

**CONSUMERISM AS A DETERMINANT OF MULTINATIONAL
PRODUCT CONSUMPTION IN KENYA**

BY

KEVIN NJUE NGARI

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DECLARATION

This research project is my original work and has not been presented for examination in any other University.

Signed:

Date:

KEVIN NJUE NGARI

D61/79039/2012

Supervisor's Approval

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

Signed.....

Date.....

DR. John Yabs

Lecturer

Department of Business Administration

School of Business

University of Nairobi

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DEDICATION

I wish to dedicate this project to my family especially my Father, my mother and brothers who encouraged and supported me when writing this project.

ABSTRACT

Consumerism is defined as an economic and social dogma that promotes social and economic acquirement of goods and services above and beyond your basic needs and in greater amounts. Consumer demand is now recognized as the engine of most developing economies and investment surge, and analysts have predicted that the middle class buyers with swelling disposable income as fuelling this boom and as a result, expanding the net of consumers for market hungry multinationals. The objective of this study was to determine how consumerism acts as a stimulus in the consumption of multinational products in Kenya and how they influence this process and accompanying elements that encourage consumption especially in acquisition of bank loans, credit cards, motor vehicles, and retail spending. To achieve the objective of this study, the research used a descriptive study, the population of this study was drawn from multinationals operating in Kenya from the following sectors; Retail and shopping, Alcoholic Beverages, Banking, and Automobile and Accessories. These were as provided by the East Africa's top 100 companies as listed in issue 6, August 2014 East Africa's top 100 newsletter. A sample of 40 respondents was used who included: the Finance managers, Business Development managers, and marketing managers of the respondent multinationals namely Nakumatt, Toyota Kenya, East African Breweries, and Equity Bank who were selected. The 40 respondents were selected using systematic random sampling. Data collection involved both qualitative and quantitative forms of data collection techniques. Secondary data was obtained from financial records and the Kenya National Bureau of Statistics reports. Primary data was collected by use of a semi structured questionnaire. The data was analyzed using descriptive statistics in form of percentages, mean and standard deviation to determine consumerist patterns. The results of the analysis showed the highest amount of consumption by customers ranged between Kshs 30,000 to Kshs 49,999; this was explained by 29% of the respondents; Least amount of consumption that was found to be 1% for those who spent over Kshs 100,000. This was a clear signal that most consumers of multinational products spent between Kshs 30,000 to Kshs 49,999 monthly. Similarly, the chief motivational factor that was perceived to influence their purchasing decisions was found to be advertisement which according to the findings, showed that 94% of the respondents agreed that advertisement played a greater role in purchasing and shopping decision. The other factors that were perceived to influence purchasing decisions were after sales service, word of mouth, celebrity endorsement and festivals and promotions. It was concluded that Consumerism highly influenced consumption of multinational products in Kenya. The study recommended that the Central Bank of Kenya, through prudent economic policies, sustains a stable macroeconomic environment that will support access to consumer credit hence enabling more consumption of multinational products leading to economic growth. Also, Kenya National Poison Board should put proper measures to ensure that all the organizations handling consumer products abide by the stipulated regulations and procedures in order to create an enabling environment that will lead to increased consumption of their products.

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LIST OF ABBREVIATIONS

GDP Gross Domestic Product

GNP Gross National Product

SD Standard Deviation

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Consumerism is defined as an economic and social dogma that promotes social and economic acquirement of goods and services above and beyond your basic needs and in greater amounts. This ideology pervades the middle and upper classes of society and has been greatly influenced by mass media and globalization. It could signify the vain collection of luxuries, debt instruments and consumer products such as cars and electronics so as to feel good about oneself and for social domination. Such indulgence is driving multinationals bottom lines globally and driving the economies of the world. (Cialdini, 2001)

Consumer demand is now recognized as the engine of most developing economies and investment surge, and analysts have predicted that the middle class buyers with swelling disposable income as fuelling this boom and as a result, expanding the net of consumers for market hungry multinationals. From financial services, mobile phones, cars, fast food, and entertainment, multinational companies are having a field day in Kenya as they seek to home in on this lucrative market as millions of Kenyans continue to demand their goods as a sign of prosperity. Also, as personal wealth of Kenyans increases buoyed by a positive economic growth outlook, more middle class Kenyans will spend in on technology devices, holidays as well as investing opportunities (Harrison-Walker, 2001).

Classical social theory explains that consumerism is highly influenced by certain factors in the environment for example globalization and innovation in technology, as consumers can have more opportunities for shopping in terms of marketing mix of

product, price, place, and promotion (Day and Aaker, 1997). Consumers are more sophisticated and have different levels of desire or needs, which leads to global consumerism with diverse claims over the world. Consumerism is encouraged for instance by the increasing usage of credit cards, loans, and other instruments of debt. (Day and Aaker, 1997)

Harnessing Consumerism has brought about possible health dangers to individuals in a number of ways. Studies show that this thought system of wanting more and more affects the psychological health of the individual through erosion of the true self and replacing it with a false sense of self and consequently distressing the spiritual health of the individual by eroding our spiritual connections with nature and replacing it with intense desire for consumption of goods and services (Burroughs and Rindfleisch, 2002).

1.1.1 Concept of Consumption

Consumption is regarded as the worth of goods and services bought by people in a country, economy or certain jurisdiction. It could also imply the use of these goods and services over time (Hunni, 2003). These individual buying actions are then aggregated over time and the figures used in calculating Gross Domestic product of a country, state or region. Consumption could be either for durable and non-durable goods. Durable goods consist of tangible items such as electronics, motor vehicle purchases, machinery, and housing, whilst non-durable purchases consist of items such as entertainment expenditure, eating out, fees or any payment of services rendered. (Piana, 2001)

Consumption guarantees that human needs will be satisfied either presently or in the near future. These needs could range from food, shelter, clothing, energy needs,

communication, Health priorities, and entertainment. A lot of factors come into play in determining and giving value to consumption, chief among them being income level. Income is derived from wages from employment or profits for those in entrepreneurship. Therefore, those with higher income considered as rich, have both higher levels of consumption for both durable and non-durable goods than those with low income classified as poor. (Lee, 1993)

Other causes that could influence consumption could be values and attitudes of individuals. Family values for instance have a huge bearing on choice of use of durable or non-durable goods and importance placed on these items. Families with strong Christian upbringing will frown upon alcohol purchases while the liberalists will consider it normal. Senior citizens in any family setting are the most important influence to the younger members in transmitting these values and practices that especially relate to alcohol consumption. (Hunni, 2003)

1.1.2 Concept and Theory of Consumerism

Consumerism, defined as “the theory that a progressively bigger and better consumption of merchandise is economically valuable leading to attachment to worldly morals, ideals and or possessions played a substantial role in the twentieth century towards the construction of a consumer society (Hilton, 2013). It became a fundamental and essential dimension of all the modern states. Following the world economic depression of the 1930s and the depredations of the Second World War, building a society structured around consumption seemed to offer a new footing for a new world order and a break away from the political ideologies and extremities which had seemingly destroyed the consuming ambitions of much of the world’s population. Consequently, human rights groups, people empowerment and equal rights movement

helped establish a system of liberal rights so as to bring benefits and equal rights to majority of the population especially in America. (Hilton, 2013)

Consumerism brought out a genuine commitment to building a society in which all would share in the material benefits of affluence and prosperity. This was much more than the usurpation of national government agendas by the interests of organizations or the vision of mass marketers. Many people can recall the infamous kitchen debate between the US Vice-President Richard Nixon and the Soviet Premier, Nikita Khrushchev, at the Moscow Trade Fair in 1959, when the two leaders debated the relative merits of communism and capitalism in improving the standards of living of the mass of the people. As evidence suggests, pertaining to GDP, GNP, Inflation, unemployment and other related data as well as what other scholars have pointed out, ultimately the American model prevailed, presenting a legacy of a particular vision of a consumer society. Thus a Consumer society has been the scheme of a system of universal authority and control which has protected the consumer at the heart of progression. (Drucker, 2002)

For instance, the birth of a consumer society in Western Europe was accompanied by an emerging middle class, willing to affirm their political and economic rights to freedom of indenture and to be unleashed from the restraints of aristocratic clientage. Therefore, consumption not only tendered material gain for the individual producer but it represented an aim for political economy which, it was ultimately hoped, would bring prosperity for all. Notwithstanding the continued unease over luxury and excess which has persisted over the last two centuries, socialists, and liberals have all attended to the dynamics of consumption and have sought means to ensure everybody has access to the good life. (Lee, 1993)

Historical factors such as secularization and urbanization of communities had a role to play in the growth of consumerism. There was a huge shift in focus from community ideals to individual ideals. As the rural folk migrated to urban centers to work for industries, many began to lose contact with their family relations, spiritual bases, and culture contributing to emptiness or void inside which they attempted to fill by buying more clothes, more electronics, flashier cars and going for holidays for themselves and their nuclear families. These endless purchases, coupled with absence of a strong, dominant value and religious system, seemed to offer a sense of purpose to life and happiness ultimately creating a consumer society. (Gorn, 1998)

1.1.3 Concept of Consumerism in Relation to Kenya

Kenya, previously not considered a favorable investment country due to high levels of corruption, rising crime rate, instability occasioned by post-election violence in the years 1992, 1997, and 2007, is now attracting the attention of corporate investors from all over the world, at least buoyed by our expanding markets and enviable growth rate. This means that the disposable incomes of most Kenyans today, particularly those living in urban areas, has gone up and they are driving up sales in Kenya's retail market. This has further been exemplified by the growing list of multinational companies that have set up their regional headquarters in Nairobi in the last three years. All this is aimed at tapping the expanding/ burgeoning middle and upper class market. (Kamau, 2001)

The Kenyan economy, considered East Africa's largest has experienced extensive growth of multinationals corporations that have become very active in this market with numerous offers, market segmentation, discounts as well as providing products and services that match up extremely well with consumer's needs. For example East African Breweries Limited (EABL) is one of the Kenyan brands that have attracted

attention through increased consumption of its premium whiskies, brandies and beers leading to them posting after tax profit for the full-year ended June 2014 of Sh6.85 billion riding on improved performance by most of its products. To the middle income earner and even the professionals, a car is generally regarded as a personal statement of upward mobility and it is the desire for most Kenyans to drive their own. The demand for personal cars has helped Toyota Kenya to grow and become the leading seller of new vehicles in the country since 2003. (Kamau, 2001)

Mukoya (1999) acknowledged that Kenya's consumer market has grown steadily to become the key driver of economic growth and was valued at Sh1.3 trillion or 75 per cent of GDP in 2007 compared to Sh1.9 trillion or 77.8 per cent in 2006. As more and more Kenyan citizens migrated to cities and other urban areas in search of economic opportunities, progression and advancement along the economic ladder came along leading to an emergent middle class that uses its newly acquired prosperity to deepen its presence in the consumer market. (Mukoya, 1999)

A cursory glance at spending habits in our retail markets reveal that more and more working class Kenyans are now buying imported furniture, cars, expensive whiskies, electronics, social media and internet usage with networking sites such as Twitter improving links within Kenya. Kenyans, ranked behind South Africans, tweet more than giants Nigerians, Egyptians and Moroccans despite having a lesser population according to How Africa tweets report. These changes in way of life and standards of living could be the clearest indication that consumerist cultures have crept into the Kenyan societal fabric leading to this social transformation that we have seen occur. The number of fast food chains, mobile hand set devices brand diversity, sophisticated dining tastes, population and variety in car brands on Kenyan roads are all signs of consumerism. (Munjiru, 2003)

1.1.4 Consumption and Its Influence on Consumerism

This conspicuous consumption of goods and services in excess of one's basic needs is not a new phenomenon, and early examples of consumerism can be traced back to the first human civilizations. During the industrial era spanning the early 19th century, there were other significant developments that occurred that gave birth to consumerism. Department stores opened up in America and spread quickly to other parts of Europe. Advertising and promotion agencies were born and international trade boosted variety of available imports and enhanced availability of consumer goods. These incidents, blended with the psychological changes in society, set the first step for the upsurge of consumerism that began during this time. (Drucker, 2002)

The result of adopting consumption related values on a worldwide scale has been referred to as a global consumer culture as consumers share almost similar tastes and preferences. A global consumer culture is defined by the shared sets of consumption-related symbols such as product categories, brands, and common consumption activities. It has become possible to satisfy these redefined needs and wants since a decline in trade barriers has created a more liberalized flow of products throughout the world. This wider distribution of products has proved to be profitable for successful brands that have entered markets around the globe because of the economies of scale that can be reached. The consumer segments that make this global consumer cultural a reality can be labeled world citizens (Burroughs and Rindfleisch, 2002).

In most cases consumption habits and pattern are determined by a complex set of socio-economic, cultural, religious, psychological, ethical and environmental factors. Consumption boom could be witnessed across the world resulting from phenomenal progress of technology and business management. Consumerism appears to offer

greater pleasure to people in developing countries than in developed ones, especially when it comes to new technology products. (Grenci and Watts, 2007)

As a result, this has come to be accepted as the natural way of doing things and it is giving rise to a culture in which the main components are commodities, and in which the consumer's first duty is to buy. It is a culture in which practically all our everyday activities of work, leisure, and the fulfillment of social responsibilities, now take place in the context of commodities. This way of life, largely considered a thing of the Western world fast caught up in Kenya and now, more than ever, there is a huge emphasis on unlimited consumption and no longer moderation and self-denial. (Day & Aaker, 1997)

Rising consumerism signals that the economic plight of the average Kenyan has improved and is having a multiplier effect on the economy, especially for the middle class. A sizeable number of expatriates working for United Nations office In Nairobi and its partner agencies are also driving the consumer culture leading to multinational brands entry to Kenya. Increased disposable incomes, access to loans and credit cards from Multinational banks in Kenya, and peer pressure from reference groups by these factions mean that they all drive imported car models, their residences are luxuriously furnished, most enjoy premium television channels, wine and dine in expensive restaurants', and all have sophisticated electronic gadgets such as I-Pads, laptops and flat screen television sets all produced by Multinationals. Consumption therefore is playing a significant part in construction of Kenyans modern social life (Mukoya, 1999)

1.2 Research Problem

Consumption is an activity that has evolved over time and varied from one culture to another. One common truth is that people consume because they find meaning in material goods, which vary from being a necessity to being a form of self-expression. Taking part in this process is the consumer who can be defined as someone who demands goods or services for direct use or ownership rather than for resale or use in production and manufacturing (Michael, 2007)

Multinationals in Kenya seek to create demand for their products and services and respond effectively and efficiently to opportunities, threats and constraints, and guided by this, they have to work hard have worked hard over many decades to convince the public of many needs of which they were previously unaware, through a constant barrage of commercials to reinforce those needs hence creating consumerism. These multinationals are aware that consumption of their products is not always guaranteed and therefore they have to promote it to drive sales and grow revenues (Day & Aaker, 1997).

A number of studies have been done locally and globally in relation to the concept of how consumerism influences multinational products consumption. Moynagh and Worsley (2001) conducted a study on consumers' behavior as a determinant of consumption of products. The results of this study showed that multinationals are using marketing experts, advertisers, and business leaders, as well as the spending examples set by the rich to promote consumption thereby breaking concentration on production and introducing the age of mass consumption. Simmel (1907) is a theorist who recognized the increasing significance of consumption to increase consumption of multinationals products and formation of modern social life. Consumption is more

than of mere incidental interest and might actually have some an instrumental role in structuring and forming people's overall experience of modernity.

Local studies by Rintaugu (2012) and Ngetich (2012) conducted a study on the determinants of alcohol consumption by university students in Kenya. It was found that students consume alcohol mainly due to relaxation (82.2%) and overcoming of boredom. Noteworthy of their findings was that in all the markets East Africa breweries operate in Africa; Kenya remained the group's leading market contributing 64 per cent of the total sales. Kamau (2001) carried out a study on the determinants of consumption of consumer products among indigenous multinational corporations, it was revealed that technology and consumer preferences were the main determinants of consumption of multinational products.

Munjiru (2003) concluded that change in consumer tastes and preferences affected the level of consumption of consumer products among large supermarkets in Kenya. Mukoya (1999) deduced that Technology gadgets such as laptops, tablets and smart phones are considered by many middle class Kenyans as essential work and social tools, hence the popularity of multinational brands such as Samsung, Huawei, and Nokia with their demand expected to go up once the use of Near Field Communication payment systems becomes established in Kenya. (Mukoya, 1999)

From the above studies, little focus has been laid to issues such as household's disposable income, reference groups, expenditure, and use of credit cards and/or loans as influencers of consumerism in Kenya and this study therefore seeks to provide a current snapshot of the above while answering the question; what are the attitudes, behaviors, and patterns that encourage multinational products consumption in Kenya?

1.3 Research Objective

The objective of this study was to determine how consumerism acts as a stimulus in the consumption of multinational products in Kenya and how they influence this process and accompanying elements that encourage consumption especially in acquisition of bank loans, credit cards, motor vehicles, and retail spending.

1.4 Value of the Study

This study will be important to multinationals and their agents as they will be able to get relevant and meaningful information from this study as to how consumerism determines patterns of consumption of products among Kenyans and to use this information to design suitable product, price, place and promotional strategies for the Kenyan market.

Policy makers may use this project as a guide in setting policies that encourage consumption and spending in a bid to grow our gross domestic product and increase government revenue from a macroeconomic perspective.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the existing literature on the subject under study. It covers the introduction, the various theories of the study including consumption in classical social theory and modern approaches to consumerism, consumerism and growth of consumption of multinationals products in Kenya, and consumerism internationally.

2.2 Theoretical Foundations of the Study

There has been a lot of academic study developed around consumption and its relationship to the growth of consumption of Multinationals products and rather than recognize consumption as a situated activity, scholars are viewing it as an abstract social phenomenon as they try to make out and explain the sociology of consumerism. Below are some of the works that have moved research forward in the quest to explain modern day preoccupations with social consumption.

2.2.1 Consumption in Classical Social Theory; Karl Marx Theory of Consumerism

Marx's ideas can also provide insights into the nature of consumption. Marx provides a description of what we could describe as logic of consumerism and he writes: In place of all these physical and mental senses. (Rezabakhsh et al., 2006). There have been the sheer estrangement of all these senses the sense of having private property has made us so stupid and one sided such that some individuals feel that an object is only ours when we have it when it exists for us as capital, or when it is directed possessed, eaten, drunk, worn, inhabited. Marx's explains that people relate to consumer goods, still captures what happens in consumer society. Advertisers and

other corporations want consumers to feel powerless to provide for their own basic needs and unreservedly reliant on consumer goods for survival (Slater, 1997).

Solomon, Bamossy, Askegaard and Hogg, (2006) argued that the consumption of goods, from the initial periods of history to the present, has served not so much to satisfy men's true needs but to maintain social prestige and status quo. Most theorists suggest that modern society has witnessed the conquest of the unhappy consciousness of a certain philosophical attitude described by the commoditized consumer society of the 1960s. There was very little place for critique. Rather, the happy consciousness reigned absolute, as forms of revolt and dissent were co-opted by the culture, industries and the impulse to disparage subdued by implacable consumption of, for example, alcohol, pharmaceuticals and television. (Schwartz, 1998).

The work of Karl Marx was formative in this respect and has preserved its role as a spring board for many theorists of consumption. Marx therefore sees the object of work/labor drives people to achieve within society and that is why material artifacts or products have a crucial role in the formation of people's lives and, in turn, in their sense of esteem and personal well-being. Therefore, Marx reckons that the commodity is contextualized solely by the production process as there are major levels of consumption present in all communities. (Ritzer, 2000). It was the production of commodities, rather than their consumption upon which he centered his attention. Marx conferred that the process of commoditization has led to all aspects of social life to become subject to the laws of the market place. In addition to goods and services, people and their associated relationships are reduced to a monetary value in an increasingly alienating capitalist world. Conceivably, this consumer society has

reached its zenith in this twenty first century (Rezabakhsh, Bornemann, Hansen and Schrader, 2006).

Indeed what destabilizes Marx's limited conception of the commodity is (Veblen 1899) who illustrated new leisure class intent on imitating the lifestyles of the upper-class in Europe. (Veblen, 1899) argued that higher social groupings continually revised their consumption habits in order to stay one step ahead of the nouveaux riches. As such, consumption was significant largely for its eminence conferring qualities, in that what was emerging was a hierarchically ordered social structure based upon the prestigious consumption pattern of the rich and in particular of the gentlemen of leisure. (Thompson, 2003)

The term gentlemen of leisure closely meant someone who could consume freely and of the right kind of goods and he must know how to consume them in a seemly manner. Such actions were often arranged by leading Multinationals who prescribed what constituted the right kind of goods and how to consume them. (Veblen, 1899)

2.3 Cross Disciplinary Models and Approaches to Consumption

The theory of consumption has to be a theory of culture and a theory of social life. To cut culture free from organization is to glide off into a sea of relativism. If the organization works well enough, it can bequeath objects with value for being fit for consumption meaning an object being fit to circulate as a marker for particular sets of social roles. (Douglas and Isherwood 1996).

Consumption of Multinationals products provides degrees of freedom to the rich which are simply not available to the poor. It therefore has meaning attached to it. When an individual purchases a particular bottle of wine for instance a car like BMW he or she is not simply buying sustenance, but a range of symbolic meanings

expressing membership to a certain social class and a desire for distinction since consumers seek and expend products whose aesthetic quality and scarcity value are high. (Umit Kucuk and Krishnamurthy, 2007).

Workers can now afford to engage and purchase luxury items even after providing for their families basic needs. Accompanied and encouraged, by the rise in aggressive promotional advertising by Multinationals, a whole new world of consumerism was born to the working majority, most especially to groups of young people who were able to exploit this new situation as long as the resources were available to them. What was emerging was not merely a consumer society, but a consumer culture. (Drucker, 2002).

Consumers globally are consuming a variety of manufactured goods, resources and products having moved beyond basic needs to include luxury items and technological innovations, so as to try to make their lives easier. However, it is in such consumption that ultimately leads to wastefulness use of resources. Items that were considered as luxuries have now turned into necessities in order to increase profits for these Multinationals. For instance, having your own car is now considered an essential element in most cities around the world. Along with that, we are aware cars are a major pollutant of the environment in form of the emissions from burning fuel (Milliman and Fugate, 1988).

2.4 Consumerism as a Social, Economic and Cultural Change Model

Benson (1994) explains that what, where, when and how people consume now appears to be noteworthy in the maintenance, upholding and upkeep of people's everyday lives across the world. This means the following social, economic, and cultural factors enter the equation; economic change and spending power has grown

in recent decades as people have enjoyed augmented levels of disposable take-home pay in addition to discounted Sacco loans and credit cards. This has had significant industry, financial, and trade implications which Multinationals have been keen to take advantage of as they have come to recognize the social benefits and allure that consumerism appears to command (Moynagh and Worsley, 2001).

Dawson (2001) was of the view that social change in the modern society appears to be exemplified by exchange rather than subsistence as it was in the past. All kinds of aspects of social life, such as class, gender, and societal relationships appear therefore to be impinged upon by aspects of consumerism. On the other hand, cultural and ethnic changes have been accompanied by a move towards globalization as people can easily identify with each other no matter the distances apart as Multinationals such as Adidas, Heineken, Coke, Apple or Barclays Bank have homogenous products that billions can relate to (Hargreaves, 2006).

According to (Whitely, 1993) consumerism has become a lifestyle for the majority of the populace and particularly the working classes. The convenience, ease of use, and accessibility of consumer goods brought about by Multinationals growth now surpass economic and social classes and the status bestowing or status related products such as four wheel drive cars, big screens, smart phones, tablets, expensive sports such as golf, high end haute couture fashion, holiday homes, to name but a few have come to have a more general social relevance. (Whitely, 1993)

Involvement with socially visible consumer goods and accompanying material culture is such that mass consumption creeps into our daily lives not only at the levels of economic processes, social activities and household structures, but also at the level of meaningful psychological existence, affecting the interpretation and understanding of

identities, formation of relationships, and the framing of events. Shoppers now look not only for utility in use but also the stature and prestige which can be gained through their purchase choices and Multinationals have emerged as the dominant force in the market place in shaping these new identities. (Thompson, 2003).

Bocock (1993) explains that consumption sectors became ever more specific and focused. As capitalism developed alongside economic expansion, improved technology and countries such as United States of America achieving full employment, consumer lifestyles became the order of the day. In the new world, consumption was now dictated by the consumers and not producers. From historical accounts, it was during the 1980's that the aesthetics, design and style of consumption became increasingly diverse, as Multinationals revolutionized the market place becoming ever more sophisticated with regard to purchase choices through the influence of multimillion dollar brands corporations such as Gillette, Coca-Cola and Nike. There is still considerable debate whether consumerism encourages global standardization or diversity and thus whether consumerism as a way of life is desirable. (Lee, 1993)

2.5 Consumerism and Growth of Multinationals in Kenya

Even with grim statistics on economic realities in Kenya where it is purported that more than half of the population lives on less than \$2 dollars a day and unemployment levels are as high as 50%, this has not imposed limits on the other Kenyans who fall on the other side of this scale ability to exhibit their spending prowess (Moynagh and Worsley, 2001). A report by Frontier Strategy Group, a US data vendor that tracks emerging markets ranked Kenya as the second most preferred destination in Africa for multinational corporations seeking to set up shop, with a score of 23.17 per cent after

Nigeria which was top on the continent and globally with a score of 29.57 per cent (Thompson, 2003).

Globally, Kenya was fifth behind Saudi Arabia (24.69 per cent), Vietnam (24.72 per cent) and Argentina which was second (24.72 per cent). The index is based on input from 200 multinational corporations such as Coca Cola and General Electric. Multinational corporations in consumer goods, technology, banking, financial, tourism, industrial and services sectors have been opening regional and continent headquarters in Nairobi in recent years (Sorell, 1994).

Some of the factors in the Kenya business environment that have helped in the increase in consumption of multinational products include an increasingly efficient tax administration system and a stable legal structure governing both domestic and foreign investments both very vital components in stimulating consumption, investment and production in an economy. This has been epitomized by the growing list of multinational companies that have set up their regional headquarters in Nairobi in the last three years. Coca Cola (whose Embakasi bottling plant is the largest in East and Central Africa) Eco bank (The Pan African Bank), Visa (World's leading issuer of Debit and Credit cards), International Business Machines (Computer software and Hardware giant), Samsung, Kempinski Villa Rosa group of hotels, and most recently Dell are some of the growing list of multinational companies across all the sectors that have invested billions of shillings in Kenya. All this is designed to tap the burgeoning middle and upper class market (Solomon, Bamossy, Askegaard and Hogg, 2006).

These consumptive habits among Kenyans have led to a very vibrant and competitive retail and services sector in Kenya. For instance, looking at 2011, a total of 6,049 vehicles were assembled in the country compared to 5,721 units the previous year

according to Kenya National Bureau of Statistics data, testament to the growing appetite and demand of luxury goods by Kenyans buoyed by increased disposable incomes. Multinationals Like General Motors East Africa, a subsidiary of General Motors Corporation of the U.SA have had to increase capacity at their workshops leading to them producing 2,294 units of its Isuzu trucks and buses in 2011 as compared to 1,162 units assembled the previous year (Reynolds and Harris, 2003).

Furthermore, Kenya's strategic position in Africa is a contributing factor in multinationals investing here and this goes a long way in serving the region and the continent at large very efficiently Before financial liberalization commercial banks lowered barriers to entry requiring no minimum balances in opening bank accounts and zero ledger fees, increasing retail accounts and they lowered costs of transacting across other bank accounts attracting more customers to open accounts. This in turn has led to increased access to affordable credit and borrowing of loans leading to an increase in disposable income and thus growth of consumer taste and preferences for instance purchase of cars, appliances, recreation, and a host of new consumer products like laptops and smart phone (Kiberenge, 2012)

The rise in the consumer culture in Kenya has witnessed the growth in instant gratification where Kenyans seek to improve their economic status and social standing but do not want to put in the extra hard work and investment. The long held perception that Kenyans would rather buy a new mobile phone than invest in securities holds water if a cursory glance at the average working class citizen lifestyle is anything to go by (Packard, 1997).

To realize Kenya's potential, multinationals are keen to demonstrate a strong and visible commitment to the country, empower their local operations, and invest in local

talent. They are paying closer attention to the needs of Kenyan consumer by offering the customization that the local market requires so that Kenyans are able to consume more and more of their products. These opportunities are what drive multinationals to look for new horizons for cost savings and revenue generation (Nasir, 2004).

Foreign direct investment for instance, is already having a dramatic impact on the way companies do business and various world economies integrate with the global economy. As consumers spend more, industries such as automobile sector, consumer electronics sector, Food retail sector, and IT related services have achieved substantial benefits, and started to capture the large cost savings and revenue gains possible from operating in consumerist markets where the culture of wanting more and better or latest items exists alongside creating value by taking full advantage of falling barriers in regulation, transportation and communications costs, and improved systems and infrastructure (O'Shaughnessy and O'Shaughnessy, 2002).

When entering the Kenyan market, it is important to remember that while local brands exist, global brands compete against other global brands. In some parts of the country, consumers prefer local brands when it comes to everyday products because they coincide with local expectations and requirements. Local brands also benefit from having an air of familiarity; yet, as multinational corporations integrate themselves into cultures around the world, their country of origin becomes less evident to consumers (Harris and Reynolds, 2004). Such cross-cultural success opens the door for other corporations to join the international ranks. Therefore, multinationals seeking to gain an edge over rivals in the Kenyan market make it essential to differentiate their brands by maintaining a consistent marketing program worldwide

that develops their brands into symbols of a cosmopolitan, sophisticated, and modern era (Harrison-Walker, 2001).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides an outline of how the study was conducted; it discusses the research design, target population, data collection and data analysis.

3.2 Research Design

The study used descriptive survey aimed at establishing the relationship between consumerism and multinational product consumption. A descriptive survey is usually concerned with describing a population with respect to important variables with the major emphasis being on determining the frequency with which something occurs or the extent to which two variables co-vary (Kothari, 2004). In the research survey, the questionnaires are used to evaluate and identify valid findings (Creswell, 2009).

3.3 Population of the Study

The population of this study was drawn from multinationals operating in Kenya from the following sectors; Retail and shopping, Alcoholic Beverages, Banking, and Automobile and Accessories. These were as provided by the East Africa's top 100 companies as listed in issue 6, August 2014 East Africa's top 100 newsletter. A sample of four was analyzed and studied; One from each of the respective sectors.

Kothari (2004) defined a population as a well-defined collection of individuals or objects known to have similar characteristics. All individuals or objects within a certain population usually have a common, binding characteristic or trait.

3.4 Sampling Size and Selection

The sample size for this study was 40 respondents. Finance managers, Business Development managers, and marketing managers of the respondent multinationals namely Nakumatt, Toyota Kenya, East African Breweries, and Equity Bank were selected. The 40 respondents were selected using systematic random sampling.

3.5 Data Collection

The study used both qualitative and quantitative forms of data collection techniques. Secondary data was obtained from financial records and the Kenya National Bureau of Statistics reports. Primary data was collected by use of a semi structured questionnaire.

The questionnaire had three sections: Section A sought data on the profile of the organization and the respondents, section B sought data on how multinationals influence consumerism and Section C collected data on the possible influences on consumption choices and motivation to consume.

Primary data was collected from the marketing managers and financial managers or their equivalents which was considered appropriate since they understood better the determinants of consumption and consumer behavior. The questionnaires were administered by a drop and pick later method at an agreed time with the researcher.

3.6 Data Analysis

The data collected was sorted, cleaned and coded before analysis. The data was then analyzed using descriptive statistics in form of percentages, mean and standard deviation to determine consumerist patterns. This was done through Statistical

Package for Social Sciences. Creswell (2009) explained that data analysis is the process of inspecting, cleaning, transforming, and modeling data with the goal of discovering useful information, suggesting conclusions, and supporting decision making.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The results are presented on how consumerism acts as a stimulus in the consumption of multinational products in Kenya and how they influence this process and accompanying elements that encourage consumption especially in acquisition of bank loans, credit cards, motor vehicles, and retail spending. The study focused on Equity, Nakumatt, Toyota Kenya and East African Breweries Limited. The data was gathered by the use of a self administered questionnaire as the research instruments. The questionnaires were designed in line with the objectives of the study and were used to collect qualitative data.

4.2 Response Rate

The study sought to collect data from 40 respondents, a total of 34 respondents' responded constituting 85% respondent's rates. Four of the respondents cited busy schedules as the reason for not responding to the questionnaires.

4.3 Descriptive Statistics

The sought to determine the demographics of the respondents and the organization to determine whether they had a relationship with the concept of consumerism and influence on consumption of multinational products in Kenya.

4.3.1 Duration Served in the Organization

The respondents were asked to comment on the length of service that they had served in the organization to find out whether there was any relationship between the length

of service and experience on consumption of products produced by multinational corporations in Kenya.

Table 4.1 Duration Served in the Organization

| Duration in Years | Frequency | Percentage |
|-------------------|-----------|------------|
| Less than 1 year | 1 | 7% |
| 1-5 years | 9 | 60% |
| 6-10 years | 5 | 33% |
| Total | 15 | 100 |

Source: Field work 2014

The respondents were requested to indicate the period of time they had served in the firm. From the findings, majority 60% of the respondents had worked in the firm for 1-5years, 33% of the respondents had worked in the firm for 6- 10years while 7% of the respondents had worked in the firm for less than 1years. This was a clear indication that the respondents had sufficient experience on their needs and wants hence fuelling consumerism in Kenya.

4.3.2 Gross Loan Breakdown by Customer Type

The study sought to determine the uptake of loans by customers in order to determine whether the gross loans had any relationship with consumerist patterns and its effects on consumption of Multinational products in Kenya.

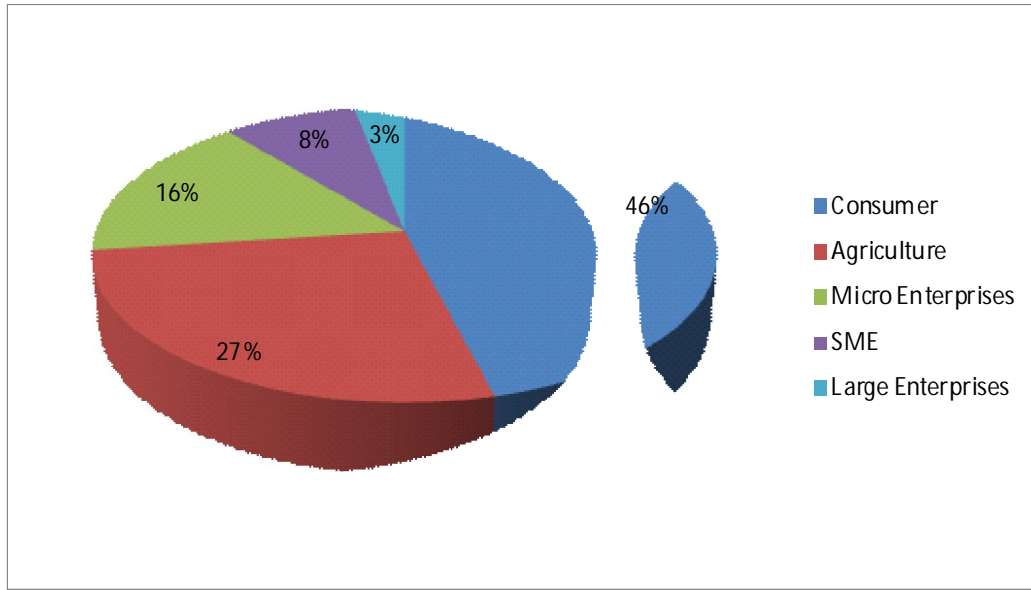


Figure 4.1 Gross Loan Breakdown

Source: Field work 2014

From the findings of the study in the figure 4.1 above, 46% of the respondents revealed that the most of the loans they borrowed went to consumption of consumer products, 27% of the respondents indicated that most of the loans borrowed were invested in the agricultural sector. 16% of the respondents indicated that some consumers borrowed money to invest in microenterprises and only 3% of the customers borrowed loans for large scale business enterprises. This is an indication that most of the respondents borrowed loans for consumption purposes.

4.3.3 How Multinationals Influence Consumerism Hence Encouraging Consumption of Their Products

The respondents were asked requested to provide information on multinationals influence and authority towards support of a consumer culture in Kenya and the findings are presented in Table 4.2 below

Table 4.2 Influence of Consumerism on Multinational Products Consumption in Kenya

| | Mean | S.D |
|---|-------------|------------|
| The organization provides credit or payment terms that encourages consumption and purchase, or has sales promotions | 4.84 | 1.917 |
| The organization places great importance on consumer retention, customer relationship management, customization and one-to-one marketing so as to grow sales | 4.70 | 1.678 |
| The organization is aggressive in pursuit of market leadership in its products and service offerings | 3.85 | .539 |
| The organization is flexible in meeting the needs of customers and responding to competitors actions so as to encourage buying actions and decisions. | 4.84 | 1.917 |
| The organizations places great meaning to its design, labels, brand image and public perception so as to inspire buyer confidence | 4.62 | .724 |
| The organization has bold goals, sales target, and aspirations for its product usage in the Kenyan market for the next 5 years and beyond | 3.96 | .700 |
| The organization has scaled up investment in the Kenyan market aimed at developing strong local partners and relationships so as to boost consumption of its products | 3.88 | .794 |
| The organization is customized its products to suit the Kenyan and local consumer needs | 3.68 | .895 |

Source: Fieldwork 2014

From the findings in table 4.2 above, the researcher found that multinationals that offer favorable credit terms and are adaptable to customer needs fuel consumerism. . Most of the respondents indicated that credit payments encouraged consumption as shown by the means and standard deviations in table 4.2 (M=4.84 and S.D=1.917). In addition, adaptability to customer needs, (M=4.84, S.D=1.917) customer relationship management, customization and one-to-one marketing so as to grow sales had (M=4.7, S.D=1.678), pursuit of market leadership to the organization products (M=3.85 and S.D=0.539) also had a huge bearing on consumption of multinational products. Other findings showed that if the organization had bold goals for the Kenyan market (M=3.96, S.D=0.700), if it had scaled up investment (M=3.88, 0.794) and customized its products to local needs (M=3.68, S.D=0.98) similarly induced consumption. The results therefore conclude that multinational corporations decidedly have a sway and can exert control on consumerism thereby promoting consumption of their products in Kenya.

4.3.4 Amount of Consumption in Kenya Shillings

The respondents were asked to indicate the winning and dining out, fuel, monthly expenditure on magazine subscriptions, cable TV subscription, gifts to family and friends and new clothes and shoes. The study used cross-sectional data to achieve this objective.

Table 4.3 Amount of consumption of Multinational Products in Kenya

| Year | Frequency | Percentage |
|---|-----------|-------------|
| Less than Kenya shillings (Kshs) 10,000 | 5 | 15% |
| Between Kshs 10,000 - Kshs 19,999 | 7 | 20% |
| Between Kshs 20,000 - Kshs 29,999 | 6 | 18% |
| Between Kshs 30,000 - Kshs 49,999 | 10 | 29% |
| Between Kshs 50,000 - Kshs 74,999 | 3 | 9% |
| Between Kshs 75,000 - Kshs 99,999 | 2 | 6% |
| Over 100000 | 1 | 3% |
| Total | 34 | 100% |

Source: Fieldwork 2014

From the findings in table 4.3 above, the results of the analysis showed that 29% of the respondents revealed that they spent between Kshs 30,000 to Kshs 49,999, 20% of the respondents indicated that they spent between Kshs 10,000 to Kshs 19,999. 18% of the respondents indicated that they spent between Kshs 20,000 to Kshs 29,999, 15% of the respondents pointed out that they spent less than Kshs 10,000, 9% spent between Kshs 50,000 to 74,999, 2% spent Kshs 75,000 to 99,999 while 1% spent over Kshs 100,000. This is an indication that most of the consumers spent between Kshs 30,000 to Kshs 49,999 in consumption of multinational products.

4.3.5 Motivational Factors to Consume

The respondents were asked to indicate the factors which would influence their purchasing decisions. This was intended to find out the main motivational factors influencing consumption of multinational products in Kenya. The findings are presented in the table 4.4 below:

Table 4.4 Motivational Factors to Consume

| Factors | Frequency | | | | | | Percentage Score | | | | | | Average score | |
|----------------------------------|-----------|----|----|---|---|----|------------------|----|----|----|----|-----|---------------|------|
| | 5 | 4 | 3 | 2 | 1 | T | 5 | 4 | 3 | 2 | 1 | T | Mean | s.d |
| Purchase Price | 34 | 0 | 0 | 0 | 0 | 34 | 100 | 0 | 0 | 0 | 0 | 100 | 4.55 | 0.78 |
| Word of mouth | 7 | 21 | 5 | 1 | 0 | 34 | 20 | 62 | 15 | 3 | 0 | 100 | 3.86 | 1.48 |
| Advertisement | 2 | 32 | 0 | 0 | 0 | 34 | 6 | 94 | 0 | 0 | 0 | 100 | 3.94 | 0.94 |
| After sale service | 8 | 21 | 4 | 1 | 0 | 34 | 23 | 62 | 12 | 3 | 0 | 100 | 3.90 | 1.04 |
| Festivals and promotions | 3 | 13 | 10 | 6 | 2 | 34 | 9 | 38 | 29 | 18 | 6 | 100 | 3.65 | 0.95 |
| Company's past financial records | 7 | 10 | 6 | 7 | 4 | 34 | 21 | 29 | 17 | 21 | 12 | 100 | 3.41 | 0.87 |
| Celebrity endorsement | 8 | 17 | 9 | 0 | 0 | 34 | 24 | 50 | 26 | 0 | 0 | 100 | 3.75 | 0.98 |

Source: Fieldwork 2014. Key 5: To a very large extent 4.Large extent 3.moderate extent 2.Limited extent 1. No extent T .Total, S.d - standard deviation

From the above findings, the respondent suggested that advertisement fostered their rationale for spending supported by 6% to a very large extent and 94% to large extent implying that advertisement played a grander role in purchasing and shopping decisions. There was also motivational factors to consume on basis of after sale service where 62% of respondents supported this to large extent, 23% of respondents supported this to a very large extent, 12% moderate extent and 3% on limited extent.

The respondents indicated further that festivals and promotions also played a role in purchasing and shopping on motivational factor to consume where 38% of respondents supported large extent, 29% supported moderate extent, 18% supported limited extent, 9% supported to a very large extent and 6% supported no extent implying that festivals and promotions some played role while others didn't play role in purchasing decision. The respondents also suggested that company's past financial records on motivational factors to consume some indicated that financial records played role in purchasing decision where 29% was to large extent, 21% to a very large extent and 17% to moderate extent while other respondents didn't support the financial records a factor that would influence the purchasing decision where 21% of respondents supported limited extent and 12% supported no extent. On celebrity endorsement the respondent indicated that Motivational Factors to Consume supported large extent with 50%, moderate extent with 26% while to a very large extent with 24% this imply that celebrity endorsement played role in purchasing and shopping decision.

The factor that received the highest mean score and to a large extent on motivational factors to consume was purchase price with a score of 4.55 followed by advertisement with 3.94 then after sale service with 3.90 while word of mouth at 3.86, celebrity endorsement at 3.75 and festival and promotions at 3.65 and company's past financial records at the last position with 3.41. It can be said that product price highly stimulates consumption in purchasing and shopping decisions.

4.3.6 The Benefits of Consumption of Multinational Products

The respondents were asked to point out the extent to which the following benefits listed below enhance consumerism and consumption of multinational products in Kenya.

Table 4.5 Benefits of Consumption of Multinational Products

| Statement | Very Small Extent | Small Extent | Moderate extent | Large extent | To a very large extent | Mean | Std. Deviation |
|---|-------------------|--------------|-----------------|--------------|------------------------|------|----------------|
| Lifts your moods and leaves you satisfied | 0.6% | 3.8% | 20.0% | 33.9% | 41.7% | 4.0 | 0.84 |
| Lowers Stress levels | 0.3% | 1.6% | 24.9% | 20.0% | 53.2% | 3.5 | 1.18 |
| Improve social standing | 0.1% | 0.6% | 34.0% | 31.7% | 33.6% | 3.6 | 0.80 |
| Take advantage of sales offers | 0.2% | 0.5% | 12.1% | 50.1% | 37.1% | 3.6 | 1.13 |
| You enjoy shopping | 0.1% | 20.4% | 12.3% | 38.9% | 28.3% | 3.9 | 0.90 |
| Average | 0.32% | 45.32% | 36.92% | 23.1% | 20.78% | 3.72 | 0.97 |

Source: Fieldwork 2014

The respondents, having been asked to comment on the possible influences on their consumption choices, the results of the analysis found that 87.2% of the respondents pointed that sales offers influenced consumption of multinational products to a large extent. Similarly, moods shaped about 75.6% of consumption of multinational products, and 73.2% of the respondents agreed that the stress level guided their consumption habits. Another 67% of the respondents stated that improving social standing was a key ingredient towards their consumption pattern of multinational

products. Only 43.88% of the respondents indicated enjoying shopping was a contributor to their consumption of multinational products in Kenya.

On a 5 point scale the mean score of the all the responses was 3.8 which indicated that most of the respondents agreed that the benefits derived from consumptive patterns contributed to the consumption of multinational products in Kenya.

4.4 Discussion

According to the findings, consumerism had contributed notably towards the consumption of multinational products ranging from electronics, motor vehicles, loans, premium beverages and fashion items. In reference to the findings most consumers spent Kshs 30,000 to Kshs 49,999 for consumption of multinational products. The most influencing factor in their consumption choices was purchase price which had a mean score of 4.55, followed by advertisement at 3.94, after sale service at 3.90, word of mouth at 3.86, celebrity endorsement at 3.75, festivals and promotions at 3.65 and past financial records of the company at 3.41. Majority of the respondents agreed that consumption of multinational products lifted their moods and left them satisfied with that response garnering a mean score of 4.0. This was followed closely by the respondents who cited they enjoyed shopping for multinational products with a mean score of 3.9. Improving social standing and taking advantage of sales offers shared a mean score of 3.6 with lowering stress levels trailing with a mean score of 3.5.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings of chapter four, and also it gives the conclusions and recommendations based on the objective of the study.

5.2 Summary of the Findings

As per the objective of the study on how consumerism acts as a stimulus in the consumption of multinational products in Kenya, it was found that the most of the loans borrowed by consumers were spent on consumption of consumer products. This was a clear indication that most of the respondents borrowed loans for consumption purposes. The study further revealed most multinational products provided credit or payment terms that encouraged consumption and purchase, or have sales promotions to boost repeat buying of their products. The organization also placed great importance on consumer retention, customer relationship management, customization and one-to-one marketing so as to grow sales their sales and this highly contributed to the consumption of their products since the consumers were satisfied with the services provided by most of the multinational corporations.

The findings of the study further revealed that most multinational corporations were aggressive in pursuit of market leadership in their products and services. The findings showed that most multinational corporations were quick and adaptable in responding to the needs of customers. These multinationals were keen in monitoring the actions of their competitors in order to encourage repeat buying while also providing on shelf-tailor made products to suite the growing needs and requirements of their customers thereby swaying their actions and decisions. This highly contributed to

improved sales and revenues of the organization by providing more opportunities to create and develop strong relationships and partnerships with other stakeholders.

With regard to the amount of money spent on consumption, the results of the analysis showed that the highest amount of consumption by customers ranged between Kshs 30,000 to Kshs 49,999, this was explained by 29% of the respondents; Least amount of consumption that was found to be 1% for those who spent over Kshs 100,000. This was a clear signal that most consumers of multinational products spent between Kshs 30,000 to Kshs 49,999 monthly.

The chief motivational factors that was perceived to guide their purchasing decisions was found to be advertisement which according to the findings, exposed that 94% of the respondents agreed that advertisement played a pronounced role in purchasing and shopping decisions. The other factors that were alleged to impel purchasing decisions were after sales service, word of mouth, celebrity endorsement and festival and promotions.

In regards to the benefits that enhance consumption of multinational products in Kenya, the findings further discovered that customer moods, lowering stress levels, improving social standing and taking advantage of sales offers were the main contributors towards a consumerist culture in Kenya.

5.3 Conclusions

Based on the results from data analysis and findings of the research, the study concludes that most multinational corporations in Kenya are very active in promoting consumption of their products. This was achieved through favorable payment terms, sales promotions, putting greater emphasis on customer retention, customer

relationship management, customization and one-to-one marketing to grow sales. The study further concludes that customers have driving forces and motivational factors that approvingly affect their spending decisions of multinational products in Kenya.

5.4 Recommendations

The study recommends that the national government should encourage consumerism in order to create more demand for goods and services by encouraging the use of discretionary income for spending and purchasing. This will assist in steering the economy towards growth and development and thus create more opportunities for employment. This will be achieved through ensuring that there is a proper balance between debt and savings.

The study also recommends that the Kenya National Poison Board should put proper measures to ensure that all the organizations handling consumer products for instance multinational corporations abide to the stipulated regulations and procedures in order to create an enabling environment that will lead to increased consumption of goods and products in order to grow and expand the economy.

The study further recommends that the governing bodies and other policy makers should set economic policies placing emphasis on consumption. It is the consideration that the free choice of consumers should strongly orient the choice of what is produced and how and therefore orient the economic organization of the society.

The study also recommends that the Kenya National Bureau of Statistics (KBS) should set and formulate policies that ensure consumer protection against useless, inferior, or dangerous products, misleading advertising, and unfair pricing of products.

The Kenya National Bureau of Statistics should monitor and control the companies that offer consumer products in order to ensure that they engage in fair dealings with their consumers in both ethical and business related reasons to facilitate consumer welfare and satisfaction. The governing bodies should set up mechanisms to regulate business activities of organizations handling consumer products through responding to consumer concerns in order to win public confidence on the products sold by multinational corporations in Kenya.

5.5 Limitations of the Study

This study was carried out within a limited time frame and resources which constrained the scope and depth of the study. This necessitated the adoption of a sample design hence these findings cannot be used to make generalizations on how consumerism acts as a stimulus in the consumption of consumer products in all the other industries in Kenya.

5.6 Suggestions for Further Research

It would be interesting to carry out further research in other companies other than multinational corporations that are similar in terms of the products and the turnover of customers. Findings can then be compared to assess if there areas of commonalities or unique factors in relation to the influence of consumerism on consumption of multinational products in Kenya.

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APPENDIX 1: LETTER OF INTRODUCTION

APPENDIX II: QUESTIONNAIRE

Research is conducted with the authorization of the University of Nairobi, School of Business. I am a MBA student at University of Nairobi and I kindly request that you respond as objectively as possible to the questions listed below. I assure you that the findings of this study will be treated confidentially and will be for academic purposes only.

(Please tick responses as appropriate and where necessary tick as many items as you find relevant.)

Section a (i): Demographic Information of the Respondents

1. Name of the respondents (optional)
2. Age: 18 – 25 [] 26– 35 [] 36 – 45 [] 46 – 50 [] 51 and above []
3. What department do you work in?
4. What is your current title or position.....
5. How many years have you worked for the organization?
0-5 [] 6-10 [] 11-15 [] 16-20 [] More than 20 []

Section a (ii) Demographic Information of the Organization

1. Name of the organization.....
2. The ownership of the Organization
Foreign Private [], Foreign Public [], Local Private [], Local Public []
Any other, please specify.....
3. The age of the organization in Kenya
0 – 5 [], 6– 10 [], 11 – 15 [], 16 – 20 [], above 20 years []
4. Number of permanent employees
2– 35 [] 36 – 69 [] 70 – 103 [] above 103[]

Section B: How Multinationals Influence Consumerism Hence Encouraging Consumption of Their Products.

a) Please indicate the extent to which you agree with the following statements .The scale below will be applicable: 1=to a very small extent, 2= to a small extent, 3= to a moderate extent, 4= to a large extent, 5= to a very large extent.

| No | Statement | 1 | 2 | 3 | 4 | 5 |
|----|---|---|---|---|---|---|
| 1 | Your organization provides credit or payment terms that encourage consumption and purchase, or has sales promotions such as the opportunity to receive a discount, premium or enter a competition providing incentives for buying | | | | | |
| 2 | Your organization places great importance on consumer retention, customer relationship management, customization and one-to-one marketing so as to grow sales and encourage repeat buying by customers | | | | | |
| 3 | Your organization is aggressive in pursuit of market leadership in its products and service offerings. | | | | | |
| 4 | Your organization is flexible in meeting the needs of customers and/or responding to competitors actions so as to encourage buying actions and decisions. | | | | | |
| 5 | Your organizations places great meaning to its design, labels, brand image and public perception so as to inspire buyer confidence | | | | | |
| 6. | Your organization has bold goals, sales target, and aspirations for its product usage in the Kenyan market for the next 5 years and beyond | | | | | |
| 7 | You organization has scaled up investment in the Kenyan market aimed at developing strong local partners and relationships so as to boost consumption of its products | | | | | |
| 8 | Has your organization customized its products to suit the Kenyan and local consumer needs | | | | | |

b). How many loans do you have? Please Indicate (Include bank loans, Sacco loans, borrowing from friends and family).

.....

.....

 c). What do you anticipate to be your wining and dining out, fuel, monthly expenditure on magazine subscriptions, cable TV subscription, gifts to family and friends and new clothes and shoes the next three years

| Year | 2011 | 2012 | 2013 |
|---|------|------|------|
| Less than Kenya shillings (Kshs) 10,000 | | | |
| Between Kshs 10,000 - Kshs 19,999 | | | |
| Between Kshs 20,000 - Kshs 29,999 | | | |
| Between Kshs 30,000 - Kshs 49,999 | | | |
| Between Kshs 50,000 - Kshs 74,999 | | | |
| Between Kshs 75,000 - Kshs 99,999 | | | |
| Over 100000 | | | |

d). Which of the following items have you acquired in the last 6 months? (Check all that apply)

Smart phone/ tablet Bank loan Top-up existing bank loan New car Credit card Top up existing credit card limit High end whisky or cognac

e). How secure is your current and future income for consumption and maintaining your current lifestyle? (From sources such as salary, pensions or other investments)

Not secure somewhat secure fairly secure Very secure

Section C: Motivational Factors to Consume

a)

Scale the factors which would influence your purchasing/shopping decision (1 being least and 5 the highest)

| | 1 | 2 | 3 | 4 | 5 |
|----------------------------------|---|---|---|---|---|
| Purchase Price | | | | | |
| Word of mouth | | | | | |
| Advertisement | | | | | |
| After sale service | | | | | |
| Festivals and promotions | | | | | |
| Company's past financial records | | | | | |
| Celebrity endorsement | | | | | |
| Any other, please specify | | | | | |

b.) Given the menu of possible influences on your consumption choices, please rank the top three items that would most contribute to you buying a multinational product, by clicking in the appropriate boxes below.

- Peer pressure and 'band wagon' effect
- Purchasing power, revenue and availability of goods
- Occupation and age
- Personal beliefs and attitudes about a certain product

Reference group and membership groups

Personality, social class and self-concept

Advertising and promotional materials

Family influence

c.) Please Rank the most important benefits that you derive from shopping for Multinational products in Kenya.

| No | Statement | 1 | 2 | 3 | 4 | 5 |
|----|---|---|---|---|---|---|
| 1 | Lifts your moods and leaves you satisfied | | | | | |
| 2 | Lowers Stress levels | | | | | |
| 3 | Improve social standing | | | | | |
| 4 | Take advantage of sales offers | | | | | |
| 5 | You enjoy shopping | | | | | |

d). Are you a Saver or Spender

e). Do you switch your brands and products often? Yes No

f). If yes, what is your level of switching of the above?

Extremely high High Moderate Low

THANK YOU FOR YOUR TIME

APPENDIX III: LIST OF MULTINATIONALS

BANKING

1. Barclays Bank
2. CFC Stanbic Bank
3. Equity Bank
4. Standard Chartered Bank
5. N.I.C Bank
6. Co-op Bank of Kenya
7. Kenya Commercial Bank
8. Guaranty Trust Bank
9. Eco Bank

ALCOHOLIC BEVERAGES

10. East Africa Breweries Ltd
11. Keroche Industries

AUTOMOBILE AND ACCESSORIES

12. Toyota Kenya
13. Car and General (K) Ltd
14. Marshalls (E.A) Ltd
15. RMA motors group
16. Sameer Africa

RETAIL AND SHOPPING

17. Nakumatt Holdings
18. Uchumi Supermarkets

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