33.3				66.6	100

Table 4.1 reveals that according to soft drink industry the following environmental factors are very important in preparation of marketing plans:

FACTORS	% OF SAMPLE
Market share	85.7
Market growth potential	50
Change of the consumer	50
Taste	50
Availability of finance	50
Competition	33.3

On the other hand, the firms responded that the following environmental factors are least important in preparation of the marketing plans.

FACTORS	% SAMPLE
Number of employees	66.6
Staff qualifications	50
Government regulations	33.3
Business regulations	33.3

From the above, it is clear that market share is usually an important factor in preparation of the marketing plans. These findings are consistent with the literature that consumer brands such as soft drink are volume driven (market share is vital). This may also explain why firms in the industry are coming up with a wide variety of flavors and colors to increase their market share.

Table 4.2 importance of marketing objectives

Marketing	Very important	%	%	%	Least important	Total
Customer objectives	100	-	-	-	-	100
Product quality	100	-	-	-	-	100
Market share growth	73.3	26.7	-	-	-	100
Profit maximization	73.3	13.4	13.4	-	--	100
Survival	53.3	-	-	20	26.7	100
Target return on investment	86.7	-	13.3	-	-	100

Table 4.2 shows that majority of the respondents 100% take customer satisfaction and product quality as very important marketing objectives. Target return on investment which scored is 86.7%, and market share and profit maximization which scored 73.3% are also important factors in marketing objective. Survival scored 53.3% as an important markets objective. Therefore these results suggest that the soft drink industry is customer driven with quality as a key priority. Again the target return on investment is important to enhance shareholder wealth maximization. These results again suggest that there is competition in the soft drink industry. In competitive industries wars are fought to capture as much of the market share (73.3%) as possible. This in turn leads to customer driven approach marketing. Product quality importance suggests the attention companies give in ensuring no contamination takes place, therefore, encouraging repeat purchase by consumers. These characteristics are descriptive of the soft drink industry in Kenya.

4.2 Product strategies

The current study focussed on what product strategies the soft drink industry engages to meet their objectives in the market place. The study yielded the data below.

Table 4.3 product attributes applied in soft drink product decisions

Product strategies	Always %	Sometimes %	Never %	Total %
We offer high quality products	100	-	-	100
We offer a wide variety of products	100	-	-	100
We offer a variety of product items within each line	46.7	53.3	-	100
We offer a variety series of products to suit customer needs	80	20	-	100
We have well shaped packaging	100	-	-	
Our products come in various brands	100	-	-	100
On each product we print the company name	93.3	6.7	-	100
On a regular basis we reduce the product lines that are not doing well in name	100	-	-	100
We offer different colours of drinks	100	-	-	100
Based on new emerging needs we come up with new products as at when required.	100	-	-	100

Table 4.3 reveals that majority of the respondents emphasize certain attributes in the soft

drink industry in product decisions

ATTRIBUTES	% OF SAMPLE
High quality product	100
Wide variety of products	100
Well shaped packaging	100
Various brands offering	100
Different flavours	100
Different colours	100
Based on emerging needs for new products	100

On the other hand, the industry responded that the following attributes sometimes were emphasized in product decision.

ATTRIBUTE	%OF SAMPLE
Variety of product items with each line	53.3
Various sizes of products to suit customer needs	20
On each product we attain the company name	26.6

From the above it is clear that high quality products, wide variety, well shaped packaging, differentiated offering, a variety of flavors, and new / emerging needs of customers are influential attributes in product decisions. This may also explain why companies such as Coca-Cola have made strategic moves by introducing new flavors and colours such fanta passion and fanta blackcurrant into the market. On the other hand, softa has introduced strawberry and tropical flavours.

On product quality, these results also explain why Nairobi Bottlers Ltd. has invested in a new filling line with an automatic 60/=^o checking on product quality standards. On the side of packaging the appearance of a product is of vital importance especially on fast consumer goods such as soft drinks. The package provides a critical visual contact at the point of sale hence acting both as reminder and a distinguishing feature (Baker, 1992: 350).

This explains why the industry has invested heavily on new glass bottles, newer paper packages and newer sizes of bottles to attract the consumers and to satisfy their needs as per various sizes available in the market place such as 300ml, 500ml and 1 liter packs. This also suggests that the packaging attributes help in the segmentation of the soft drink target market.

Table 4.4: Products strategies pursued by the soft drinks industry were as follows

Product strategies	Always %	Sometimes %	Never %	Total %
Product modification	20	33.3	46.7	100
Product withdrawal	6.7	46.7	46.7	100
Product elimination	13.3	6.7	80	100
Corporate branding	86.7	-	13.3	100
Individual branding	93.3	-	6.7	100
Combination branding	40	20	40	100
Product development	86.7	13.3	-	100
Market development	86.7	13.3	-	100
Differentiation strategy	86.7	-	13.3	100
New product introduction	86.7	-	13.3	100
Entering new markets	40	20	40	100
Attaining competition on quality	60	50	20	100
Putting entry barriers for other substitutes	60	20	20	100

Table 4.4 reveals that according to respondents the following are always the product strategic by soft drink industry.

Product strategy	% of sample
Individual branding	93.3
Product development	86.7
Market developments	86.7
Differentiation strategy	86.7
New product introduction	86.7
Corporate branding	86.7

On the other hand the respondents gave the following as sometimes-applied product strategy in the industry.

Product strategy	%of sample
Product withdrawal	46.7
Investing	26.7
Combination modification	33.3

And the product strategies never applied in product elimination with 80% while product modification and product withdrawal scored 46.7% each.

These results suggest that individual branding 93.3% is always practiced. While corporate branding (86.7%) product development (86.7%) market development (86.7%) differentiation strategy 86.7% are also favored and practiced. This explains why we have different brand names in the industry such coca – cola, fanta, sprite, crush and softa cola. The corporate branding is probably used to leverage the brand in the market place which is saturated with cheap imported soft drinks. Also it explains why new products have been introduced in the market place such as powered for sports people from Coca-Cola. These characteristics are descriptive of the soft drink industry as Kenya

4.5 Importance of attributes in developing new products are detailed below

Attributes	Very important %	%	%	%	Least important %	Total
Competitor offers	86.7	-	-	-	13.3	100
Customer needs	93.3	-	-	-	9.7	100
More of customers	86.7	-	-	-	13.3	100
Market share	93.3	-	-	-	9.7	100
Product quality	100	-	-	-	-	100
Computability of the intruded product with existing skills.	93.3	-	-	-	9.7	100
Corporate image compatibility	93.3	-	-	-	9.7	100
Compatibility of financial resources with intended new products	100	-	-	-	-	100
Compatibility of the intended product with promotional programs.	100	-	-	-	-	100
Compatibility of the intended product with the organization	80	-	-	-	20	100
Compatibility of the intended product with distribution outlets						100

Table 4.5 shows the very important attributes in developing new products in the industry

ATTRIBUTE	% OF SAMPLE
Competitor offers	86.7
Customer needs	93.3
Income customers	86.7
Market share	93.3
Product quality	100
Compatibility of the intended product with	93.3
Existing skills	93.3
Corporate image	100
Compatibility	100
Financial resources	100
Compatibility within the organization	80
Distribution outlet	100

Therefore these results suggests that financial resources (11%), distribution outlets (100%) and corporate image compatibility (100%) are very important attributes in new product development. These attributes were followed by customer needs (93.3%), market share (93.3%), skills (93.3%), competitor offering (86.7%) and income of customers (86.7%)

This again re-emphasizes the importance of market share, distribution outlets, resources and corporate image in soft drink industry. The customer needs are critical, therefore the

firms have come up with different flavours and colours in different sizes to cater for different customer needs. These results again suggest the competitive nature of the industry since competitor offerings are regarded as very important. This probably suggests why disposable packs have been introduced to compete with the ready- to- drink preparations such as ribena and boost to mention a few.

4.6 Pricing objectives

Importance attached to pricing decisions in the soft drink industry are detailed below in the table 4.6

Pricing objective	Always %	Sometimes Apply %	Never apply %	Total %
Maximum profit	10	10	80	100
Meet competition	40	67	53.3	100
Offer better value than competitor	33.3	-	66.7	100
Under-cut competitor	66.7	-	33.3	100
Increase consumption	13.3	-	86.7	100
Increase market share	13.3		86.7	100

The table 4.6 reveals that according to respondent the following pricing objectives are always any shared in the soft drink industry.

PRICING OBJECTIVE	%SAMPLE
Undercut competition	66.7
Meet competition	40

On the other hand, the following objectives were never applied in the pricing objectives.

OBJECTIVES	% SAMPLE
Maximize profit	80
Offer better value	66.7
Competitor	66.7
Increase consumption	86.7
Increase market share	86.7

Therefore, it's clear that majority of the companies (66.7%) set their prices to undercut competition to meet competition (40%). On the other hand, maximum profit pricing objectives 80%, increase market share and increasing consumption rate 86.7% each were never applied. This probably explains other reasons for a company existence apart from profit maximization. Also pricing is used as strategy to fight competition since it's pegged with competition. This probably explains why softa prices are low compared to coca-cola and suppliers brands to penetrate the market.

4.7 Pricing strategy

The table below 4.7 shoes the pricing strategy defined by soft drink industry.

Table 4.7

Pricing strategies	Always %	Sometimes apply %	Never apply %	Total %
Skimming pricing	-	40	100	100
Price discounts	-	80	20	100
Cash rebates	-	60	40	100
Price segmentation	100	-	-	100
Low pricing	-	80	20	100
Price feasibility	20	60	20	100
Price discrimination	-	20	80	100

Majority of the companies (100%) said that they always use price segmentation strategy to cater for different customer segments such low middle class and upper class. This explains the packaging sizes which differ in different outlets such as fast moving restaurants, Street vendors, supermarkets and even kiosks. The use of small size paper cups could be probably due to lower class segment and customers who are on daily routines. Depending with the season, price discrimination (80%), cash rebates 60% and low pricing 100% are sometimes applied. This probably explains why during low seasons (cold weather) and high seasons different prices are applied depending on the firms overall strategy.

Their pricing strategy was cited as the main factor behind competition and market segmentation. Price strategy is also used to communicate quality in the industry.

4.8 Promotion strategy

This strategy is used in informing persuading and creating awareness in the market of the organization, it's products and / or services. The advertising activities are indicated in table 4.8 below.

Table 4.8 advertising objectives undertaken by the firms.

Advertising objectives	Very well %	Reasonably Well %	Not at all %	Total %
We know our market well	100	-	-	100
We made advertising to educate our customers	93.3	6.7	-	100
To switch customers to our brands	100	-	-	100
To increase market share	100	-	-	100
To create awareness on new products	86.7	13.4	6.7	100
Communicate and enhance customer growth	100	-	-	100
To make use of the advertising budget	100	-	-	100
To increase sales	66.7	13.4	21.1	100
To create awareness on events	86.7	13.4	-	100
To enhance our corporate image.	86.7	13.4	6.7	100

Promotion plays a major role in creating awareness, Erasing perceptions of faults and

creating subjective associations that in turn result in benefits, which are important

When there is apparent competition between two or more competing alternatives (baker 1992:422).

The table 4.8 clearly shows that advertising objectives of the soft drink industry are:

ADVERTISING OBJECTIVE	%OF SAMPLE
Knowing of market	100
Switching customers to brands	100
Communicate to increase market share	100
Communicate to enhance customer growth	100
Like advertising budget	100
Create awareness using events	86.7%
Use advertising to increase sales	86.7%

From the above, it is evident that advertising objectives play a major role for firms in the industry to succeed in the market place. The results against suggests the importance of market share in the industry. The switching of customers to brands (100%) suggests the competitive nature of the industry. Also, the industry is clearly customer driven with programs tailored to suit customer needs. This is clearly explained with education of customers (93.3%) use of events such as sports (66.7%) and communication to enhance customer growth objective (100%). On a similar note, new products introduction is mainly through advertising (86.7%). The firms have advertising budgeting (100%) clearly demonstrating the seriousness and professionalism in managing brands in the industry.

4.9 Advertising appeal applied

Advertising appeals applied by the industry are shown below in the table 4.9.

Table 4.9 advertising appeals

Appeals	Very well %	Reasonably well %	Not at all %	Total %
Slice of life	53.3	46.67	-	100
Fantasy	80	20	-	100
Image	86.7	6.67	6.67	100
Personality symbol	66.67	26.7	6.67	100
Technical expertise	93.3	6.67	-	100
Scientific evidence	53.3	46.67	-	100
Testimonial evidence	80	20	-	100

Advertising appeals assists in execution of the advertising strategy. Table 4.9 reveals that according to respondents the following advertising appeals are very well practiced by the industry.

ADVERTISING APPEAL

% OF SAMPLE

Technical experience	43.3
Image	86.7
Evidence	80
Fantasy	80
Personality symbol	66.67
Scientific evidence	53.3
Slice of life	53.5

On the other hand, scientific evidence and slice of life are also reasonably well practiced with 46.67% each appeal. The above results, once again shows that the advertising

message of mainly emphasized on the image of the brand such love serenity or friendliness and testimonial evidence. These results suggest that the products are mainly targeting the youth given the nature of the message in the appeal. Therefore the appeals probably are basically meant trigger impulse purchase of the products. As they informing, convincing and reminding consumers. These findings concur with the earlier observation that competitive marketing is major feature in the industry. Responses indicate that all the appeals are used very well.

5.0 Sales promotion

Sales promotion consists of short-term incentives to encourage purchase of sales of a product or service. The table below 5.0 show the details.

Table 5.0 sales promotion activities

Activities / Incentive	Very important %	Reasonability Well %	Not at all %	Total %
Free sample	93.3	6.67	-	100
Coupon offer	20	46.67	33.3	100
Rebates	20	46.67	33.3	100
Price discounts	40	20	40	100
Premiums	46.6	33.3	20	100
Advertising specials	46.67	33.3	6.67	100
Patronage rewards	53.3	26.67	20	100
Point of purchase (P.O.P) gifts	60	33.3	6.67	100
Contests	53.3	26.67	20	100
Discounts	46.67	20	33.3	100
Allowances	33.3	46.67	20	100
Sponsorship	80	13.3	6.67	100

Free sample appeared to be the very important promotion to all tool companies were using with (93.3%) of the sample in dealing participation. This could be explained by the fact that soft drinks are impulse purchase products sponsorship plays a major role with (80%) participation of the sample. This explains the sponsorship of events by companies such as under eighteen-football team sponsored by coca-cola. This brings out the

targeting of the youths as the main market segment for the industry. The point of purchase (60%) is also practiced with special emphasis on all the outlets to increase the demand of the products. This result suggests the fact that the industry focus move on shelf-space in the retail outlets for marketing execution process to be effective.

On the other hand, rebates and allowances are reasonably well practiced with 46.67% each may be due to the nature of the industry and the competition in applying these incentives to all the consumers. The logistics could be a problem since the products are volume driven meaning they have to be sold for the company to benefit economically.

5.1 Personal selling

This is the oral presentation in a conversation with one or more prospective purchasers for the purpose of making sale.

The table 5.1 below shows the emphasis of personal selling activities given by the industry.

Table 5.1 personal selling activities.

Personal selling activity	Always	Sometimes	Never	Total
Salesperson used	86.67	6.67	6.67	100
Bonuses to retailers	53.3	20	26.67	100
Temporary allocation	100	-	-	100
Merchandising	100	-	-	100
Training of sales people	100	-	-	100

Personal selling was utilized with (86.67%) sales force were to perform marketing execution process such as merchandising and order generation in retail outlets.

Therefore, the fact that the industry is volume driven, the numbers of outlets to be covered is important. The company allocation of field force (100%) and training of sales people to work efficiently and effectively in their territories again explain this. Thus personal selling is key as all the companies have indicated they always use sales people in the retail outlets.

5.2 Public relations

Public relations activities practiced by the soft drink industry are shown below in table 5.2

Table 5.2 emphasis of public relations activities

Activities	Often	Sometimes	Never	Total
Seminars	66.67	33.3	-	100
Game/sports	66.67	20	13.3	100
Scholarships	40	20	40	100
Financial position communication	20	20	60	100
Community activities e.g. cleaning	46.67	53.3	-	100
Donations	53.3	20	26.67	100
Press kits	80	13.3	6.67	100
Campaigns to educate consumers	66.7	20	13.3	100

The tables 5.1 clearly shows that 80% of the companies often utilized press kits while seminars, games and campaign educate consumers were utilized by 67.7% of the sample participated. These results again suggest the importance of brand building efforts in the industry therefore there is heavy emphasis on brand public relations in the industry. The companies participate in community activities (53.3%) while the industry does not

emphasize financial position communication (60%) to public. This is probably because the companies are not public owned and are therefore not quoted in the Nairobi stock Exchange.

5.3 Distribution strategy

This is a fourth element of the marketing mix variables. It plays a vital role on product availability, consumer acceptance and overall economic performance of the company.

The distribution activities practiced are indicated below.

Table 5.3 Distribution activities

Activity	Often %	Sometimes %	Never %	Total
Use of kiosks	93.3	6.67	-	100
Use of shops and supermarkets	100	-	-	100
Use of Vendors/Trolleys	100	-	-	100
Use of only authorized agents	80	6.67	13.3	100
Wholesalers/strategic supply depots	60	6.67	33.3	100

The table reveals that use of shops, supermarkets and vendors / trolleys (100%) are a major practice in the industry. The use of kiosks is common (93.3%) and may be attributed to their strategic placement in the market place. The use of depots (60%) and authorized agents (80%) is applied in the industry. This results show the different distribution outlets the industry applies so as to avail the products when needed and at the most convenient place and time, for the consumers to satisfy their need promptly without delay and to avoid out of stock situations.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND IMPLICATIONS

5.1 Summary of results

The result reported in this study were guided by the objectives namely identification of the strategies meeting practices of the soft drink and assessing the relative importance of these practice of the industry

Data was collected using semi- structured questionnaires. The questionnaire was filled by interviewing the respondents to facilitate inter-personal communication so that concepts could be explained and to generate a high response rate. The response rate was 75%.

Findings of the study indicate that individual branding, product development differentiation strategies and corporate branding are the main product strategies practiced by the soft drink industry. These strategies were also in line with the offering of high quality products, wide variety of products and appealing packaging to satisfy the customer.

Marketing activities were well planned with the guidance of marketing plans. The marketing plans formulations were mainly affected by market share, market growth potential and change of the consumer taste. Marketing objectives were market driven with customer satisfaction and product quality as the most important objectives. The pricing objectives practiced are undercutting competition and meeting competition. This explains the intense competition in the industry. Competition is highly regarded thus companies

are involved in various strategic marketing practices to occupy strategic positions in the market place. Since strategy is about outstaging the competition the presence of competitive activities suggest that companies are making conscious strategies to survive

The pricing strategy mainly practiced is price segmentation that enables the companies to cater for different segments of the mass market. This also probably contributes to the packaging strategies where different sizes and value packs are available in the market place in the form of glass bottles; paper packs and even cans. Price discrimination and low pricing strategies have been adopted by the late entry competitors such as Schweppes and softa. This explains the leading of Coca-Cola in the market place while others are constant followers. The pricing strategies relate more with competition where cost effectiveness is the main concern of the modern consumer. Therefore, different pricing strategies are practiced differently during different times of the year depending on the company policy and overall performance.

The promotional strategies practiced in the industry are well budgeted for and the main objectives of advertising being market share increment, customer growth, creating awareness and switching customer to brands. The advertising strategy utilizes different appeals to attract more consumers especially the youth as they have high per capita consumption. Therefore promotion is aggressively addressed due to intense competition and building strong brands is vital

Sales promotion strategies such as free sampling ,sponsorships and point of purchase rewards are well practiced.

Personal selling strategies such as employment of field sales force ,training of sales force and merchandising were key results areas in the industry.

Public relation strategy was equally practiced with more emphasis on client use of press kit, seminars, games and education of consumers as the major activities to build strong brand public relations. Lastly, distribution is crucial in the industry with emphasis on shops, supermarkets and kiosks to avail the products within consumer reach more efficiently and effectively without stock-out problem. This explains probably why companies have heavily invested in building a detailed distribution network including strategic depots for convenience to facilitate consumer satisfaction and overcoming fierce competition from both local and foreign soft drinks.

Several strategies were important to the industry in line with the second objective of the study.

Promotional strategies such as Advertising, Sales promotion, Personal selling and public relations were more important in building /creating demand while distribution strategies were crucial in fulfilling the demand for customer satisfaction. Pricing strategies played a major role in segmenting the market especially where different packaging materials are used. More importantly price segmentation was more practiced followed by low pricing to contain the competitive forces of the industry. With the changing needs of the consumer, product strategies such as individual branding are leading while different promotion strategy and corporate branding followed product strategy.

As stated by Hyman[1989:86] market demands depend on all the determinants of individual demand, including income , price of related products and preferences of consumers. Income determines the amount of money available for purchasing a particular class of products. This is determined by marginal propensity to spend. Therefore, the firms are more focussed on the promotion strategies such as advertising, sales promotion, personal selling and public relation. Distribution strategies are primarily aimed at delivering the product to the consumers at the right time and the right place

CONCLUSION

In the soft drink industry, promotional strategies such as advertising, sales promotion, brand public relations and personal selling are the corner stones of strategic marketing practices in creating demand. On the other hand, Good network distribution strategies fulfil demand and ensure extensive brand availability within reach of the consumers when needed especially in high traffic areas. Intensive distribution channels ensure success in the market place where trolleys, strategic depots and other retail outlets create success in market share expansion, growth and profitability. Individual branding and corporate branding plays a major role in the product strategies with product quality being the major emphasis on the liquid and the package. The pricing strategy is utilized in price segmentation, which explains the different classes of consumer of the products. Low pricing is used depending on seasons, the company policy and the marketing objective being persued. In conclusion its important to invest in distribution channels building as stated but such (1993) that change in the demand others when the consumer are willing to buy either more or less than previously at the same place. Thus brands should be available within reach to consumers when desired. To build strong brands, one need well planned and well executed marketing strategies. Therefore, successful companies are those that study the consumer behavior trends overtime and are able to adapt accordingly.

5.2 Limitations of the study and recommendations for future research.

The study was based on the entire industry, therefore one could not carry out a study on specific organization within the industry and compare the findings.

This study sought to identify the strategic marketing practices in the industry that have been successful despite competition. It would be interesting to compare the findings of the soft drink industry with the beverage industry as whole and beer industry in terms of strategic marketing practices.

Time was a limiting factor. This restricted both the scope and the depth of the work. Given ample time this study could be replicated in wider scope that would go beyond manufacturers to look at perceptions among consumers and members of the distribution industry demands.

APPENDIX I

AUGUST 2000

Dear respondent,

I am a Post graduate student in the Faculty of commerce, University of Nairobi pursuing a masters degree in Business and Administration (Executive MBA Program). I am conducting a study on the topic "AN EMPRICAL INVESTIGATION OF THE STRATEGIC MARKETING PRACTISES OF THE SOFT DRINK INDUSTRY IN KENYA"

Your organisation has been selected to form part of this study. Kindly assist me by comleting the attached questionnaire as well as providing any other relevant information, which you feel, will assist in this study.

The information is purely for academic purposes and your name will in no way appear in the report. Any information provided will be treated in strict confidence. A copy of the research findings will be made available to your organisation upon request.

Your co-operation will be highly appreciated. Thank you.

Yours Faithfully,

Abdallah H.K.

APPENDIX II

Part A

This questionnaire is divided into two parts. The first part requires you to fill information about your organization. It will be used to classify the results of the study. The second part is meant to highlight the various aspects of strategic marketing practices as they are applied in your organization.

Company Data:

1. Name of the organization
2. Title of the respondent
3. Qualifications
4. Department/ section
5. Years of experience in the company
.....
.....
.....
6. Who own the company (Tick one)
 - Indigenous Investors
 - Foreign Investors
 - Both foreign and indigenous Investors
7. Products produced in Kenya
 - Number of product lines.....

8. Market served (Tick one)

Domestic markets only

Foreign markets only

Both domestic and foreign markets

SECTION B

PLANNING

Q1

- (a) Do you plan for your
Marketing activities ?

Yes No

- (b) If yes, what duration does the plan cover.

1 - 6 month 7 - 12 month Over 1 year

Q2

- (a) Do you assess the environment before preparing the marketing Plan?

Yes No Sometimes

- (b) If yes, tick the business environmental factors considered when preparing the marketing plan.

- Market size
- Market growth potential
- Changes of consumers tastes
- Government regulations
- Business regulation
- Political stability
- Availability of suppliers
- Availability of finance/funds

- Technological factors
 - Demand for the product
 - Competition
 - Head office policies
 - Qualifications of staff
 - Number of employees
 - Others(PleaseSpecify)
-
-

(b) Of the factors listed above rank them ones do affect in the order of importance. (1-Very Important to 5-Least Important)

Q3) Do you "regularly" review your marketing plans?

(a) Yes No

(c) If yes, what factors influence your marketing plans?

.....

.....

.....

Q4) Marketing Objectives

A) Indicate how important the following marketing objectives are to your organization by ticking the appropriate box.

		Very important			Least important	
a)	Customer satisfaction	()	()	()	()	()
b)	Product quality	()	()	()	()	()

- c) Market share growth () () () () ()
- e) Profit maximization () () () () ()
- f) Survival () () () () ()
- g) Target return on investment () () () () ()
- h) Others (specify)

.....

.....

.....

B) Who participates in setting the marketing objectives?

Q5)

a) Do you offer the same product to all the customers across?

Yes No

b) If "no" please indicate the specific target market of your products in the table below.

PRODUCT	TARGET GROUP
1.	
2.	
3.	
4.	

PRODUCT:

Below are some statements related to product strategy.

Q1. Read the statement and tick the appropriate box as it applies to your organisation.

	Always	Sometimes	Never
1. We offer high quality product.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. We offer a wide variety of products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. We offer a variety of products items within each line	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. We offer a various sizes of products to suit the customer needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. We have well shaped packaging	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Our products come in various brands	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. We offer different brand names for each product	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. On each product we attach the company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. On regular basis we reduce the product lines that are not doing well in the market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. We offer different flavours of drinks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. We offer different colours of drinks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Based on new / emerging needs we come up with new products as at when required	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q2. What factors do you consider when developing new products?

B) Which of the following product strategies does your firm pursue?

	Always	Sometimes	Never
a) Product modification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Product withdrawal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Divesting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Selling of the product to another firm.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Corporate brand image	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) Product line branding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g) Combination branding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h) Entering new markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i) New product introduction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j) Attacking competition on Product quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k) Putting of entry barriers for potential substitutes /competitors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other(Specify)

Q1 Price

A) Below are pricing objectives that may be pursued by various firms, please indicate the ones that do apply

	Always	Sometimes apply	Never apply
a) Get maximum profit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Meet competition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Offer better value than Competing brand	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Undercut competition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Increase frequency of consumption	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l) Increase the market share	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m) Earn predetermined return On investment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
n) Others (specify)			

C) Indicate by ticking the appropriate box the importance you attach following attributes when developing new products.

	very important			least important	
a) competitors offer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Customer need	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Income of customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) Market share	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) Production quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) Compatibility of the intended Product with production facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g) Compatibility of the intended Product with the existing Skills/(Human resource)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h) Compatibility of the intended Product with the corporate image.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i) Compatibility of the intended Product with financial resources.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j) Compatibility of the intended Product with distribution outlets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k) Compatibility of the intended Product with promotion programs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l) Compatibility of the intended product to your organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

B) Of the objectives indicated above that apply to your organization, please rank them on the space provided in order of importance

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____
- 6. _____
- 7. _____
- 8. _____

C) Indicate by ticking the appropriate box the pricing strategies that are applicable to your organization

	Always	Sometimes	Never
- We offer high price strategy for new products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- We offer price discounts for all our products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- We offer cash rebates on our products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- We offer different prices for our products depending on geographical areas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- We offer price cuts during low seasons	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
- We increase prices during high seasons	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

D) Do you "regularly" change the prices of your products?

Yes

No

If often, what factors influence you to change the prices?

1. _____

2. _____

3. _____

4. PROMOTION

(i) Advertising

In the advertising activities, please tick the appropriate box that describes your organisation advertising activities.

	Very well	Reasonably well	Not at all
a) We know our target market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) We use advertising to educate our customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) We use advertising to switch our customers to our brands	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d) We use advertising to increase market share	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e) We use advertising to introduce new products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f) We communicate to consumers to enhance market growth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g) We use percentages of total purchases as the budget For advertising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h) We use advertising to increase sales	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i) We create awareness to consumers regularly Especially during price - cuts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- j) We let our customers know what we do to satisfying them

(ii) Advertising appeals

- a) We use steps to show how products fit with a particular life style
- b) We create fantasy around the product or its use
- c) We build a mood/image around the product such as love, beauty or serenity
- d) We use character/personalities that represents the product
- e) We use the company's expertise in making the product
- f) We present survey/scientific evidence that the brand is Better/better used than one or more
- g) We use highly believable source to endorse the Product

(iii) Sales promotion

Qa In relation to your promotion activities please tick the appropriate box that describes your organisation activities.

- a) We give free samples to our consumers when need be to try the products
- b) We offer certificates that offer consumers savings when they purchased specific products.
- c) We offer refund part of the purchase price of a product to consumers who send a "proof of purchase" to manufacturer.
- d) We reduce prices from our manufacturing plant and label on the pack

- | | | | |
|---|--------------------------|--------------------------|--------------------------|
| e) We offer free goods or at low price as an incentive to buyers | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| f) We offer gifts printed with some message to consumers | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| g) We offer rewards on regular use of the product | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| h) We demonstrate our products | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| i) We organise contests during special occasions | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| j) We sometimes offer a straight price reduction on purchase during a stated period | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| k) We pay our retailers in return for an agreement to feature more of our products than competitors | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| l) We sponsor events eg. Safari rally | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Qb Indicate the factors that you consider when developing a sales campaign in order of importance.

1. _____
2. _____
3. _____
4. _____
5. _____

(iv) Personal selling

In the process of using sales force (sales people) to sell the products directly to users please tick the appropriate box that describes what your organisation does.

Always Sometimes Never

- | | | | |
|--|--------------------------|--------------------------|--------------------------|
| a) We use sales persons to sell directly to consumers | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b) We offer incentives to consumers when they buy from our salesmen directly for their own Consumption | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c) We have sales persons different regions to Handle different distributors. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d) We have people who ensure product availability in all outlets in their regions | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e) We train our sales persons | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

(iv) Public relations

Qa The following are the PR activities that an organisation may be involved in. Please indicate by ticking the appropriate box that apply to your organisation.

Often Sometimes Never

- | | | | |
|---|--------------------------|--------------------------|--------------------------|
| a) We organise seminars to communicate our product quality and other related facts. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b) We sponsor games depending with the season | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c) We offer scholarships/assistance for best deserving students in high schools. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d) We regularly communicate our financial position to financial analyst | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e) We do community activities such as cleaning the city and repairing roads | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| f) We offer donations during disasters | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| g) We offer press kits to communicate certain issues | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

h) We carry out specific campaigns to educate the consumers

(v) **Distribution**

Products need to be available to the users. Please tick what appropriately describes your organisation activities.

Often Sometimes Never

a) We use kiosks at certain points to each customer

b) Our products are available in shops and supermarkets

c) We use vendors in certain geographical areas

d) We use only authorised agents

e) We also wholesale in certain points

Thank you for taking your time to fill the questionnaire.

SELECTED BIBLIOGRAPHY

- Aaker D: **Strategic marketing management** New York: John Willey and sons 1988.
- Aosa.E: An Empirical investigation of Aspects of strategy formulation and implementation within large private manufacturing companies in Kenya.
Unpublished PHD Dissertation, University of Strathy Clyde 1992
- Al Ries and J. Trout: **Marketing Warfare** Penguin book publishing. U.S.A. 1986
- Bach G.L: **Economics: Analysis, Decision making and policy.** Englewood Cliffs NJ
Prentice Hall, 1963.
- Benton, P.R and Lyod B: "Riding the whirlwind: Managing
Turbulence." **Strategic Management Journal- Long range planning** vol.25
No.2 1992 pp 111-118.
- Bett. S.K: "Strategic marketing of Dairy products in Kenya." **Unpublished MBA
Project.** University of Nairobi. (1995)
- Bii. J: "The extent to which Commercial Banks in Kenya use the promotional mix
to market their service." **Unpublished MBA project.** June 1982,
University of Nairobi.
- Bryne J.A : "New Formula " **Business Week** April 10th 2000 pg 64 – 68
- Charan.R and G. Colvin: "Why CEO's Fail". **Fortune Magazine.** June 21 - 1999 pg33 - 37.

Cravens.D.W: **Strategic Marketing**: Irwin Incorporation 1991.

Collins. J:"Turning Goals into Results: The power of catalytic mechanisms. "**Harvard Business Review** - July - Aug 1999. Pg 71

Committee on Definitions: Marketing definitions, a Glossary of marketing Terms
(Chicago, **American Marketing Association**.1960)

Daily Nation Reporter: "Coca Cola Enjoy" Reminding people of the real joy of drinking
Coca- Cola. **Daily Nation**, 31st March 2000.

Drucker. P and Lyoyd. B:"Riding the whirlwind:Managing Turbulence."**Strategic Management Journal- Long Range Planning**".Vol.25.1992 pp 11 - 118.

Fortune Magazine Reporter: Global 500 **Fortune Magazine** April 17th 2000. Pg

Gerald et al: **International marketing and Export management**. Addison Wesley
Longman publish company England. 3rd Edition 1998. Pg 459

Gluck, F.W Kaufman S.P and A.S. Walleck: " Strategic management for competitive
Advantage." **Harvard Business Review**. July - August 1998, pp 154 - 161.

Haines, W.R: "Making Corporate planning in Developing countries". **Strategic Management Journal Long range planning**. Vol.21 1988. PP 91 - 96.

Hayman, .D.V: **Modern Economics: Analysis and Applications**: Homewood Irwin 2nd
Edition, 1989

Joachimsthaler and D. Aaker: "The Lure of Global Branding." **Harvard Business Review**. Nov - Dec 1999.Pg 137 - 144.

- Karemi C.K: The State of Strategic Management Practices in the Retailing Sector: The Care of Supermarkets in Nairobi. **Unpublished MBA Project** 1993, University of Nairobi.
- Keller, R.L: " The Brand Report Card." **Harvard Business Review** Jan -Feb 2000.Pg 147.
- Kibera, F. and B.C.Waruingi: **Fundamentals of Marketing: An African Perspective**, Kenya Literature Bureau, 1998.
- Kipkorir, L: "The State of Marketing Intelligence Activities in Kenya's Retailing sector: The Case of Supermarkets in Nairobi, Kenya. "**Unpublished MBA Project**. University of Nairobi 1992.
- Kotler.P: **Marketing Management: Analysis planning and control** prentice Hall 1997.
- Kogut.B: "What makes a Company Global". **Harvard Business Review**. Jan - Feb 1999. Pg 165 - 169.
- Michael .J BAaker: **Marketing strategy and management**. Macimillan press Ltd Hampshire. Second Edition 260. Pg 313 - 420.
- M.K Gikuri: "The performance of KBL Tusker Premium Beer since Inception: A marketing and Financial Analysis." **Unpublished MBA Project** 1981. University of Nairobi.
- Njuguna E.K: "Strategic Practices in the Oil Companies in Kenya." **Unpublished MSC Project**. USIU - Nairobi 1996.
- Okong'o. P: "Big firms drop the conventional to boost sales." **The Financial Standard** 26th Oct 1999. Pg 10

Okutoyi.P: **The relationship between the use of strategic marketing and banking performance in Kenya.** Unpublished MBA Project University of Nairobi 1992.

Owiye. P: "Why Kenyan sugar firms are failing to compete effectively within the Liberalized trading environment in Kenya": The care of Government over sugar firms. **Unpublished MBA Project** 1997. University of Nairobi.

Porter M.E: **Competitive strategy techniques for analyzing industries and competitors.** New York. The freepress 1980: 1997.

Reed.S: "The Global 1000." Special Report.

Business Week. July 10, 2000. Pg 45.

Roger .A. Kevin, Vijay Mahijan .R. RajanVaradarajan: **"Contemporary perspectives on strategic marketing planning"** Allyn and Baron, Boston 1990.

Roger .A. Kevin et al: **Contemporary perspectives on strategic marketing planning** Allyn and Baron Boston 1990.

Rosebeth .M.K: "Thriving Locally in the Global Economy." **Harvard Business Review.** Sept - Oct 1995. Pg 151 - 159.

Starton J. and Fitrel.C: **Fundamental marketing.**

McGraw Hill, Toronto 1987.

Sull .D.N: "Why Good Companies Go Bad."

Harvard Business Review July - Aug 1999. Pg 43.

Wanjere M.D: "An investigation of aspects of marketing planning within large private manufacturing companies in Nairobi. **Unpublished MBA Project**
University of Nairobi. July 1999.

World Executive Digest 1997