

**FACTORS THAT INFLUENCE ORGANISATIONAL  
BUYING BEHAVIOUR: A CASE OF COFFEE DEALERS IN  
NAIROBI**

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BY

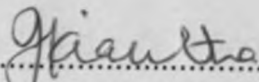
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A MANAGEMENT PROJECT SUBMITTED IN PARTIAL  
FULFILMENT OF THE REQUIREMENT FOR THE MASTER OF  
BUSINESS AND ADMINISTRATION (MBA) DEGREE,  
FACULTY OF COMMERCE,  
UNIVERSITY OF NAIROBI.

JULY, 2001

## DECLARATION

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

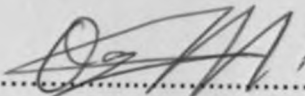
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This management project has been submitted for examination with my approval as university supervisor

signed.....

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DATE.....25/10/2001

## DEDICATION

To my mother, Alice Kanugu Rukaria for introducing me to early childhood education.

To my beloved wife, Winnie Kathambi and our three children, Muriithi, Kendi and Muriungi, for their patience and understanding during the period of study.

## **ACKNOWLEDGEMENT**

First and foremost I am grateful to the Lord Jesus Christ for providing me with good health, strength and understanding to carry on with education even when the going looked difficult to endure.

I wish to register my gratitude to members of my family, my wife Winnie and the children, Kevin Muriithi, Ivy Kendi and Mark Muriungi for their inspiration, patience and understanding during the period of the study. I cannot also forget to thank the Lord for my own Mum who even at my age, believes that I am still a child who needs to be guided on the value of education.

I am very grateful to my supervisor Dr. Martin Ogutu for his positive criticism and inspiration and without his tireless effort, this study could not have been accomplished. I wish also to recognise the effort of the rest of the academic staff in the MBA programme whose contributions added to the success of the study.

I am thankful to the MBA colleagues such as Ariithi, Mbau, Awino, Mugao, Mberia (Anne) etc. whose knowledge we shared and without their contribution this study would have taken a longer period to complete.

I feel also indebted to my employer, Coffee Board of Kenya, the Ag. General Manager Mr. Miriti, who has been very kind and understanding and whenever I applied for days off, he was always willing to approve. I would also like to register and recognise the excellent secretarial services offered by Mary Njoki Kibugi (Mrs). She has been untiringly kept on the computer to revise the document over and over again. Other Board's staff whose services I cannot forget to recognise includes Muinde Ivongo, Peter Muiruri and Elizabeth Omwoyo.

Last and not the least, I wish to thank all the respondents who took valuable time out of their busy schedule to fill the questionnaire and without their effort, this study could not have been accomplished.

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## ABSTRACT

The objective of the study was set out to identify important factors that influence coffee dealers buying behaviour. The factors were grouped into five categories, the product choice, the supplier choice, processes factor, demographic factors of the buying centre, and the environmental factors.

A census survey was conducted in Nairobi through the use of a questionnaire. A total of 26 coffee dealers responded out of 32 active coffee dealers trading in Nairobi.

Data was analysed through the use of mean score to rate the variables in order of importance. Factor analysis technique was also used to established whether some underlying pattern of relationships existed between variables.

As concerns produce choice, the results of the study has shown that product quality is the highest rated variable followed by price and buyers knowledge on the product respectively.

The results have also indicated that product quality and consistency in quality are highly positively correlated.

With supplier choice, reliability of the supplier was rated the highest while location of the supplier (planter) was rated as number two. Reliability of the planter in deliveries of the coffee to the market place is regarded to be important to the buyer for the purpose of forward planning on their buying and roasting.

The study has shown that the size of the supplier and reliability and size of the supplier and experience are highly positively correlated.

As for processes factors, availability of samples to the buyers was considered as very important. Speed of confirmation of bids which is done electronically was also considered to be important. Speed of bids confirmation and levels of technology used by the supplier have high levels of positive correlation. The study also found out that sitting arrangement and presence of auctioneers in the auction hall was least important.

As concerns demographic factors, the study found out that experience of staff in the buying centre was very important followed by professional training of the buyers. Gender and age of staff was rated the lowest.

The study also found out that all the environmental factors were very important as buyers consider them in investment decision making. Political stability was rated the highest followed by credit terms and interest rates.

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## CHAPTER ONE

# 1.0 INTRODUCTION

### 1.1. Background

Coffee is believed to have originated in the Ethiopian Province of Kaffa around 3 A.D where ground coffee was used as a beverage. Today, coffee is one of the world's most popular drinks. It is among the most important internationally traded commodities, with a number of countries being largely dependent on its trade.

Coffee was introduced in Kenya by the turn of twentieth century. Coffee remained the top foreign exchange earner since independent until 1988 when it was overtaken by tourism, (Economic survey, 1989). Today the subsector ranks fourth after tea, tourism, and horticulture contributing about 10% of the total foreign exchange earnings.

Coffee is a major source of farm income employment and food security. It is also a major source of livelihood for over 500,000 households most of whom live in the heavily populated rural areas.

According to Coffee Research Foundation report (CRF, 1994), coffee marketing process starts at the farm gate. In Kenya, there are two district primary coffee marketing channels, one for the co-operatives and the other for estate sector. The co-operatives sector comprises of farmers whose individual coffee area is normally below 2 hectares and market their coffee through the co-operative societies. The co-operatives deliver their coffee to commercial millers for milling and subsequently it is handed over to Coffee Board of Kenya (CBK) for sale. The estates farmers market their coffee directly through millers to Coffee Board of Kenya.

On receipt of the coffee, CBK classifies, bulks and warehouses the coffee and offers it for sale on behalf of the growers through contracted brokers or auctioneers in a

centralised coffee auction. All Kenya coffee is traded at the centralised coffee auction in green bean form.

The buyers of coffee in the central auction are coffee dealers (exporters and roasters). Buyers are licensed by Coffee Board of Kenya after fulfilling the stipulated conditions and being members of mild coffee trade association (MCTA).

The attractiveness of the auction method for the coffee farmers in Kenya lies in the competitive electronic bidding of would be buyers and its public character. The competitive bidding enhances price discovery, allowing the relative weights of supply and demand to find a true balance. As such, they are especially suited to the marketing of fungible goods such as primary commodities. Though the modalities vary, auctions dominate international trade in all major commodities, with the possible exceptions of crude oil and natural rubber (price waterhouse, 1996), according to CRF report (1999), allowing of buyers access to inspect coffee samples ten days before auction, gives them symmetrical information necessary to arrive at their bids.

The role of coffee dealers is to participate in the coffee trade by either buying Kenya Coffee in the auction and export or buy and roast for domestic consumption. The dealers can also export coffee from other African producing countries. The dealers who specialise in purchase of coffee for local roasting only are holders of class "B" license while the exporters hold class "A" license category. Auction regulations require that a dealer pays for coffee within seven days after auction failure to which the offer is withdrawn and the dealer in question may be suspended or even have his licence cancelled.

A study done by CRF (1994), on coffee dealers performance in the auction indicated that more than 50% of the coffee trade was controlled by less than 15% of the active coffee dealers during the period between 1990 to 1993 year. The study indicated that although there were no explicit barriers to acquiring a dealers'

licence, there could be implicit barriers in actual trading in coffee after an exporter has been licensed.

A task force report on liberalisation and privatisation of the coffee industry conducted by CBK (1996), found out that less than 15% of the active dealers controlled more than 50% of the total market share within (1991-1994) period. The study noted that most of upcoming coffee dealers lacked adequate finances to participate competitively in coffee trade, They also face stiff competition from established exporters.

The report recommended that to increase competition in the auction and make coffee export trade more competitive, modalities of enhancing dealers financial capability using the warehousing receipts, coffee warrants and stock certificates as collateral should be worked out. It also recommended that a study should be undertaken to investigate other ways of increasing the competitiveness of coffee marketing in the auction.

A study by Nyoro (1995), on coffee roasting grinding, packaging and consumption in Kenya looked at the existing coffee consumption levels in the domestic market and key determinants of the locally roasted coffee. His study focused on the factors that influence the ultimate consumer and he found out that the high coffee prices, packaging, quality, promotion and method of preparation of coffee are important factors that influence coffee consumption in Kenya. He found out that availability of coffee, packaging convenience and effects of coffee consumption on consumer's health to be less important factors influencing coffee consumption.

A study by Kenya Institute of Public Policy Research and Analysis KIPPRA (March, 2000) on policy and legal framework for the coffee sub-sector and the impact of liberalisation in Kenya only dealt with policy and legal frame work on coffee production and marketing and did not study on the factors that influence coffee trading.

Against the background of falling coffee production and value in the last ten years, Coffee Research Foundation (CRF) commissioned a study on Strategies to Enhance Coffee Production in Kenya. (CRF, 1999). The study noted that although the number of licensed dealer "A" coffee exporters were 88, the number of active dealers at every auction were usually less than 40. The study noted that there was low domestic demand for roasted coffee leading to low domestic consumption.

According to price waterhouse (1996) study, found out that out of the 64 dealers who bought coffee at the central auction in 1994/95 year, the first six (6) largest dealers accounted for more that 50% of the total sold, while the first twelve largest dealers accounted for more than 70% of the coffee sold leaving 52 traders with just 30% of the business.

According to Coffee Board of Kenya CBK (1998/99) annual report, the market share of the top five dealers was about 70% of the total coffee sold in the auction. The market share dropped to about 40% (CBK records, 2000/2001). The drop in the market share of the total amount of coffee bought in the auction by the large buyers could be possibly be explained by buyers switching off to other competitive markets. The decline in coffee prices and value in 1998/99 and 1999/2000 (economic surveys 1999 and 2000) could be explained by low coffee demand in the central auction.

The main purpose of this study is therefore to identify the factors that influence the coffee dealers buying behaviour.

## **1.2 Statement of Research Problem**

A study done in Kenya by Ouko (1993), investigated the attributes that are considered important in the purchase of various industrial products namely imported processed materials, local processed materials and local consumable supplies. The study identified the factors that the purchasing managers or buying

centre consider important when evaluating vendors or suppliers of the above mentioned category of products. The study was not specific to the coffee industry.

A study done by Godar and O'Connor (2001), outside Kenya on the buyer trade motives found out that like sellers, buyers use the trade show as a networking site. The buyer use trade show to gather information on a variety of competitive vendors, identify alternative purchases and evaluate stability of the companies making the products.

Calantone and Knight (2000), study on the critical role of the product quality in the international performance of industrial firms found out that quality is a key component in the success of any firm. Quality not only enhances the reputation of the firm and its products in the eyes of buyers, but also can allow the firm to earn higher profits, expand market share, and generally to grow the business.

Alvarez and Galera (2001), study on industrial marketing applications of quantity measurements techniques based on agricultural machinery, found that the service and quality of the product are the attributes that are considered as more important than the price.

Although the studies have been done to identify factors that influence buying behaviour they have been conducted in foreign environments and that their findings cannot therefore be generalised. The purpose of this study is to fill the gap.

Against the background that the coffee dealers are switching to other markets and that the coffee prices and value have declined in the last three years, there is increased need to produce and offer coffee to buyers according to their specifications.

To be able to accomplish this task, a study needs to be undertaken to answer the following question.



(i) What factors influence coffee dealers buying behaviour?

The knowledge of the factors that influence coffee buying behaviour will enable the marketers to formulate strategic marketing programmes that could increase sales.

### **1.3 Objectives of the Research**

i To identify important factors that influence coffee dealers buying behaviour.

### **1.4 Importance of the Study**

The study will be beneficial to the following groups of people or firms.

#### **A. Organisational Marketers**

Practitioners of organisational marketing will gain insights into the main factors that affect whether, what, where, when and how organisational buying take place. By acquiring a better understanding of the factors that influence buyer behaviour, they will be in a better position to develop marketing mix that satisfies customers and that fits the company's marketing strategy.

#### **B. Coffee Farmers or Suppliers.**

Farmers will have a better knowledge on the type of coffee that the buyers demand and therefore endeavour to produce and supply the coffee quality and quantity that the market demands.

#### **c. Scholars**

The study is expected to increase the body of knowledge to the scholars of marketing and especially make them in touch with the buying processes used in the coffee sector. It may also encourage further research on other concepts of buying used in the coffee sector or any other sector of the economy.

#### **d. General Economy**

The result of the study may solve the problem of low demand in both international and domestic market.

Strong demand in coffee may go along way in boosting coffee prices which currently are very turbulent in the international market.

Historically, coffee has been an important commodity in Kenya because of its contribution to foreign exchange earnings, farm incomes and employment opportunities.

### **1.5 Overview of the Report**

The project report is composed of five chapters. Chapter One is an introduction chapter to the study and consists of background information on the subject matter, the statement of the problem, the objectives of the study and the importance of the study.

Chapter Two looks at the literature review relevant to the subject of study. The following topics are covered as part of the literature review on factors that influence organisational buying behaviour, environmental factors, organisational factors, interpersonal factors and individual factors.

The third chapter is concerned with the research design and includes the population of interest, the respondents, the data collection instruments used in the study and data analysis method.

The fourth chapter deals with data analysis of the data collected and presentation of the findings.

The fifth and the final chapter highlights the summary findings of the study, discussions of the findings, conclusion, limitations of the study and provides recommendations and suggestions for future research.

## 2.0 Introduction

Introduction of the study includes the background, objectives, scope and limitations of the study. The study is a qualitative research that aims to explore the experiences of the participants in the study. The study is a qualitative research that aims to explore the experiences of the participants in the study. The study is a qualitative research that aims to explore the experiences of the participants in the study. The study is a qualitative research that aims to explore the experiences of the participants in the study.

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## 2.1 Literature Review

Review of the literature, the study is a qualitative research that aims to explore the experiences of the participants in the study. The study is a qualitative research that aims to explore the experiences of the participants in the study. The study is a qualitative research that aims to explore the experiences of the participants in the study. The study is a qualitative research that aims to explore the experiences of the participants in the study.

# 2.0 LITERATURE REVIEW

### 2.1.0 Introduction

Organisational buying has been defined as the decision making process by which formal organisations establish the need for purchased products and services and identify, evaluate and choose among alternative brands and suppliers. Organisational buying is a complex decision making process, usually involving many people with varying degrees of interaction and driven by individual and organisational goals. In the industrial market, buying takes place in the context of a formal organisation constrained by budget, cost and profit considerations.

According to Robinson, Faris and Wind as reported by Lau, Goh and Phua (1999), buying process has eight stages and entails a product choice, a supplier choice, and a choice of the routinization process. The group of people involved in this process, form an informal, cross-department decision making unit known as the buying centre.

According to Webster and Wind (1972), organisational buying behaviour is influenced in a hierarchical manner by environmental, organisational, interpersonal, and individual factors.

### 2.1.1. Environmental Influence

Environmental influence are subtle and pervasive as well as difficult to identify and to measure. They influence the buying process by providing information as well as constraints and opportunities. Environmental influences include Physical, Technological, Economic, Political, Legal and Cultural factors. These influences are exerted through a variety of institutions including business firms (suppliers,

competitors and customers), governments, trade unions, political parties, educational and medical institutions, trade associations and professional groups. The nature of these institutional firms will vary significantly from one country to another, and such differences are critical to the planning of multinational marketing strategies.

Moriarty and Spekman (1984), investigated the sources of information sought by decision participants during the industrial buying process. They also examined those factors that help determine why certain information sources are used during the procurement decision making process. The results indicated that the industrial marketers should consider seriously the use of other communication vehicles such as trade shows and exhibitions other than relying on industrial sales person only.

Numerous factors mediate, influence and channelled industrial buyers information search and acquisition. Such effects have been observed empirically in both the amount of information sought and the source used during the industrial procurement/adoption process.

Research on the effect of individual characteristics on procurement - related information sources ranges from age to educational level to decision making styles. The findings tend to mirror those in the consumer behaviour literature which indicate that more innovative, younger, better educated and less risk averse managers are more likely to be sensitive to and aware of a number of different information sources.

Organisational characteristics have encompassed such variables as size, profitability organisational types and the extent of R & D activities. It has been found out that industrial buyers engage in greater information search in general and greater

external search in particular when the buying situation engenders a higher degree of decision risk and/or turbulence (such as conflict, uncertainty, lack of consensus).

Schultz, Evans and Good (1999), studied on how an effective understanding of the buyer's corporate culture can be used by sellers to achieve a competitive advantage in developing and maintaining long term buyer - seller relationships.

Organisational culture is a complex concept that has been misunderstood and confused with climate, philosophy, ideology, style and even management principles. Organisational culture is therefore defined as the pattern of shared values and beliefs that helps individuals understand organisational functioning and thus provide them norms for behaviour in the organisation. General manifestations of a corporate culture are shared objects, talk, behaviour and emotion, while specific indications of culture include rites, rituals, legends stories, value and heroes. The influence of corporate culture has been characterised as an informal, hidden force within a firm that affects the behaviour and productivity of employees beyond the more formal influences associated with written policies and guidelines. It was found out that the challenges of a seller is to identify appropriate behaviours for effectively operating within the cultural domain of the buyer's organisation.

Hutt and Speh (1990), argued that organisational buyers do not make decisions in isolation; they are influenced by a broad range of forces in the external environment. A projected change in business conditions, a technological development or a new piece of legislation can drastically alter organisational buying plans. Collectively, such environmental influences define the boundaries within which industrial buyers and sellers interact.

Reeder, Brierty and Reeder (2000), have shown that shifts in world economics, demographics, ecology and culture, changing technology and physical plant location of suppliers and buyers have both influence on buyer - seller interface and the publics; Publics have the ability to help or hinder a firm's effort to serve its markets, while suppliers are able to adjust their environment to meet the needs of the buyers. Forces in the macro environment are usually beyond an individual

firm's ability to influence or control. The primary problem with the macro environment is that it keeps changing and it does so at an accelerating rate.

The world wide economic conditions greatly influence an organisations ability and willingness to buy and sell. Because of the derived nature of industrial demand, changes in economic variables that affect consumer's discretionary purchasing power have an impact on the industrial producer. As consumers discretionary incomes change, pronounced shifts in the demand for different categories of durable goods occur. When consumers tighten their belts and wait for better economic times, demand for raw materials and associated services also tightens.

Because business operates to make a profit, they place importance on criteria related to profitability. In today's economic environment, this translates into cost consciousness. According to Churchill (1995), although organisational buyers are concerned about price, they may be willing to pay more if it will enable the company to boost profits by improving efficiency or increasing output.

According to Allen (1984), price is a consideration in most purchase decisions. However quality and service will not usually be sacrificed for price alone. Price is often more important in buying accessory equipment whose quality is standardised. Price is not important a factor for infrequently purchased products as it is for frequently purchased ones.

According to Hill, Alexander and Cross (1998), an industrial buyer is almost as reluctant to pay for extra quality (over and above a reasonable safety factor) that he does not need as he is to buy goods of inferior quality. And he is likely to feel that if unneeded quality is there, he pays for it regardless of the price.

A consideration inseparably related to product quality is the supplier's ability to deliver supplies of consistent quality. A consistency of quality can reduce the need for meticulous and costly inspection and testing of incoming shipments. It may also enable the customer to save on inventory, because if different shipments from the

same source vary widely in quality, the buyer must carry enough stock to permit inspection, rejection, and replacement of a shipment without shutting down his operation.

Technological developments and changes in the industrial market strongly affect both buyers and sellers. Buyers are concerned that their profitability and market acceptance will be affected by changes in suppliers' product design or manufacturing process. Suppliers are equally concerned whether their customers will perform well enough in the down stream markets to maintain or increase their share of derived demand. Rapidly changing technology can also restructure an entire industry, dramatically altering both purchasing and marketing plans.

Industrial firms cannot ignore the demographic environment because of the derived nature of industrial demand. World population explosion and the changing population structure of the world provide both opportunities and threats. Not only is the rate of population increasing geometrically, placing tremendous demands upon earth's exhaustible resources, but the population is also growing unevenly.

Government influences buying decisions in that government laws, regulations and activities affect all buyers. Some of the government diversified actions include providing input monies by funding various programs, affecting changes in interest rates and taxes, specifying product safety standards, sponsoring research and development, issuing regulations that protect the environment and facilitating actions that are believed to be in accordance with the desire of the society that it regulates.

Buyers and sellers in the industrial market are firmly regulated by governmental agencies, agencies that are charged with responsibility of protecting businesses from each other, protecting consumers from businesses, and protecting the larger interest of society from unrestrained business behaviour.



Political environment has great influence on the industrial markets. Nations with histories of political stability also offer greater assurances to both buyers and sellers than those that are constantly in upheaval. Tariff barriers and trade restrictions have traditionally been used by governments to close off outside competition and enhance the production advantage of domestic producers.

### **2.1.2. Organisational Influences**

Every organisation has certain goals and objectives, accepted procedures for purchasing, and an organisation structure, all of which influence its purchase decisions. These organisational characteristics provide clues for determining how one industrial buyer might be different from another and how purchase decisions are likely to be made.

According to Cravens (1996), the goals and objectives of an organisation influence the types of product it needs and the criteria by which it evaluates the suppliers. According to Webster (1984), purchasing objectives are referred to as "buying the right items in the right quantity at the right price for delivery at the right time and place. This definition is useful for identifying the major dimensions of the buyer's problems; product specifications and quality; the amount of purchase; price, and delivery.

The management problem is to define what is "right" for each dimension and to manage relationships with vendors in such a way that the desired results are in fact accomplished. The first objective of the purchasing function must be to provide for the continuous operation of the organisation by ensuring that the purchased goods and services are available when and where needed.

Bingham and Raffield (1990), argued that the buyer's primary objective to purchase the right material in the right quantity, for delivery at the right time and in the right place, from the right source with the right service and at the right price, may be difficult to achieve. They observed that for the seven rights to be balanced due to

conflicting objectives, trade off must be made to obtain the optimum mix of these rights.

According to Webster (1984), vendors reliability is the most important criterion for evaluating vendors. This is followed by product quality and then price consideration. Hutt (1990), indicated that delivery services (physical distribution) and continuity of supply is important and only ranks second to product quality. Any interruption in the flow of key raw materials or components can bring the production process to an abrupt halt, resulting in costly delays and lost sales.

According to Bingham and Raffield (1990), though most marketers and sales managers go to great lengths to differentiate their products, organisational buyers are unlikely to purchase from them unless the buyers are convinced of the seller's integrity and the adequacy of post sale support.

A study done by Ouko (1993), investigated the attributes that are considered important in the purchase of three different products, imported processed materials, local processed materials and local consumable suppliers. Ouko found in the purchase of either imported processed materials and local processed materials, technical specifications and data on reliability of the product are considered important attribute in buying. Technical specifications and data on reliability of the product have an implication on the quality and standards of production. Therefore firms that are quality conscious will rank the two attributes highly. Users of either local consumable suppliers or imported consumable suppliers found out that financing terms and overall reputation of the supplier were found out to be important attributes. Different firms also considered different attributes different. Engineering firm were found to place a high ranking on technical specifications most of the times. The chemical industry considered user preferences quite an important attribute when compared with the other categories while food processing production facilities is in general regarded highly.

Qualls and Puto (1989), in their study examined the ability of prospect theory to explain industrial buyer decision behaviour and explored the benefits of using organisational climate as one of the factors affecting the decision framing process of industrial buyer. They defined organisational climate as a set of perceptions held by individuals in an organisation that reflects the extent to which the expectations of the organisation are defined, the routines of the work environment are specified, and the worker behaviour that is supported and rewarded by the organisation is revealed. According to the study, climate perception affect behaviour by defining the stimuli that confront the individual placing conflicts on behaviour, and rewarding and punishing specific behaviour.

### **2.1.3. Interpersonal Influence**

The nature of groups functioning is influenced by five classes of variables, the individuals members, goals and personal characteristics, the nature of leadership within the groups, the structure of the group, the tasks performed by the group, and external influences.

Morry Ghingold and Wilson (1998), in their study on changes in buying centre composition and structure over the buying process and determining their effect on decision making found out that buying centre are truly dynamic. The report indicated that the buying centre structure, communications and influence all change overtime. The dynamic patterns of buying centre structure highlighted in the findings of the study offer guidance for business marketers. It is valuable for the sales professional to know when the buying centre is likely to grow or contract, when more or fewer departments or functions are likely to play a role in a particular buying activity.

Lau, Goh and Phua (1999), in their empirical study of 68 manufacturers in Singapore on purchase - related factors and their influence on buying centre structure found out that purchase related factors such as the importance of the purchase, time constraints for the purchase and the novelty of the purchase

situation and uncertainty of purchase tend to influence the buying centre's structural dimensions of centralisation, normalisation, and complexity.

It is also well established from previous literature that buying centres structures do differ from firm to firm as well from one product purchased to another. It is also established that within the same firm, different buying centres may also have varying internal structures. This arises as buying centres do not derive their structural configuration from the formal organisation, but from the regularised patterning of interpersonal communication flows among the various members in the centre. In acknowledging that there are many ways to conceptualise structure, there is a growing consensus among organization theorists and organisational buying behaviour researchers that complexity, formalization and centralization constitute the major dimension of organisational structure. Knowing the structure and purchase factors that influence, it is important to the sales persons to know when, how and where they should target their communication to the participants in the buying organisations in order to achieve selling success.

As it has been noted that organisational buying is a complex decision process and a single individual does not typically make a company buying decisions. Multiple people get involved in both formal and informal ways over the course of the decision process. It is therefore noted that understanding organisational buying behaviour requires an understanding of group behaviour.

Morris, Berthon and Pitt (1999), studied the use of multidimensional scaling (MDS) as a tool for identifying coalitions within the context of overall buying groups structure. A coalition is defined as a subset of group in a negotiable mixed - motive conflict situation, which explicitly agrees to co-ordinate its efforts in the joint of resources. In a buying context, the complexity of many decisions, combined with the inherent conflict that arises among decision making participants, provides significant incentives for individuals to collaborate with others. This collaboration can serve any number of purposes. Coalitions might act simply as a vehicle for

information gathering, exchange, and learning. They may work to ensure that a particular vendor is considered, or some other one is removed from consideration.

A study found out that coalition serves an instrumental purpose. As such, an individual might coalesce with some one he has little in common with and sees as a means to an end. It has been found out that the greater the conflict within the buying centre members, the greater the incentives to coalesce. Pragmatism also gives rise to coalitions, regardless of conflict, as the number of people involved in the decision increase. Similarly, the greater the uncertainty surrounding the decision, or its implication for a given participant, the greater the incentive to coalesce.

#### **2.1.4. Individual Influence**

The individual is at the centre of the buying process, operating within the buying centre that is in turn bounded by the formal organisation which is likewise embedded in the influences of the broader environment.

According to Chisnal (1985), organisational buyers do not live like hermits; they are influenced by the personal behaviour of their colleagues, by the trading practices of other enterprises, and by standards of the society to which they belong. It is unrealistic therefore to approach the study of buying behaviour, personal or organisational without an appreciation of the multi-plexity of buying motivations.

It has been found that organisational buyers often are influenced by such personal factors as friendship, professional pride, fear and uncertainty (risks), and personal ambitions in their buying activities. Professional pride often expresses itself through efforts to attain status in the organisation. One way to achieve this might be to initiate or influence the purchase of goods that will demonstrate a buyer value to the organization. Fear and uncertainty are strong motivational forces on organisational buyers, and reduction of risk is often important to them. This can have a strong influence on buying behaviour.

Marketers should understand the relative strength of personal gain versus risk reducing motives and emphasize the more important motives when dealing with buyers.

It is worth noting that the personal and non personal motivational varies with the nature of the product, the climate within the organisation and the relative strength of the two forces in the particular buyer.

In dealing with risks reduction strategy, Chisnall (1989) as reported by Wilson, Gilligan and Pearson (1995), indicated that the industrial buyer is to some extent, in a dilemma regarding innovating products. He will not wish to retard the development of his own organisation but, at the same time, he will be reluctant to accept unduly heavy risk yet he will be conscious of his status within the management hierarchy and the opportunities which he should use to enhance his career.

In respond to the extent of influence of buying behaviour by personal factors, harding (1966), as reported by Wilson and Gilligan (1995), argued that corporate decision makers remain human after they enter the office. They respond to "image" they buy from companies to which they feel "close" they favour suppliers who show them respect and personal consideration, and who do extra things "for them" they "over - react" to real or imaged slights, tending to reject companies which fail to respond or delay in submitting requested bids.

### **2.1.5 Seller - Buyer Relationship**

Relationship selling seeks to build upon the mutual benefits brought by buyers and sellers within the context of a single exchange into a network of transactions facilitated by buyer and seller intimacy, yet, despite advantages, business relationships are difficult to achieve and maintain due to changing buyer and seller needs. Foristance, manufacturers may change core business strategies, which in turn, threaten long term relationships with established sellers/buyers. To respond to the changing nature of business - to business relationship opportunities and to

survive in volatile business environments, sellers must be able to identify where it is appropriate to build and/or adjust buyer relationships. One key determinant of the seller's success in establishing and sustaining these relationships is often his/her ability to understand and interact within the buyer's organisational culture.

A study by Schultz, Evans and Good (1999), on exploring key issues relating intercultural interaction to relation selling, as well as strategies and tactics designed to encourage these interactions found out that buyers and sellers who achieved a successful relationship, in part based upon mutual respect and understanding of intra and inter organisational cultural nuances, are more likely to weather these hailstorms. Relationship selling strategically creates value through the construction of close alliances between buyers and sellers. Relational selling requires extensive knowledge about the other party, as well as a commitment to such issues as trust and co-operation.

The majority of the industrial sales persons time in the context of inter organisational relationships therefore, is devoted to working with the buyer in such activities as determining needs. Co-developing joint plans and support and matching client needs with seller abilities. Consequently, the extent of the interpersonal/cross - functional interaction in relational sales contexts usually results in multiple members in the buying and selling functions participating in the exchange process. Importantly, these complexities suggest sales people must adapt to changing conditions, as they enter various buyer environments while seeking to maintain and enhance client relationships.

Brennan and Turnbull (1999), study on the extent to which the explicit strategy of the firm (relationship marketing or partnership sourcing) is likely to be reflected in concrete adaptive behaviour, found out that adaptive behaviour in buyer supplier relationships is both planned and unplanned. Where adaptation is planned it appears that the relationships between the magnitude of the adaptation decision, the seniority of the decision making level, and the complexity of the data gathering and decision making process are fairly direct. However, substantial

adaptation can emerge incrementally over time as a result of a sequence of decisions, each of which was individually relatively unimportant. As a result of a series of incremental decisions none of which is in itself substantial, their firm can become substantially adapted to the needs of one other firm. It should be noted that close relationships have disadvantages as well as advantages and consequently, that the acquisition of such relationships should be handled with care. The study has provided further evidence to support that adaptations within a buyer - supplier relationship tend to increase levels of trust and enhance commitment to the relationship. In turn as trust and commitment grow, so there is a greater likelihood of mutually advantageous adaptive behaviour.

Sharma Etalia (1999), developed a model regarding the antecedents and consequences of relationship marketing concerning sales people's behaviours along with propositions. Research highlighted the importance of developing relationships for effective marketing. Academic research is undergoing a paradigm shift in marketing from transaction marketing to relationship marketing. Marketing firms have also considered relationship marketing as critical for sustaining a competitive advantage. The primary motivator for long-term relationships is satisfaction with past interactions. Satisfied customers tend to buy products from the same supplier.

The results suggested that relationships lead to higher levels of profitability and lower selling costs. Customer orientation, trustworthiness and proactive behaviours positively affect relationships. The results also indicated that top level involvement, mutual commitment to goals as well as positive customer attitude and effort positively affect relationships.

Wetzels, Ruyter and Briggelen (1998), in their study also looked at the relationships marketing. Relationships between partners do not just emerge or exist, they evolve through a process overtime. This process is characterised by five phases. The first phase in this relationship life cycle is called awareness and refers to the recognition that some second partners is a feasible exchange partner. After



awareness comes exploration, which is the search and trial phase in relational exchange. In this phase potential exchange partners first consider obligations, benefits and burdens and the possibility of exchange. The third phase is called expansion, which refers to the continual increase in benefits obtained by exchange partners and their increasing interdependence. If relationships develop then commitments is formed which is the most desirable aspect of relationships and refers to an implicit or explicit pledge of relational continuity between exchange partners.

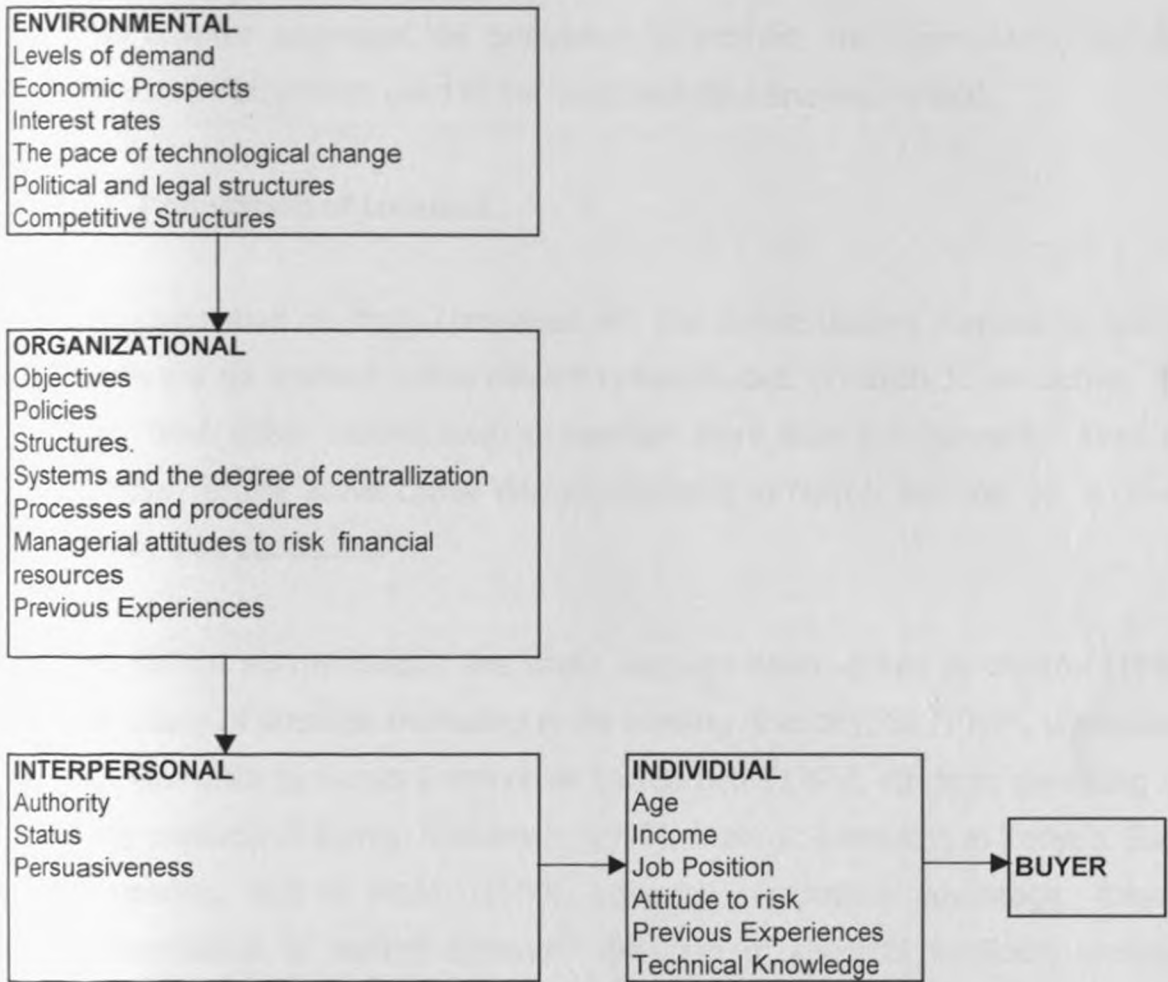
according to Zikmund (1994), the most important asset a company has is its relationship with its customers. Selling is no longer about selling to customers but about doing business with customers.

According to Baker and Parkinson (1986) as reported in Zikmund (1994), buyers and sellers enjoy a continuing relationship over time and both parties seek mutually satisfying exchange relationship. The long term exchange process is collaborative rather than confrontational.

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## 2.1.6. Factors Influencing Industrial Buying Behaviour (Summary)

According to Webster and Wind (1972), factors that influence organisational buyers are classified as indicated:



### 3.0 RESEARCH DESIGN

This chapter addresses the population of interest, the respondents, the data collection instruments used in the study and data analysis method.

#### 3.1 Population of Interest

The population of study comprised all the coffee dealers licensed in Nairobi. There are 52 licensed coffee dealers in Nairobi out of which 32 are active. The rest have either closed down or operate more than one company. Since the number of the active coffee dealers operating in Nairobi are only 32, a census survey was conducted.

The census survey used in this study has also been applied by Okutoyi (1988), the study of strategic marketing in the banking industry; Bii (1992), promotional mix elements by Kenya Commercial Banks; Bett (1995), strategic marketing of dairy products in Kenya; Kassamani (1999), strategic marketing in Kenya's Sugar Companies, and by Kibiru (1999), achieving competitive advantage through differentiation of market offering: the case of chemical fertilizers importing companies in Kenya.

#### 3.2 The Respondents

The respondents were the coffee liquorers or other coffee experts who are normally involved in coffee buying in the auction.

#### 3.3. The Research Instruments

The primary data was collected using self administered questionnaire (appendix 1). The questionnaire was divided into two parts, part A and part B. Part A

consisted of general questions on the organisation while part B consisted of both highly structured questions and unstructured questions. Part B also included open questions that were aimed at capturing what could have been omitted by the researcher. In part B, the respondents were expected to rate the factors that they considered important on a five scale ranging from very important (score 5), important (score 4), somewhat important (score 3), less important (score 2) and least important (score 1).

The items included in the questionnaire were selected from the secondary data as well as from interviews with officials from the main organisations in the coffee industry.

The questionnaires were dropped to various respondents with an appointment to collect on a future convenient date. Some respondents that needed help to fill the questionnaires were assisted by the researcher through telephone as well as personal visit.

Personal interviews were also conducted to supplement the information collected through questionnaires.

### **3.4 Data Analysis Method**

The completed questionnaires were edited for completeness and consistency. The responses were coded to facilitate relevant statistical analysis.

Factors analysis techniques was used to establish whether some underlying pattern of relationships existed between variables. To examine the differences, the mean scores were worked out and rated on the basis of importance basing on the five point scale. correlation matrix was worked out.

## **4.0 DATA ANALYSIS AND RESEARCH FINDINGS**

### **4.1 Introduction**

This chapter is divided into two sections. The first section presents research findings on the analysis of factors that dealers consider important when buying coffee which are grouped into five categories: Product choice, suppliers choice, processes, demographic variables and environmental variables.

The questionnaire was scored using five points scale.

Twenty six (26) out of thirty two (32) active coffee firms responded reflecting a total of 81%. However the number of firms that completed the five categories varied from one firm to another.

Factor analysis technique was used to establish the interrelationship in variables for each of the five categories. Rating was done using the mean score for each of the variables in each category.

The second section deals with the description of other variables that were not captured in the five point scale and that the respondents indicated were important in determination of buying behaviour.

### **4.2 Factors used in the Questionnaire**

To identify important factors that influence coffee dealers buying behaviour, the following variables were used in the questionnaire.

**Table 1**

**A list of Variables used in the Questionnaire**

**(a) Product Choice**

1. Quality of coffee offered
2. Consistency in quality
3. Quantity offered
4. Consistency in quantity offered
5. Size of lot
6. Brand
7. Packaging
8. Buyers knowledge
9. Price

**(b) Suppliers Choice**

10. Size (coffee estate)
11. Size (Society factory)
12. Reliability
13. Location
14. Reputation
15. Experience
16. Location of (Auction hall)
17. Name of Auctioneer

**(c) Processes Factors**

19. Number of lots offered per auction
20. Speed of bids confirmation
21. Level of technology used by supplier
22. Prompt date of payment to CBK
23. Availability of samples by CBK
24. Other services offered by CBK
25. Sitting arrangement in Auction Hall
26. Communication by Auctioneers in Auction hall

**(d) Demographic Factors**

27. Experience of staff in the buying centre
28. Professional training of staff in the buying centre
29. Seniority of staff in the buying centre
30. Age of staff in the buying centre
31. Gender of staff in the buying centre
32. Level of income of staff in the buying centre

33. Coalition of coffee dealers

### (e) Environmental Factors

34. Credit terms (financing arrangements)

35. Interest rates

36. Taxes

37. Licence fees

38. Warehouse Charges

39. Transport (by road)

40. Electricity cost

41. Export bag cost

42. Competition from other dealers

43. Political stability

44. Investment policy

45. Legal factors

46. Shipment cost

In order to establish the level of importance, five point scale was used as indicated.

	<b>LEVEL OF IMPORTANCE</b>	<b>SCORE</b>
(i)	Very important	5
(ii)	important	4
(iii)	Somewhat important	3
(iv)	Less important	2
(v)	Least important	1

## SECTION ONE

### 4.3.0. Data Analysis and Findings

#### 4.3.1. Mean score and Standard Deviation

##### (i) Product Choice

Table 2 (a) The table shows the mean scores and standard deviations of the variables under product choice.

	<b>VARIABLE NAME</b>	<b>MEAN SCORE</b>	<b>STD DEVIATION</b>
1	Quality offered	4.89	0.32
2	Consistency in quality	4.61	0.07

3	Quantity offered	3.89	0.90
4	Consistency in quantity	4.11	0.90
5	Size of lot	2.94	1.30
6	Brand	3.00	1.37
7	Packaging	3.56	1.46
8	Buyers knowledge	4.72	0.67
9	Price	4.78	0.43

N = 18 (Where **N** is the number of respondents).

The table shows that quality of the product offered was rated the highest, followed by price, buyer's knowledge, consistency in quality and consistency in quantity respectively. The least rated variables were size of the lot, brand and packaging. Quality, price, buyers knowledge and consistency in quality fell under the very important category while consistency in quantity, quantity offered and packaging fell under very important category. Size of lot and brand fell on somewhat important category.

It is worthy noting that there is no variable that fell on less important and least important categories.

## (ii) Supplier Choice

**Table 2(b)**

The table shows the mean scores and standard deviations of the variables under supplier choice.

	<b>VARIABLE NAME</b>	<b>MEAN SCORE</b>	<b>STD DEVIATION</b>
10	Size (coffee Estate)	2.55	1.28
11	Size (society Factory)	2.40	1.14
12	Reliability	3.80	1.51
13	Location	3.30	1.42
14	Reputation	3.00	1.38
15	Experience	2.65	1.35
16	Location (Auction Hall)	2.45	1.50
17	Location (Warehouse)	3.20	1.40
18	Name of Auctioneer	1.85	1.31

**N = 20**



Reliability, location of the supplier and location of the warehouse were rated numbers one, two and three respectively. Name of auctioneer, size of society factory and size of coffee estate were rated the lowest. Reliability of the supplier was the only variable that was regarded as important in the choice of the supplier. This is supported by literature review which according to Webster (1984), vendors or suppliers reliability is the most important criterion for evaluating vendors.

Variables such as location of warehouse, reputation of the coffee estate or society factory, and location of the estates and society factories were considered as somewhat important. The name of the auctioneer was regarded as less important as well as least important categories.

### (iii) Process variables

**Table 2(c)**

The table shows the mean scores and standard deviations of the variables under process category.

	<b>Variable Name</b>	<b>Meanscore</b>	<b>Standard deviation</b>
19	No. of lots offered per auction	3.95	1.00
20	Speed of bids confirmation	4.09	1.06
21	Levels of tech used by supplier	3.77	1.15
22	Prompt date of payment of CBK	4.00	1.23
23	Availability of samples	4.73	0.70
24	Services offered by CBK	4.23	1.27
25	Sitting arrangement in Auction hall	3.00	1.51
26	Communication by auctioneers in hall	3.64	1.47

**N = 22**

As regards the processes, availing of samples, to the buyers was considered to be very important and was rated number one, followed by other services offered by Coffee Board of Kenya and speed of confirmation of bids respectively. Sitting arrangement was ranked the lowest followed by communication by the auctioneers in the auction hall and the level of technology used by the supplier.

Availability of samples fell under very important category while services offered by CBK, speed of bids confirmation, prompt date of payment, number of lots offered per auction, levels of technology and communication by auctioneers in the hall fell under somewhat important category.

#### (iv) Demographic Variables

**Table 2(d)**

The table below indicates the mean scores and standard deviations of variables grouped under demographic factors.

	<b>Variable Name</b>	<b>Mean Score</b>	<b>Standard Deviation</b>
27	Experience of staff in buying centre	4.95	0.22
28	Professional training of staff in buying centre	4.81	0.52
29	Seniority of staff in buying centre	3.81	1.33
30	Age of staff in buying centre	2.43	1.25
31	Gender of staff in buying centre	2.10	1.41
32	Level of income of staff in buying centre	3.05	1.28
33	Coalition of dealers in buying centre	2.52	2.60

**N = 21**

Experience of staff was rated as number one followed by professional training or level of education of the buyers. Seniority of staff in the buying centre was rated as number three while gender consideration was rated as the lowest followed by the age of the staff in the buying centre and coalition of buyers.

It is only two variables, experience of the staff and professional training of staff in the buying centre that fell under the very important category. Gender and age of staff in the buying centre fell under less important category. This means that it does not matter much whether it is males or females or young or old staff who are involved in coffee buying at the auction.

Coalition of buyers fell on somewhat important category. This is supported by literature review that organisational buyers are also influenced by personal behaviour of their colleagues in the buying centre which are termed as non task factors.

## (v) Environmental Variables

**Table 2(e)**

The table indicates the meanscores and standard deviations of variables grouped under environmental factors.

	<b>Variable Name</b>	<b>Meanscore</b>	<b>Standard Deviation</b>
34	Credit term	4.55	1.01
35	Interest rates	4.55	0.96
36	Taxes	4.32	1.13
37	Licence fees	4.32	1.89
38	Warehouse charges	4.45	0.86
39	Transport by road	4.45	0.86
40	Electricity cost	4.14	1.28
41	Export bag cost	4.23	0.97
42	Competition from other dealers	4.18	0.96
43	Political stability	4.59	0.96
44	Investment policy	4.41	0.91
45	Legal factors	4.23	0.87
46	Shipment cost	4.32	1.04

**N = 22**

Concerning environmental factors, political stability factor was rated number one followed by credit terms and interest rates as number two. Warehouse charges and road transport cost followed and also tied. The lowest rated was electricity cost and competition from other dealers. It should be noted that the financing arrangement of buying coffee by dealers was considered to be very important and the interest rates offered by banks. It is also worth nothing that all the environmental variables fell under either very important or important category. No variables in this category were considered to be somewhat important, less important or least important. The reason why environmental factors are all considered important is probably as indicated in the literature review Hutt and Speh (1990), that organisational buyers do not make decisions in isolation, they are influenced by a broad range of forces in the external environment. It is also indicated in the literature review that the primary problem with the macro environment is that it keeps changing and it does so at an accelerating rate.

### 4.3.2. Correlation Matrix (Product choice)

Correlation Matrix is the first step in the actual factor analysis process. Factor analysis is used to examine the interrelationship in factors or variables. It is an important tool of statistical analysis due to its ability to reduce large number of variables to a limited number for ease of comparison. Correlation matrix data will further be used to come up with Eigen values and component matrix.

**Table 3(a)**

The table shows the correlation matrix of the product choice variables. The codes ranging from Var00001 to Var00009 refers to product choice variables as explained in appendix 5.

**Table 3(a)**

	Var 00001	Var 00002	Var 00003	Var 00004	Var 00005	Var 00006	Var 00007	Var 00008	Var 00009
Var 00001	1.000	0.840	0.157	0.247	0.124	-0.26 5	-0.23 5	-0.151	0.661
Var 00002	0.840	1.000	0.302	0.447	0.233	-0.18 4	-0.12 2	0.133	0.876
Var 00003	0.157	0.302	1.000	0.524	0.345	0.143	0.407	0.434	0.390
Var 00004	0.247	0.447	0.524	1.000	0.256	0.286	0.486	0.347	0.526
Var 00005	0.124	0.233	0.345	0.256	1.000	0.460	0.387	0.386	0.293
Var 00006	-0.265	-0.184	0.143	0.286	0.460	1.000	0.469	0.192	-0.10 0
Var 00007	-0.235	-0.122	0.407	0.486	0.387	0.469	1.000	0.287	-0.07 3
Var 00008	-0.151	0.133	0.434	0.347	0.386	0.192	0.287	1.000	0.388
Var 00009	0.661	0.876	0.390	0.526	0.293	-0.10 0	-0.07 3	0.388	1.000

Table 3(a) shows that consistency in quality and quality offered, price and consistency in quality are highly positively correlated while quantity offered and

consistency in quantity, price and quality offered are fairly highly positively correlated. The product quality being highly positively correlated with consistency in quality is supported by the literature review; Hill, Alexander and cross (1998), a consideration inseparably related to product quality is the supplier's ability to deliver supplies of consistent quality.

#### 4.3.3. Eigen Values (Product choice)

Eigen values are the total variance accounted for by each of the nine variables.

Table 3(b) shows the Eigen values of the nine components of the product choice.

Component	Total Variance	% of Variance	Cumulative %	Total	% Variance	Cumulative
1	3.413	37.920	37.920	3.413	37.920	37.920
2	2.458	27.309	65.228	2.458	27.309	65.228
3	0.908	10.094	75.322			
4	0.828	9.204	84.526			
5	0.555	6.171	90.697			
6	0.403	4.483	95.180			
7	0.221	2.452	97.632			
8	0.145	1.614	99.246			
9	0.067	0.754	100.000			

In table 3(b) the extraction method used was principal component analysis. It should be noted that the first component or factors that is extracted account for the largest amount of variance shared by the tests. The second factor consists of the next largest amount of variance which is not related to or explained by the first one. These two factors are unrelated. The third factor extracts the next largest amount of variance and so on. There are as many factors as variables, although the degree of variance which is explained by successive factors becomes smaller and smaller. In other words the first few factors are the most important one. By using Kaiser's criterion, two components were selected Kaiser's criterion states that components which have an eigen value

greater than one should be selected. Kaiser's criterion was used because the number of variables were less than 30.

Table 3(b) indicates that component one accounts for 37.92% while component two accounts for 27.309% giving a total of 65.229% of the variability contribution.

#### 4.3.4. Component Matrix

Table 3(c) below shows the relationship between each variable and a component which is expressed as a correlation or loading.

	VARIABLE	COMPONENT 1	COMPONENT 2
1	Quality offered	0.57	-0.69
2	Consistency in quality	0.78	-0.56
3	Quantity offered	0.67	0.27
4	Consistency in quantity	0.75	0.22
5	Size of lot	0.55	0.4
6	Brand	0.18	0.71
7	Packaging	0.33	0.74
8	Buyers knowledge	0.51	0.39
9	Price	0.84	0.39

The first component loads heavily on price, consistency in quantity and consistency in quality. The second component loads heavily on brand and packaging.

#### 4.3.5. Communalities

Communalities refers to the proportion of the variables variation to the total variation that is involved in the factors.

Table 3(d) shows the percentage contributions of each of variables variation to the total variation.

**Table 3(d)**

	VARIABLES	INITIALS	EXTRACTION	%
1	Quality offered	1.000	0.802	80.200
2	Consistency in quality	1.000	0.927	92.700
3	Quantity offered	1.000	0.534	53.400
4	Consistency in quantity	1.000	0.624	62.400
5	Size of lot	1.000	0.474	47.400
6	Brand	1.000	0.543	54.300
7	Packing	1.000	0.664	66.400
8	Buyers knowledge	1.000	0.427	42.700
9	Price	1.000	0.875	87.500

The table indicates that consistency in quality contributed 92.7% which is the highest followed by price and quality offered respectively. Buyers knowledge contributed the lowest factors followed closely by size of lot.

#### 4.3.6. Rotated component matrix

In order to increase the interpretability of factors, they are rotated to maximise the loading of some of the variables. The rotated factor matrix is an attempt to simplify the columns of the factor matrix by making all values close to either 0 or 1.

**Table 3(e)**

The table represents the rotated component matrix which increases the interpretability of the components.

**Table 3(e)**

	VARIABLE	COMPONENT 1	COMPONENT 2
1	Quality	0.885	-0.135
2	Consistency in quality	0.957	0.104
3	Quality offered	0.320	0.657
4	Consistency in quantity	0.417	0.671
5	Size of lot	0.145	0.673
6	Brand	-0.339	0.655
7	Packaging	-0.248	0.776
8	Buyers Knowledge	0.120	0.642
9	Price	0.895	0.272

The table shows that quality offered, consistency in quality and price load heavily on component 1, while quantity offered consistency in quantity, size of lot, packaging brand and buyers knowledge loads fairly heavily on component 2

Table 3(f) summarises the variables in the two components.

**Table 3(f)**

<b>THE COMPONENTS</b>	
<b>Component 1,</b>	consists of:- <ul style="list-style-type: none"> <li>- Consistency in quality</li> <li>- Price</li> <li>- Quality offered</li> </ul>
<b>Component 2,</b>	Consists of:- <ul style="list-style-type: none"> <li>- Quantity offered</li> <li>- Consistency in quantity</li> <li>- Size of lot</li> <li>- Brand</li> <li>- Packaging</li> <li>- Buyers knowledge on the product</li> </ul>

#### 4.4.0 Correlation Matrix (Supplier Choice)

The table shows correlation matrix of the variables that are grouped under supplier choice category. The variables codes ranging from var00010 - var00018 are as per appendix 5.

**Table 4(a)**

	Var 00010	Var 00011	Var 00012	Var 00013	Var 00014	Var 00015	Var 00016	Var 00017	Var 00018
Var 00010	1.000	0.924	0.552	0.660	0.809	0.852	0.248	0.525	0.493
Var 00011	0.924	1.000	0.507	0.572	0.837	0.847	0.288	0.441	0.570
Var 00012	0.552	0.507	1.000	0.694	0.583	0.456	0.135	0.569	0.411
Var 00013	0.660	0.572	0.694	1.000	0.647	553.0 00	-0.04 2	0.499	0.281



Var 00014	0.809	0.837	0.583	0.647	1.000	0.851	0.178	0.410	0.497
Var 00015	0.852	0.847	0.456	0.553	0.851	1.000	0.004	0.402	0.327
Var 00016	0.248	0.288	0.135	-0.04 2	0.178	0.004	1.000	0.480	0.678
Var 00017	0.525	0.441	0.569	0.499	0.410	0.402	0.480	1.000	0.420
Var 00018	0.493	0.570	0.411	0.281	0.497	0.327	0.678	0.420	1.000

Table 4(a) indicates that variable 10 and 11, 10 and 14, 10 and 15, 11 and 14, 11 and 15, 14 and 15, as per appendix 5 are highly positively correlated while variables 10 and 12, 10 and 13, 19 and 17, 11 and 12, 11 and 13, 12 and 13, 12 and 14, 12, and 17, 13 and 15, 18 and 11, 18 and 16 are fairly positively correlated.

#### 4.4.1. Eigen values (supplier choice)

The table below shows the eigen values of the nine components of the supplier choice.

**Table 4(b)**

Component	Initial Eigen Values			Extraction sums of squared loading		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.239	58.206	58.206	5.239	58.206	58.206
2	1.544	17.160	75.366	1.544	17.160	75.366
3	0.937	10.409	85.775			
4	0.503	5.584	91.359			
5	0.279	3.104	94.462			
6	0.195	2.164	96.626			
7	0.185	2.060	98.687			
8	.6562E-02	0.729	99.416			
9	5.259 E -02	0.584	100.000			

By using Kaiser's selection criterion, two components were selected with Eigen values more than 1. Extraction method used was principal component analysis.

#### 4.4.2 Component Matrix (Supplier choice)

Table 4(c) below shows the relationship between each variable and a component that falls under supplier category.

**Table 4(c)**

	<b>Variables</b>	<b>Component 1</b>	<b>Component 2</b>
10	Size (coffee Estate)	0.925	-0.118
11	Size (Society factory)	0.911	-6.154 E - 02
12	Reliability	0.727	-6.563 E - 02
13	Location	0.748	-0.325
14	Reputation	0.892	-0.184
15	Experience	0.835	-0.347
16	Location (hall)	0.348	0.893
17	Location (W/House)	0.663	0.326
18	Name of auctioneer	0.640	0.599

The first component loads heavily on variable 10,11,12,13,14, and 15 and fairly heavily on variable 17 and 18. Shown in appendix 5. The second component loads heavily on variable 16 and fairly heavily on variable 18.

#### 4.4.3 Communalities

**Table 4(d)** Below shows communalities of the variables in supplier choice category.

**Table 4(d)**

	<b>Variables</b>	<b>Initial</b>	<b>Extraction</b>	<b>%</b>
10	Size (coffee Estate)	1.000	0.869	86.9
11	Size (Society factory)	1.000	0.834	83.4
12	Reliability	1.000	0.532	53.2
13	Location	1.000	0.665	66.5

14	Reputation	1.000	0.830	83.0
15	Experience	1.000	0.818	81.8
16	Location (hall)	1.000	0.919	91.9
17	Location (W/House)	1.000	0.546	54.6
18	Name of auctioneer	1.000	0.769	76.9

As concerns communalities, location of hall contributed 91.9% which was the highest followed by size of coffee estate and society factory respectively. Reliability contributed the lowest followed by location of warehouse and location of coffee respectively.

#### 4.4.4. Rotated Component Matrix

**Table 4(e)** shows the rotated component matrix which increases the interpretability of the components.

**Table 4(e)**

	<b>Variables</b>	<b>COMPONENT 1</b>	<b>COMPONENT 2</b>
10	Size (coffee Estate)	0.886	0.289
11	Size (Society factory)	0.850	0.334
12	Reliability	0.685	0.252
13	Location	0.815	2.676 E - 02
14	Reputation	0.885	0.215
15	Experience	0.903	4.377 E - 02
16	Location (Hall)	-6.797 E.02	0.956
17	Location (W/House)	0.460	0.578
18	Name of auctioneer	0.322	0.815

The above table 4(e) shows that the first component loads heavily on experience followed by reputation and size of coffee estate respectively.

The second component loads heavily on location (hall) followed by name of auctioneer.

Table 4(f) shows a summary of variables in each components.

**Table 4(f)**

COMPONENT 1	VARIABLES
	- Experience

	<ul style="list-style-type: none"> <li>- Reputation</li> <li>- Location</li> <li>- Reliability</li> <li>- Size (society factory)</li> <li>- Size (coffee Estate)</li> </ul>
COMPONENT 2	<ul style="list-style-type: none"> <li>- Location (auction hall)</li> <li>- Name of auctioneer</li> </ul>

#### 4.5.0 Correlation Matrix (Processes)

**Table 5 (a)** shows correlation matrix of the variables that fall under processes category. The codes ranging from var 00019 to var 00026 refers to processes variables as indicated in appendix 5.

**Table 5(a)**

	Var 00019	Var 00020	Var 00021	Var 00022	Var 00023	Var 00024	Var 00025	Var 00026
Var 00019	1.000	0.586	0.611	0.657	0.592	0.497	0.410	0.379
Var 00020	0.586	1.000	0.794	0.616	0.544	0.442	0.355	0.571
Var 00021	0.611	0.794	1.000	0.670	0.391	0.395	0.301	0.428
Var 00022	0.657	0.616	0.670	1.000	0.439	0.699	0.383	0.395
Var 00023	0.592	0.544	0.391	0.439	1.000	0.607	0.404	0.500
Var 00024	0.497	0.442	0.395	0.699	0.607	1.000	0.471	0.558
Var 00025	0.410	0.355	0.301	0.383	0.404	0.471	1.000	0.731
Var 00026	0.379	0.571	0.428	0.395	0.500	0.558	0.731	1.000

Table 5(a) indicates that Variables that show high levels of positive correlation includes 20 and 21, 26 and 25. Variables which are fairly positive correlated includes 19 and 20, 19 and 21, 19 and 22, 19 and 23, 20 and 22, 20 and 23, 21 and 22, 22 and 24, 23 and 24, 23 and 25, 24 and 26, 26 and 20.

#### 4.5.1 Eigen Values (Processes)

Table 5(b) shows eigen values that fall under processes variables as shown below.

**Table 5(b)**

Componet	Initial Eigen Values			Extraction sums of squared loading		
	Total	% of Variance	Cumulati ve %	Total	% of Variance	Cumulati ve %
1	4.622	57.777	57.777	4.622	57.777	57.777
2	1.096	13.699	71.476	1.096	13.699	71.476
3	0.736	9.198	80.674			
4	0.578	7.229	87.903			
5	0.469	5.865	93.768			
6	0.202	2.527	96.295			
7	0.171	2.134	98.429			
8	0.126	1.571	100.000			

Extraction method used was principal component analysis.

Using Kaiser's method of selection, two components were identified whose values were greater than 1.

#### 4.5.2 Component Matrix

Table 5(c) shows the relationship between each variable and the components.

**Table 5(c)**

	Variables	Component 1	Component 2
19	No. of lots	0.766	0.300
20	Speed of bids	0.813	0.293
21	Level of Tech.	0.881	0.128
22	Prompt date	0.804	0.291
23	Availability of samples	0.498	0.552
24	Services by CBK	0.481	0.627
25	Sitting arrangement	0.123	0.881
26	Communication	0.260	0.857

Table 5(c) shows that variable 21 loads most highly on component 1 followed by variable 20 and 19 respectively. On the other hand variable 25 loads most highly on component number two followed by variable 26.

#### 4.5.3. Communalities

Table 5(d) shows the percentage contribution of each of variables variation to the total variation.

**Table 5(d)**

	Variables	Initial	Extraction	%
19	No. of lots	1.000	0.676	67.6
20	Speed of bids	1.000	0.746	74.6
21	Level of Tech.	1.000	0.792	79.2
22	Prompt date	1.000	0.732	73.2
23	Availability of samples	1.000	0.554	55.4
24	Services by CBK	1.000	0.625	62.5
25	Sitting arrangement	1.000	0.792	79.2
26	Communication	1.000	0.802	80.2

Table 5(d) indicates that variable 26 contributed the highest value of 80.2% followed closely by variable 25 and 21 which tied at 79.2%. Variable 24 contributed the lowest value of 62.5%.

#### 4.5.4 Rotated Component Matrix

Table 5(e) shows the rotated component matrix which increases the interpretability of the components.

**Table 5(e)**

	Variables	Component 1	Component 2
19	No. of lots	0.766	0.300
20	Speed of bids	0.813	0.293
21	Level of Tech.	0.881	0.128

22	Prompt date	0.804	0.291
23	Availability of samples	0.498	0.552
24	Services by CBK	0.481	0.627
25	Sitting arrangement	0.123	0.881
26	Communication	0.260	0.857

Table 5(e) shows that variables 21, 22, 20 and 19 loads heavily on component number one while variable numbers 25 and 26 loads heavily on component number two.

Table 5(f) shows a summary of the variables in the two components.

**Table 5(f)**

	VARIABLES
Component 1	<ul style="list-style-type: none"> <li>- No of lots offered per auction</li> <li>- Speed of bids confirmation</li> <li>- Level of technology used by supplier</li> <li>- Prompt date of payment</li> </ul>
Component 2	<ul style="list-style-type: none"> <li>- Services by CBK</li> <li>- Sitting arrangement in auction hall</li> <li>- Communication by auctioneers in auction hall</li> </ul>

#### 4.6.0 Correlation Matrix (Demographic Variables)

Table 6(a) below shows correlation matrix of the variables that are included under demographic category. The codes ranging from var00027 to var00033 are explained in appendix 5.

**Table 6(a)**

	Var 00027	Var 00028	Var 00029	Var 00030	Var 00031	Var 00032	Var 00033
Var 00027	1.000	0.362	0.140	0.079	0.178	0.187	0.134
Var 00028	0.362	1.000	0.238	0.056	-0.112	0.091	0.154
Var 00029	0.140	0.238	1.000	0.323	0.304	0.123	0.088
Var	0.079	0.056	0.323	1.000	0.515	0.642	-0.042

00030							
Var 00031	0.178	-0.112	0.304	0.515	1.000	0.246	-0.001
Var 00032	0.187	0.091	0.123	0.642	0.246	1.000	-0.173
Var 00033	0.134	0.134	0.088	-0.042	-0.001	-0.173	1.000

Table 6(a) shows that there are no variables which are highly positively correlated. It is only variables 30 and 31, 30 and 32 which are fairly positively correlated. The rest of the variables are lowly positively or negatively correlated.

#### 4.6.1 Eigen Values

Table 6(b) shows eigen values under demographic category as shown below.

**Table 6(b)**

Componet	Initial Eigen Values			Extraction sums of squared loading		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.223	31.761	31.761	2.223	31.761	31.761
2	1.471	21.008	52.768	1.471	21.008	52.768
3	1.027	14.668	67.436	1.027	14.668	67.436
4	0.821	11.726	79.163			
5	0.752	10.742	89.905			
6	0.461	6.588	96.493			
7	0.246	3.507	100.000			

Extraction method used was principal component analysis. Using Kaiser's criterion of selection, three components were selected as shown here under.

#### 4.6.2 Component Matrix

Table 6(c) below indicates the relationship between the variables and three components.

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**Table 6(c)**

	Variables	Component	Component 2	Component 3
27	Experience of staff	0.400	0.582	-0.270
28	Professional of staff	0.256	0.740	-0.363
29	Seniority of staff	0.558	0.261	0.375
30	Age of staff	0.846	-0.272	2.309 E -02
31	Gender of staff	0.674	-0.218	0.432
32	Level of income	0.718	-0.254	-0.434
33	Coalition of dealers	-0.014	0.575	0.553

Table 6(c) indicates that variable 30 loads most highly on component one followed by variable 32 and 31 respectively. Variable 28 loads most highly on component two followed by variable 27. As concern component 3, variable number 33 loads most highly.

#### 4.6.3 Communalities

Table 6(d) indicates the percentage contribution of each of variables variation to the total variation.

**Table 6(d)**

	Variables	Initial	Extraction	%
27	Experience of staff	1.000	0.572	57.2
28	Professional of staff	1.000	0.744	74.4
29	Seniority of staff	1.000	0.520	52.0
30	Age of staff	1.000	0.791	79.1
31	Gender of staff	1.000	0.689	68.9
32	Level of income	1.000	0.768	76.8
33	Coalition of dealers	1.000	0.636	63.6

Table 6(d) shows that variable 30 has the highest value contribution followed by variable 32 and then variable 28. Variable 29 has the lowest value contribution.

#### 4.6.4 Rotated Component Matrix

Table 6(e) shows the rotated component matrix which falls under demographic category.

**Table 6(e)**

	Variables	Component 1	Component 2	Component 3
27	Experience of staff	0.137	0.744	9.429 E -03
28	Professional of staff	-5.6781 E -02	0.858	6.891 E -02
29	Seniority of staff	0.616	0.251	0.279
30	Age of staff	0.799	9.130 E -02	-0.379
31	Gender of staff	0.822	-0.117	1.563 E .02
32	Level of income	0.479	0.265	-0.684
33	Coalition of dealers	0.141	0.206	0.758

The above table 6(e) shows that variable 31 and variable 30 loads heavily on component 1. Variable 29 loads fairly highly on component one. Variables 28 and 27 loads heavily on component number 2 while variable 33 loads heavily on component 3.

Table 6(f) below shows a summary of the variables in the three components.

**Table 6(f)**

## Variables

Component 1	- Gender of staff in the buying centre - Age of staff in the buying centre - Seniority of staff in the buying centre
Component 2	- Experience of staff in the buying centre - Professional training
Component 3	- Coalition of buyers

#### 4.7.0 Correlation Matrix (Environmental Variables)

Table 7(a) Shows correlation matrix of the environmental variables. The codes range from Var00034 to Var00046 as shown in appendix 5

**Table 7(a)**

	Var 00034	Var 00035	Var 00036	Var 00037	Var 00038	Var 00039	Var 00040	Var 00041	Var 00042	Var 00043	Var 00044	Var 00045	Var 00046
Var 00034	1.000	0.903	0.800	0.537	0.634	0.085	0.564	0.449	0.384	-0.103	0.005	0.123	0.099
Var 00035	0.903	1.000	0.884	0.619	0.724	0.031	0.631	0.523	0.404	0.150	0.168	0.129	0.104
Var 00036	0.800	0.884	1.000	0.792	0.827	0.286	0.724	0.712	0.516	0.390	0.378	0.340	0.274
Var 00037	0.537	0.619	0.792	1.000	0.610	0.486	0.500	0.570	0.374	0.270	0.360	0.454	0.244
Var 00038	0.634	0.724	0.827	0.610	1.000	0.353	0.676	0.555	0.474	0.295	0.239	0.110	0.150
Var 00039	0.085	0.031	0.286	0.486	0.353	1.000	0.201	0.270	0.242	0.063	0.239	0.174	0.257
Var 00040	0.564	0.631	0.724	0.500	0.676	0.201	1.000	0.470	0.444	0.241	0.195	0.056	0.180
Var 00041	0.449	0.523	0.712	0.570	0.555	0.270	0.470	1.000	0.516	0.615	0.645	0.443	0.725
Var 00042	0.384	0.404	0.516	0.374	0.474	0.242	0.444	0.516	1.000	0.188	0.239	-0.052	0.178
Var 00043	-0.103	0.150	0.390	0.270	0.295	0.063	0.241	0.615	0.188	1.000	0.857	0.574	0.613
Var 00044	0.005	0.168	0.378	0.360	0.239	0.239	0.195	0.645	0.239	0.857	1.000	0.721	0.166
Var 00045	0.123	0.129	0.311	0.454	0.110	0.174	0.056	0.444	-0.052	0.574	0.721	1.000	0.548
Var 00046	0.099	0.104	0.274	0.244	0.150	0.257	0.180	0.725	0.178	0.613	0.661	0.548	1.000

Table 7(a) shows that variables 34 and 35, 34 and 36, 35 and 36, 35 and 38, 36 and 37, 36 and 38, 36 and 40, 36 and 41, 43 and 44, 44 and 45, 46 and 41 are highly positively correlated.

#### 4.7.1 Eigen Value

Table 7(b) shows the eigen values of the 13 components that falls under environmental variables.

**Table 7(b)**

Componet	Initial Eigen Values			Extraction sums of squared loading		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulat-ive %
1	6.077	46.749	46.749	6.077	46.749	46.749
2	2.729	20.989	67.737	2.729	20.989	67.737
3	1.098	8.447	76.184	1.098	8.447	76.184
4	0.944	7.258	83.442			
5	0.624	4.797	88.239			
6	0.513	3.943	92.182			
7	0.348	2.680	94.862			
8	0.260	1.997	96.859			
9	0.184	1.416	98.274			
10	0.109	0.837	99.112			
11	8.048 E -02	0.619	99.731			
12	3.007E -02	0.231	99.962			
13	4.952 E -03	3.809 E -02	100.000			

Table 7(b) shows that using Kaiser's method of selection, 3 components were selected. The extraction method used was principal component analysis.

#### 4.7.2 Components Matrix

Table 7(c) below shows relationship each variable and component that falls under environmental variables category.

**Table 7(c)**

	Variables	Component 1	Component 2	Component 3
34	Credit terms	0.685	-0.559	-0.214
35	Interest rates	0.778	-0.473	-0.303
36	Taxes	0.941	-0.259	-7.180 E -02
37	licence fees	0.793	-9.908 E -02	0.256
38	Warehouse charges	0.798	-335.000	8.862 E -02
39	Transport (Road)	0.379	8.113 E -02	0.884
40	Electricity cost	0.708	-0.332	-3.408 E -02
41	Export bags cost	0.851	0.264	-5.067E -02
42	Competition	0.571	-0.201	0.199
43	Political stability	0.550	0.680	-0.207
44	Investment policy	0.599	0.716	-6.039E -02
45	Legal factors	0.475	0.628	-0.105
46	Shipment cost	0.523	0.637	-9.975 E -03

Table 7(c) indicates that variable 36 loads heavily on component one followed by variable 41, variable 38 and 37 in that order. Variable 44 loads heavily on component 2 while variable 39 loads heavily on component 3.

#### 4.7.3 Communalities

Table 7(d) shows communalities of the variables in environmental category.

**Table 7(d)**

	Variables	Initial	Extract	%
34	Credit terms	1.000	0.827	82.7
35	Interest rates	1.000	0.921	92.1
36	Taxes	1.000	0.957	95.7
37	licence fees	1.000	0.704	70.4
38	Warehouse charges	1.000	0.756	75.6
39	Transport (Road)	1.000	0.931	93.1
40	Electricity cost	1.000	0.612	61.2
41	Export bags cost	1.000	0.796	79.6
42	Competition	1.000	0.405	40.5
43	Political stability	1.000	0.808	80.8
44	Investment policy	1.000	0.875	87.5
45	Legal factors	1.000	0.631	63.1
46	Shipment cost	1.000	0.680	68.0

With communalities, as shown on table 7(d) variable 36 contributed the highest 95.7% followed by variable 39, 35 and 44 respectively. Variable 42 contributed the lowest followed by variable 40 and 45 in that order.

#### 4.7.4 Rotated Component Matrix

Table 7(e) shows the rotated component matrix which falls under the environmental variables category.

**Table 7(e)**

	Variables	Component 1	Component 2	Component 3
34	Credit terms	0.903	-6.506 E -02	-8.664 E -02
35	Interest rates	0.947	7.088e -02	-1.141
36	Taxes	0.923	0.294	0.133
37	licence fees	0.661	0.293	0.426
38	Warehouse charges	0.823	0.130	0.251
39	Transport (Road)	0.121	0.115	0.951
40	Electricity cost	0.767	0.105	0.112
41	Export bags cost	0.557	0.678	0.162
42	Competition	0.545	0.101	0.313
43	Political stability	0.106	0.892	-0.036
44	Investment policy	0.102	0.922	0.119
45	Legal factors	5.708 E -02	0.791	4.290 E - 02
46	Shipment cost	7.579E -02	0.808	0.146

Extraction method used was principal component analysis while the rotation method used was varimax with Kaiser normalization.

Using the above method, variable 35, 36, 34, 38 and 40 loads heavily on component 1. Similarly, variable 44, 43, 46 and 45 loads heavily on component 2 while variable 39 loads heavily on component 3. The results of variables that fall under each component are shown in table 7(f).

**Table 7(f)**

Variables	
Component 1	<ul style="list-style-type: none"> <li>- Credit terms</li> <li>- Interest rates</li> <li>- Taxes</li> <li>- Warehouse charges</li> <li>- Electricity cost</li> </ul>
Component 2	<ul style="list-style-type: none"> <li>- Investment policy</li> <li>- Shipment cost</li> <li>- Legal factors</li> <li>- Politics</li> </ul>
Component 3	<ul style="list-style-type: none"> <li>- Transport (Road)</li> </ul>

**4.8.0 SUMMARY OF COMPONENTS**

**Table 8** below shows a summary of variables in each component presented as per each category of variable.

**Table 8**

<p>(a) <b>PRODUCT CHOICE</b></p> <p><b>Component 1</b></p>     <p><b>Component 2</b></p>	<p><b>Variables</b></p> <ul style="list-style-type: none"> <li>- Quality offered</li> <li>- Consistency in quality</li> <li>- Price</li> </ul>  <p><b>Variables</b></p> <ul style="list-style-type: none"> <li>- Quality offered</li> <li>- Consistency in quantity</li> <li>- Size of lot</li> <li>- Packaging</li> <li>- Brand</li> <li>- Buyers knowledge on the product</li> </ul>
<p>(b) <b>SUPPLIERS CHOICE</b></p> <p><b>Component 1</b></p>     <p><b>Component 2</b></p>	<p><b>Variables</b></p> <ul style="list-style-type: none"> <li>- Experience</li> <li>- Reputation</li> <li>- Size (Society factory)</li> <li>- Size (Coffee estate)</li> <li>- Reliability</li> <li>- Location</li> </ul>  <p><b>Variables</b></p>

	<ul style="list-style-type: none"> <li>- Location of auction hall</li> <li>- Name of auctioneer</li> </ul>
<p><b>(c) PROCESSES</b> <b>Component 1</b></p> <p><b>Component 2</b></p>	<p><b>Variables</b></p> <ul style="list-style-type: none"> <li>- Level of technology</li> <li>- Speed of bids confirmation</li> <li>- Prompt date of payment</li> <li>- No of lots offered</li> </ul> <p><b>Variables</b></p> <ul style="list-style-type: none"> <li>- Services by CBK</li> <li>- Sitting arrangement in auction hall</li> <li>- Communication by auctioneer</li> </ul>
<p><b>(d) DEMOGRAPHIC FACTORS</b> <b>Component 1</b></p> <p><b>Component 2</b></p> <p><b>Component 3</b></p>	<p><b>Variables</b></p> <ul style="list-style-type: none"> <li>- Gender of staff</li> <li>- Age of staff</li> <li>- Seniority of staff</li> </ul> <p><b>Variables</b></p> <p>Professional training of staff Experience of staff</p> <p><b>Variables</b></p> <p>Coalition of buyers</p>
<p><b>(e) ENVIRONMENTAL FACTORS</b> <b>Component 1</b></p> <p><b>Component 2</b></p> <p><b>Component 3</b></p>	<p><b>Variables</b></p> <ul style="list-style-type: none"> <li>- Credit terms</li> <li>- Interest rates</li> <li>- Taxes</li> <li>- Warehouse charges</li> <li>- Electricity costs</li> </ul> <p><b>Variables</b></p> <ul style="list-style-type: none"> <li>- Investment policy</li> <li>- Legal factors</li> <li>- Politics</li> <li>- Shipment costs</li> </ul> <p><b>Variables</b></p> <p>Transport by road</p>



## SECTION TWO

### 4.9.0 Other Variables Considered Important

#### 4.9.1 Buyer-seller relationship

Table 9

	No. of buyers	Analysis No.	%
Buyers that buy from particular supplier (planters)	5	26	19.2
Buyers that dont buy from particular supplier (planter)	21	26	80.2

The above table 9 shows that 19.2% of the buyers purchase coffee from particular planters or suppliers. The buyers or coffee dealers have indicated that the buyer-seller relationship has mutual benefits in that there is constant flow of information from the buyers to the suppliers on what the market is looking for regarding coffee qualities and quantities. The buyers also get feedback from the suppliers on the production statistics which is important for forward planning; In a nutshell the relationship promotes dialogue. The buyers have specifically indicated that they have benefited from improvement in coffee processing, drying and overall better quality coffee produced.

It is assumed that the sellers have also been financially rewarded from better coffee qualities produced which then makes the relationship a win-win situation and that there is no loser in the business.

#### 4.9.2 Climatic Conditions

Concerning physical environment, 2 dealers out of 26 dealers interviewed representing 7.7%, indicated that they consider the seasons the coffee is produced. Climatic condition is an important factor in determining the nature of the crop whether it is the main crop or early crop. The main crop is usually

regarded by the buyers to be of higher quality than the early crop commonly referred to as fly crop.

### **Purchases of Coffee from origins other than Kenya**

Concerning purchases of coffee from other origins (countries), 6 coffee dealers out of 26 indicated that they buy coffee from other countries which represented 23%. Five (5) dealers out of 26 dealers indicated that their purchases have been increasing while one (1) dealer indicated that their purchases have been declining and no main reason given. However for those five dealers who indicated an increase in purchases attributed the main reason for their increase as general expansion in their business empire. Two (2) dealers out of the five who indicated an improvement in amount of purchases from other origins specifically attributed the increase to cheaper coffees of more or less the same qualities being available in those countries such as Tanzania, Burundi and Rwanda. They also cited the issue of trade restrictions or barriers being less than in Kenya.

### 5.0 SUMMARY, DISCUSSIONS AND CONCLUSION

#### 5.1 Introduction

In this concluding chapter, the results of the analysis are summarised, findings discussed and conclusion drawn.

The order of presentation is based on the five categories of variables that the study is based, the product choice, supplier choice, processes factors, demographic factors and environmental factors. The chapter also contains limitations of the study and suggestions for future research on the subject.

#### 5.2.0 Summary, Discussions and Conclusions

The objective of this study was set out to identify important factors that influence coffee dealers buying behaviour. The factors were grouped into five categories, the product choice, supplier choice, processes factors, demographic factors of the buying centre, and the environmental factors.

A census survey was conducted through the use of a questionnaire. A total of 26 coffee dealers responded out of 32 active coffee dealers trading in Nairobi. Although according to Coffee Board of Kenya records, there are 52 coffee dealers licensed to trade in coffee in Nairobi, the rest of coffee dealers are either dormant or own two or more trading licences.

Data was analysed through the use of mean score to rate the variables in order of importance. Factor analysis technique was also used which enabled the researcher to assess the factorial validity of the questions which made up the scales by indicating to researcher the extent to which they seemed to measure the same concepts or variables.

According to Bryman and Cramer (1997), use of factor analysis can determine the degree to which the large number of variables can be reduced to a smaller set. Factor analysis is a tool to bring order to the way the researcher sees things by determining which of the variables are related and which are not.

### **5.2.1. Product Choice**

Product quality had the highest mean score, followed by price, buyer's knowledge on the product, consistency in quality and consistency in quantity respectively. This means that for the suppliers (farmers) to off load their coffee in the market their coffee has to be competitive that is they have to sell at the right quality and the right price. Knowledge of the buyer on the product was also rated very high and this is an indication that the sellers of the product have to endeavour to promote their product vigorously in order to create a competitive edge over their competitors.

Product quality and consistency in quality are highly positively correlated. This means that the suppliers of high quality products should ensure the quality is also consistent so as to reduce on costs of inspection and testing of incoming suppliers and cost of having high inventory to take care of rejection and replacement of stock.

Consistency in quality and price are also highly positively correlated and it is an indication that for buyers to pay good price, consistency in quality of the product has to be put in place. It is also worth noting that consistency on quality and price loads heavily on component one.

### **5.2.2. Supplier Choice**

Reliability of the supplier and in this case the planter was rated as number one while the location of the supplier (planter) was rated as number two. Reliability of the planter in deliveries of the coffee to the market place is regarded to be important to the buyer for the purpose of forward planning in their buying and

roasting. This means that the planters should be very sensitive to any instructions that advises them to abruptly with hold their coffee deliveries.

Geographical location of the supplier (planter) is also considered to be important in the sense that coffee produced in certain geographical location due to suitable climatic conditions and soils especially along the slopes of volcanic mountains tend to produce coffee of better quality than the rest.

The name of the auctioneer was regarded less important and most of the coffee dealers interviewed had a common view that it does not matter much who auctions any particular consignment of coffee in the trading floor. This means that the decision by the Coffee Board of Kenya to introduce multi-auctioneering in the auction hall needs further evaluation.

The study has shown that the size of the supplier and reliability and size of the supplier and experience are highly positively correlated.

Experience of the supplier followed by reliability of the supplier and size loads heavily on the first component respectively.

### **5.2.3. Processes Factors**

Availability of samples to the buyers was considered as very important and was rated number one. Other services offered by Coffee Board of Kenya were rated second and were followed by the speed of confirmation of bids which is done electronically.

Availability of samples to the buyers is considered to be an important aspect in buying decision making process as it creates awareness of the product. Other services which are rendered by coffee Board of Kenya includes the preparation of the catalogue which is also very important as it indicates various coffee types and

quantities being offered. The catalogue also shows coffee grades and the names of suppliers and the location where coffee is grown. The catalogue has two parts, the main catalogue which contains good qualities and the miscellaneous part which contains coffee which has defects. The catalogue then gives the buyer assurance on coffee quality which is important in buying decision making process.

Speed of confirmation of bids which is done electronically was considered to be important because the time taken to confirm the bid should be adequate for decision making.

Sitting arrangement was rated the lowest followed by communication by the auctioneers in auction hall. Since bidding in the auction hall is done electronically it may no longer be necessary to randomly distribute the sitting arrangement of the buyers. Buyers can now rock in their bids from any position in the auction hall. Previously when bidding was done manually through shouting, sitting arrangement was very important.

The presence and communication of the auctioneer in the auction may not be necessary now but previously when auctioning was done manually, auctioneer physical presence and communication probably was very important.

Speed of bids confirmation and levels of technology used by the supplier had high levels of positive correlation. Sitting arrangement in the auction hall and communication by auctioneers showed also high positive correlation.

Levels of technology used by supplier loads most highly on component 1 followed by speed of bids confirmation.

#### **5.2.4. Demographic Factors**

The study found out that experience of the staff in the buying centre was the most important and was rated No. 1 followed by professional training or level of

education of the buyers. This means that firms should take great concern in training their staff who are involved in coffee buying in the auction.

Gender and age of the staff in the buying centre were considered to be less important and were rated the lowest. This means that it does not really matter whether the staff involved in buying are males or females, young or old.

Age of staff and gender consideration are fairly positively correlated as well as age of staff and level of income of staff in the buying centre. Age of staff also loads most highly on component one.

### **5.2.5. Environmental Factors**

All environmental factors were considered to be important. Political stability was rated number one followed by credit terms and interest rates which took position number two. Other costs such as warehouse charges and road transport were rated as number three.

The reasons why environmental factors were considered to be very important is that they determine the profitability of the business which subsequently determines whether the firm continues operating or closes. Those dealers interviewed especially those operating small business indicated that lack of affordable credit at the time of purchase of coffee, as the main bottleneck to coffee trade.

Political stability was rated very important because of investment decision that have to be made by coffee buyers.

As stated in the introductory chapter, companies that buy more than 70% of Kenya coffee are either foreign owned or are agents of foreign companies. If political environment is unstable, companies relocate their business to more political stable countries. High cost of infrastructure such as warehouses and transport may force companies to relocate from Kenya to other coffee producing countries in the region. Most of environmental variables are highly positively correlated such as credit

terms and interest rates, credit terms and taxes, interest rates and warehouse charges, taxes and licence fees, political stability and investment policy, export bag cost and shipment cost.

### **5.3.0 Limitations of the Study**

Coffee dealers are mainly concentrated in Nairobi and Mombasa with Nairobi controlling about two thirds of the dealers population. The study was limited to Nairobi alone due to time and financial constrains.

A few dealers were unwilling to fill some sections of the questionnaire, indicating confidentiality as the main reason.

### **5.4.0 Suggestions for Future Research**

As a result of the limitation of this study, the following are proposed as future areas of further research:-

1. To determine the relationship between the demographic variables of the coffee dealers buying centre and the amount of purchases.
2. To determine the main reasons why dealers have increased purchases of other origins in the last three years.
3. To establish the most appropriate and acceptable services offered to the buyers of coffee in the auction, for instance the lead time, the optimal speed for confirmation of bids etc.
4. To identify the most important factors that determine the demand of coffee in the central auction.
5. To determine the extent of changes of marketing mix since the deregulation of coffee industry in 1992.



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## QUESTIONNAIRE

## 7.0 APPENDICES

### APPENDIX 1

# QUESTIONNAIRE

#### PART (A) GENERAL INFORMATION

Please answer the following questions by giving the necessary details in the spaces provided.

1. Name and address of your organisation.....  
.....  
.....
2. Indicate the geographical location of your business (i.e the premises name, street or road name).....  
.....  
.....
3. When was your organisation licensed to trade in coffee .....(year)
4. Since the year you were licensed, have you been on and off the coffee trade?  
Yes ( )      No ( )      (tick the most appropriate box)
5. If your answer is yes in number four above, what could be the main reason(s).....  
.....
6. Which are your main customer(s)  
(i) Overseas market (Country).....  
.....  
.....

(ii) Domestic or local market (i.e Supermarkets, Tourists Hotels, Schools etc).....  
.....

7. Do you buy coffee from other origins other than Kenya? Yes ( ) No ( )  
(Please tick the most appropriate)

8. If your answer is yes in number 7 above, please indicate whether your purchases from those countries have been increasing or decreasing.  
Increasing ( ) Decreasing ( ) (Tick appropriate box)

9. If your purchases from other origins have been increasing, please indicate the main reason(s).....  
.....  
.....  
.....  
.....

10. Please indicate the size of your business in terms of:-

- (i) Total number of employees.....
- (ii) Number of employees incharge of coffee buying.....
- (iii) Amount of purchases for the last 3 years, 1997/98.....(60 kg/bags)  
1998/99.....( " " )  
1999/2000.....( " " )

**PART B**

What factors do you consider or take into account when buying coffee? in each of the following, Please rate how important the factor is in your consideration

**11. Product Choice**

Very important                      Least important  
5            4            3            2            1

- |  |     |     |     |     |     |
|--|-----|-----|-----|-----|-----|
| (a) Quality offered  | ( ) | ( ) | ( ) | ( ) | ( ) |
| (b) Consistency in quality                                       | ( ) | ( ) | ( ) | ( ) | ( ) |
| (c) Quantity offered per auction                                 | ( ) | ( ) | ( ) | ( ) | ( ) |
| (d) Consistency in quantity offered                              | ( ) | ( ) | ( ) | ( ) | ( ) |
| (e) Lot size (No. of bags per sellable lot)                      | ( ) | ( ) | ( ) | ( ) | ( ) |
| (f) Brand (Distinguished mark of society factory or estate name) | ( ) | ( ) | ( ) | ( ) | ( ) |
| (g) Packaging (size, type of bag)                                | ( ) | ( ) | ( ) | ( ) | ( ) |
| (h) Buyer's knowledge on the product                             | ( ) | ( ) | ( ) | ( ) | ( ) |
| (i) Price of the product   | ( ) | ( ) | ( ) | ( ) | ( ) |

## 12. Supplier Choice

- |  | Very important |     | Least important |     |     |
|--|----------------|-----|-----------------|-----|-----|
|  | 5              | 4   | 3               | 2   | 1   |
| (a) (i) Size of supplier (Coffee estate                            | ( )            | ( ) | ( )             | ( ) | ( ) |
| (ii) Size of supplier (Society factory)                            | ( )            | ( ) | ( )             | ( ) | ( ) |
| (b) Reliability of supply  | ( )            | ( ) | ( )             | ( ) | ( ) |
| (c) Geographical location (coffee estate or society factory)       | ( )            | ( ) | ( )             | ( ) | ( ) |
| (d) Reputation of supplier (coffee estate or society factory)      | ( )            | ( ) | ( )             | ( ) | ( ) |
| (e) Experience of supplier (Whether newly licensed factory or not) | ( )            | ( ) | ( )             | ( ) | ( ) |
| (f) Physical location of Auction Hall                              | ( )            | ( ) | ( )             | ( ) | ( ) |
| (g) Physical location of the warehouse                             | ( )            | ( ) | ( )             | ( ) | ( ) |
| (h) Name of auctioneer   | ( )            | ( ) | ( )             | ( ) | ( ) |

## 13 Processes

- |  | Very important |   | Least important |   |   |
|--|----------------|---|-----------------|---|---|
|  | 5              | 4 | 3               | 2 | 1 |



- (a) Number of lots offered per auction ( ) ( ) ( ) ( ) ( )
- (b) Speed of confirmation of bids ( ) ( ) ( ) ( ) ( )
- (c) Level of technology used by supplier ( ) ( ) ( ) ( ) ( )
- (d) Prompt date of payment to Coffee Board ( ) ( ) ( ) ( ) ( )
- (e) Availability of samples ( ) ( ) ( ) ( ) ( )
- (f) Services offered by Coffee Board ( ) ( ) ( ) ( ) ( )
- (g) Sitting arrangement in the auction hall ( ) ( ) ( ) ( ) ( )
- (h) Communication by auctioneers in the auction hall ( ) ( ) ( ) ( ) ( )

#### 14 Demographic Factors & Other Buyer Attributes

- |   | Very important |     |     | Least important |     |
|---|----------------|-----|-----|-----------------|-----|
|   | 5              | 4   | 3   | 2               | 1   |
| (a) Experience of staff involved in buying                          | ( )            | ( ) | ( ) | ( )             | ( ) |
| (b) Professional training of staff involved in buying               | ( )            | ( ) | ( ) | ( )             | ( ) |
| (c) Seniority of staff involved in buying                           | ( )            | ( ) | ( ) | ( )             | ( ) |
| (d) Age of staff involved in buying                                 | ( )            | ( ) | ( ) | ( )             | ( ) |
| (e) Gender consideration  | ( )            | ( ) | ( ) | ( )             | ( ) |
| (f) Level of income of staff involved in buying                     | ( )            | ( ) | ( ) | ( )             | ( ) |
| (g) Coalition of dealers (groupings of dealers to influence prices) | ( )            | ( ) | ( ) | ( )             | ( ) |

#### 15 Environmental factors

- |  | Very important |   |   | Least important |   |
|--|----------------|---|---|-----------------|---|
|  | 5              | 4 | 3 | 2               | 1 |

- |                                       |     |     |     |     |     |
|---------------------------------------|-----|-----|-----|-----|-----|
| (a) Credit terms (financing by banks) | ( ) | ( ) | ( ) | ( ) | ( ) |
| (b) Interest rates                    | ( ) | ( ) | ( ) | ( ) | ( ) |
| (c) Taxes                             | ( ) | ( ) | ( ) | ( ) | ( ) |
| (d) Licence fees                      | ( ) | ( ) | ( ) | ( ) | ( ) |
| (e) Warehouse charges                 | ( ) | ( ) | ( ) | ( ) | ( ) |
| (f) Transportation cost (by road)     | ( ) | ( ) | ( ) | ( ) | ( ) |
| (g) Electricity cost                  | ( ) | ( ) | ( ) | ( ) | ( ) |
| (h) Export bag cost                   | ( ) | ( ) | ( ) | ( ) | ( ) |
| (i) Competition from other dealers    | ( ) | ( ) | ( ) | ( ) | ( ) |
| (j) Political stability               | ( ) | ( ) | ( ) | ( ) | ( ) |
| (k) Investment policy                 | ( ) | ( ) | ( ) | ( ) | ( ) |
| (l) Legal factors                     | ( ) | ( ) | ( ) | ( ) | ( ) |
| (j) Shipment cost                     | ( ) | ( ) | ( ) | ( ) | ( ) |

## 16 Seller - Buyer Relationship

- (i) Do you buy from particular planter(s) in the auction?  
 Yes ( )      No ( )      (Please tick the appropriate box)
- (ii) If yes in number (i) above how long have you been buying from those planters?.....  
 .....
- (iii) To those planters that you buy coffee from in number (i) above have you noticed any encouragement in terms of improvement in coffee quality and quantity?    Yes ( )      No ( )      (tick the appropriate box)
- (iv) If your answer is yes in number (iii) above, indicate what could be the main reason(s).....  
 .....

(v) Which benefits are there to the buyer from the above seller-buyer relationship?

.....  
.....

17. Please indicate other factors that buyers consider in buying coffee which may have been omitted.....

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

**THANK YOU FOR TAKING YOUR TIME TO ANSWER THE QUESTIONNAIRE**

UNIVERSITY OF NAIROBI  
LOWER KABETE LIBRARY

## APPENDIX 2

### REGISTER OF LICENCED COFFEE EXPORTERS AND ROASTERS AS PER COFFEE ACT CAP 333 SEC. 13 AND 14

NO.	NAME OF COMPANY	ADDRESS	TEL: NO	CAT/LIC NO
1	AFRICAN COFFEE CO. LTD	43387 NBI	210435/6 NBI	A.2981
2	AFRICOFF TRADING CO. LTD	51087 NBI	215416 NBI	A.2982
3	ALANWOOD LIMITED	48162 NBI	210204 NBI	A.2983
4	ARISTOCRATS COFFEE & TEA EXPORTERS LTD	555358 NBI	334046 NBI	A.2985
5	CAFINTRA LTD	66632 NBI	520793 NBI	A.2989
6	C. DORMAN LTD	30147 NBI	720660/1 NBI	A.2990
7	CEJO INVESTMENTS LTD	54393 NBI	218550 NBI	A.3059
8	CENTRAL IMPEX ENTERPRISES LTD	46741 NBI	225147 NBI	A.3053
9	CETCO LIMITED	44908 NBI	741886 NBI	A.2991
10	COFFEE EXPORTERS (K) LTD	14516 NBI	748189 NBI	A.2992
11	DEWJI COFFEE WASHING LTD	48929 NBI	215335 NBI	A.2994
12	DIAMOND COFFEE CO. LTD	41921 NBI	767985NBI	A.2995
13	ESCO KENYA LTD	43387 NBI	748307 NBI	A.2996
14	ET-CETERA (K) LTD	33675 NBI	572664 NBI	A.3061
15	FRAMWA ENTERPRISES LTD	29714 NBI	42275/93 MRG	A.3063
16	FRANATO COFFEE LTD	28644 NBI	536061 NBI	A.2997
17	GOLD COFFEE LTD	51120 NBI	767642/78 NBI	A.2998
18	GOURMET COFFEE LTD	30147 NBI	720660 NBI	A.2999
19	GRANAKA CO. LTD	73030 NBI	803919 NBI	A.3055
20	GREEN COFFEE LTD	47882 NBI	449187 NBI	A.3001
21	HANS SICKMULLER (K) LTD	49525 NBI	715051 NBI	A.3002
22	HASHI EMPEX LTD	26343 NBI	215088 NBI	A.3003
23	INLAND COFFEE CO. LTD	43966 NBI	226777 NBI	A. 3005
24	IBERO (KENYA) LTD	47882 NBI	449187 NBI	A.3004
25	JENEM COFFEE LTD	54440 NBI	788086 NBI	A.3006
26	JOSRA COFFEE CO. LTD	52565 NBI	218254 NBI	A.3007
27	KANGEMA WHOLESSELLERS (K) LTD	14565 NBI	582795 NBI	A.3008
28	KENYA NUT CO. LTD	52727 NBI	762554 NBI	A.3009
29	KIBUBUTI TRADING CO. LTD	18755 NBI	748536NBI	A.3047
30	KWACHA LIMITED	44565 NBI	225429/72 NBI	A.3011
31	LIJUKA INVESTMENTS	60324 NBI	246932 NBI	A.3012
32	LOKI ENTERPRISES LTD	4639 NBI	445558 NBI	A.3064
33	MALDE EXPORT IMPORT LTD	41265 NBI	535649 NBI	A.3013
34	MEHISA ENTERPRISES LTD	48162 NBI	545247 NBI	A.3017
35	MUMBI COFFEE LTD	300015 NBI	552056 NBI	A.3021
36	NAIROBI JAVA HOUSE LTD	56689 NBI	576731 NBI	A.3024
37	NECTAR LIMITED	10204 NBI	246071 NBI	A.3025
38	ORLANDO AGENCIES LTD	73376 NBI	217173 NBI	A.3026
39	OSEIBO TRADING CO. LTD	8940 NBI	240696 NBI	A.3048
40	PETKEN LTD	46200 NBI	717983 NBI	A.3062
41	RAKI INVESTMENT LTD	51120 NBI	767652/42/78 NBI	A. 3028
42	REJITEK COFFEE CO. LTD	22301 NBI	242101 NBI	A.3031
43	RETNO COFFEE CO. LTD	60319 NBI	220428 NBI	A. 3032

44 RIDGEWAYS COFFEE DEALERS LTD	12135 NBI	230504 NBI	A.3033
45 SELECT COMMODITIES TRADING LTD	27741 NBI	603627 NBI	A.3035
46 SERVICOFF LTD	8568 NBI	210206 NBI	A.3036
47 HAH MEGHJI HIRJI LTD	48162 NBI	210204 NBI	A.3037
48 TAMU PRODUCTS LTD	56003 NBI	218505 NBI	A.3041
49 TAYLOR WINCH COFFEE LTD	49525 NBI	715051 NBI	A.3043
50 WAMAI COFFEE LTD	28471 NBI	230637/8 NBI	A.3065
51 WAYNE LIMITED	42844 NBI	340839 NBI	A.3052
52 MALAIKA COFFEE & TEA LTD	41921 NBI	767986 NBI	B.2311

### APPENDIX 3

#### Names of active Coffee Exporters and Roasters In Nairobi for the the last three years 1997 - 2000

- 1 Ridgesways Ltd
- 2 Inland coffee ltd
- 3 Raki/Gold Coffee Ltd
- 4 Cetco Ltd
- 6 Coffee Exporters Ltd
- 7 Dewji Coffee Ltd
- 8 Mumbi Coffee
- 9 Taylorwinch Coffee Ltd/Hans Sick Muller
- 10 Nairobi Java House Ltd
- 11 Malde Export and Import Ltd
- 12 Rejitek Coffee CO. Ltd.,
- 13 Nectar Ltd
- 14 Cejo Investment Ltd
- 15 Alanwood/Shah Meghji/Mehisa Enterprises
- 16 Wamai Coffee CO. Ltd
- 17 Ibero (Kenya) Green Coffee
- 18 Retno Coffee Co. Ltd
- 19 Jenem Coffee/Granaka Coffee
- 20 Oisebo Trading Co. Ltd
- 21 Eso Kenya/African Coffee Co
- 22 Josra Coffee Co. Ltd
- 23 Hashi Empex Ltd
- 24 Tamu Products
- 25 C. Dorman/Gourmet Ltd
- 26 Orlando Agencies Ltd
- 27 Kangema Wholesalers(k)
- 28 Servicof Ltd
- 29 Wayne Ltd
- 30 MALaika Coffee and Tea/Diamond Ltd
- 31 Kenya Nut Co. Ltd
- 32 Africoff Trading Co. Ltd.

APPENDIX 4

**INTRODUCTORY LETTER TO THE RESPONDENTS**

Kinoti Julius Kiautha,  
P.O. Box 30010,  
00100  
**NAIROBI**

Date:.....

Name.....

P.O. Box .....

.....

.....

Dear Sir/Madam,

**REF: A STUDY ON FACTORS THAT INFLUENCE ORGANISATIONAL BUYING BEHAVIOUR; A CASE OF COFFEE DEALERS IN NAIROBI**

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I am a module II student in the faculty of commerce pursuing a masters degree in Business Administration (MBA) in Marketing in the University of Nairobi.

In partial fulfilment of the requirement of the course, I am carrying out a research project entitled "Factors That Influence Organisational Buying Behaviour; A Case of Coffee Dealers in Nairobi."

Your firm has been selected to participate in this study. I would like to request you to provide the required information to the best of your knowledge by filling the questionnaire attached.

This exercise is strictly for academic purposes and any information obtained will be treated with the strictest confidence it deserves. A copy of the final research report will be availed to you upon request.

Yours faithfully,

Sign:.....  
**KINOTI J.K**

## APPENDIX 5

### CODES OF VARIABLES USED IN THE QUESTIONNAIRE

#### (a) Product choice:

Var 00001	Quality offered
Var 00002	Consistency in quality
Var 00003	Quantity offered
Var 00004	Consistency in quantity offered
Var 00005	Size of lot
Var 00006	Brand
Var 00007	Packaging
Var 00008	Buyers Knowledge
Var 00009	Price

#### (b) Suppliers Choice

Var 00010	Size (Coffee Estate)
Var 00011	Size (society factory)
Var 00012	Reliability
Var 00013	Location
Var 00014	Reputation
Var 00015	Experience
Var 00016	Location (auction hall)
Var 00017	Location (warehouse)
Var 00018	Name of auctioneer

#### (c) Process Factors

Var 00019	No. of lots offered per auction
Var 00020	Speed of bids confirmation
Var 00021	Levels of tech. used by supplier
Var 00022	Prompt date of payment to CBK
Var 00023	Availability of samples
Var 00024	Services offered by CBK
Var 00025	Sitting arrangement in Auction hall
Var 00026	Communication by Auctioneers in hall



**(d) Demographic Factors**

Var 00027	Experience of staff in buying centre
Var 00028	Professional training of staff in buying centre
Var 00029	Seniority of staff in buying centre
Var 00030	Age of staff in buying centre
Var 00031	Gender of staff in buying centre
Var 00032	Level of income of staff in buying centre
Var 00033	Coalition of dealers

**(e) Environmental Factors**

Var 00034	Credit terms
Var 000 35	Interest rates
Var 000 36	Taxes
Var 000 37	Licence fees
Var 00038	Warehouse charges
Var 00039	Transport by road
Var 00040	Electricity cost
Var 00041	Export bag cost
Var 00042	Competition from other dealers
Var 00043	Political stability
Var 000 44	Investment policy
Var 00045	Legal factors
Var 000 46	Shipment cost