

THE MARKETING RESEARCH PRACTICES AND PERFORMANCE OF FAST MOVING
CONSUMER GOODS MANUFACTURERS IN KENYA

BY

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DECLARATION

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

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

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DEDICATION

This research project is dedicated to all the professionals who work tirelessly to further the uptake of marketing research around the globe, the pioneer Master of Science in marketing class at the UoN and my sponsors.

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I am grateful to God, the creator of the Universe and the creator of the potential within me, the Most High, whose faithfulness has been my strength. How awesome!

A research project is rarely the effort of one person and this study is no exception. I am deeply indebted to all the people whose names appear below who have supported, guided and influenced me during the difficult times of producing this work.

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Mr. and Mrs. Njagi, my parents, thank you for believing in me and for the unwavering support. You are and have, been my very strong pillar through all my accomplishments in life.

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ABSTRACT

Not all attempts at measuring markets or consumers constitute marketing research. For such an attempt to qualify as marketing research, one must follow the scientific process and in this regard, marketing research is the systematic gathering and interpretation of information about markets using scientific methods of data collection, analysis and insights generation for decision making. It is defined by the American Marketing Association as the function that links the consumer, customer and public to the marketer through information. As such, it involves specifying the problem, gathering data, the analyzing and interpreting those data to facilitate decision making. The origins of consumer research can be traced to the post world war 2 American economy and the need to understand buyer wants and needs. Currently, marketing research can be viewed from two philosophical angles; positivists and post-positivist views. It can also be broken down into problem finding and problem solving research. Any research that investigates the marketing research practices in Kenya will build into the body of knowledge in research. The objective of this study was to investigate the marketing research practices and performance of FMCGs in Kenya. It being a descriptive study, it utilized descriptive statistics to show correlation between certain FMCG characteristics and certain aspects of marketing research practices and organizational performance and therefore not to prove causation of performance by certain marketing research practices. Data was collected using a self-administered questionnaire, transcribed and coded into SPSS for analysis. The sample was selected purposively with an equal number of 20 MNCs and 20 Local companies totaling to a sample of 40 companies. The study found out that all FMCGs practiced at least one form of marketing research and that all FMCGs hold marketing research as a key determinant of organizational performance. However, FMCGs in different sub-industries prefer different research methods and different research providers because their sub-industries' characteristics demand different sets of KPIs. There was very little uptake of revolutionary research methods; online and mobile research, big data mining and open source research kits. However, traditional research methods have seen significantly greater uptake than in 1975 and 1996. Existing challenges have not prohibited the growth of marketing research and most FMCGs are of the view that there is no area in business which marketing research has no solutions for. Firms however need to diversify their research practices, and expand internal research capabilities by hiring more researchers to be in charge of research modeling, development and execution and work in tandem with marketers in implementing research insights. Academic institutions must adapt to the rapidly changing research landscape by training more students in new and upcoming research tools but most importantly, training more students in the ability to correctly generate actionable insights from any research tool in use. Research providers also need to be well aware of the realities, needs and trends of the clients businesses and by so doing come up with better models that will in a better way create solutions for their research problems. They must also be well aware that a majority of clients deem researchers as un-ethical and all in the field of research must work to transform this ignoble notion about research before any trust can be placed by clients to any creative solutions.

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LIST OF ABBREVIATIONS

| | |
|---------|--|
| FMCGs – | Fast Moving Consumer Goods Manufacturers |
| MR – | Marketing Research |
| HVE – | High Velocity Environments |
| ROI – | Return on Investment |
| OTIF – | On Time and In Full |
| R& D – | Research and Development |
| NPD – | New Product Development |
| EPZA – | Export Processing Zone Authority |
| KAM – | Kenya Association of Manufacturers |
| OP – | Organizational Performance |
| OE – | Organizational Effectiveness |
| CAPI – | Computer Aided Personal Interviews |
| IDI – | In Depth Interviews |
| GPS - | Global Positioning Systems |
| EAC – | East African Community |
| SUSA – | Sub Saharan Africa |

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

FMCGs operate in a market characterized by low prices, low contribution margins, products with short shelf lives which are easily substitutable and purchased frequently often in a process that is hardly involving hence the manufacturers have to have a wide distribution network and be prepared for high stock turnovers, intensive competition and dramatic changes in technology. Consumer preferences change so fast requiring businesses to be constantly up-to-date in their strategic responses and definition of priorities (Richard and Collin, 2005). These factors mirror those identified by Eisenhardt in 1989 describing businesses operating in HVE. Due to these challenges, firms adopt different marketing strategies namely; entry into different markets, concentration on some markets, differentiation and cost leadership and expediency (Porter 1980, Keegan & Greene, 2008).

Marketing research has undoubtedly become a widely acceptable way of gaining an upper hand in this volatile environment. In the 1950s, such marketers began to realize that they could sell more goods easily if such goods were what people already wanted to buy (Kotler, 1997). Kashani (1996) suggested that an appreciation of market forces and customer needs and an organization's contribution to the creation of superior value to customers is a necessity for an organization to maintain market responsiveness. In a high velocity market environment, such appreciation can determine success or failure of strategy.

The issue of success and failure has been the focus of many studies in organizational performance (Kirby 2005). This is because although the concept of performance has been widely studied, there has never been a consensual definition, but rather an assumed appropriateness (March & Sutton, 1997). Loosely, performance can be defined as the bad and the good outcomes of strategic choices and management decisions. Organizational performance is critical not only to management but also to the other stakeholders; owners, shareholders, competitors, government, society and others.

1.1.1 The concept of marketing research

Marketing research can be defined as loosely as the collection and analysis of data for someone else to use. It can further be defined as a function within an organization that links the 3 key

stakeholders; consumer, customer and public to the organization through information. Others define marketing research as the systemically controlled critical observation of natural phenomena against existing theory and hypotheses about the presumed relational patterns among such phenomena. All formal information searches may be described loosely as research but not all research is scientific research. Scientific research is distinctively grounded in philosophical perspective leaving room for researchers to choose what they believe constitutes the most appropriate philosophical position from which methods of research should be derived. In this regard, schools of thoughts have emerged leaning either towards positivist and phenomenological or post-positivist but either school of thought has its own set of assumptions and resultant methodological implications associated with its position. Research work rarely fits neatly into a particular school of thought but rather tends to subscribe to a particular school of thought (Bhattacharjee, 2012).

The information resulting from marketing research is used to identify and define marketing opportunities and problems; creating, refining, and evaluating marketing plans, monitoring marketing performance against the plans, and improving understanding of marketing as a process. Marketing research specifies the information required to address the issues occurring under marketing and designs the method for collecting information including the management and implementation of the data-collection process; analyzing the results communicating the findings and their implications on marketing. There are elements of uncertainty and risk attached to all business decisions and the main difficulty is how to reduce the risk involved in the choices that are made. Because marketing research provides information for marketing decision-making and problem – solving, it may also be regarded as part of the marketing information system (Scott & Gerald 2012).

The field of marketing research is organized into two distinctive broad branches; problem finding research and problem solving research. Problem identification research is then further split into macroeconomic sections such as; market potential research, market share research, sales analysis research, forecasting and trends research and finally branding and image research. Problem solving research on the other hand can be split into tactical sections in marketing such as; market segmentation and research focusing on the 4P's ;product, pricing, promotion and distribution/ logistics (Malhotra, 2004).

1.1.2 The concept of marketing research practices

The practice of marketing research refers to how firms action marketing research. Fast moving consumer goods manufacturers do this through one of two ways; internal research departments or external specialist research agencies (Kibera, 1996). In the practice of marketing research however, the divisions aforementioned reduce into; preliminary research which is often a prerequisite for the final problem definition, conclusive research which is carried out to provide evidence to support the predetermined relationships and performance research which monitors the effectiveness of marketing strategy execution (Hair et al, 2002).

There has been a global transitioning from internal research towards using outside marketing research suppliers. It is believed that more complex and sophisticated research techniques being developed and internal staff lacking the necessary skills to employ these new techniques are the major contributors towards this trend. These agencies offer types of research that range from custom designed studies which seek to meet specific needs of the buyer, syndicated studies which are ongoing studies conducted continuously or periodically using the same basic data, that are reported separately to multiple clients and standardized studies which are based on specific or unique methods (Kent, 2007).

Recently, businesses have drastically changed the way in which they handle information. Consequently, the role of marketing research has undergone substantial change. The change is ongoing and no one can confidently allude to the fact that it is now statically entity in information management and marketing strategy. This calls for researchers adapting to the highly volatile business environment and being ready to deal with decisions that did not previously exist. It accentuates the need for innovation and creativity in marketing research to come up with new ways of investigating these new types of problems (Zikmund & Babin, 2010).

1.1.3The concept of organizational performance

Performance can be loosely defined as the outcome of strategic choices and management decisions. It is thought of as an intra-organizational concept encompassing only the outcome of controllable variables e.g. organizational resources. However, outcomes can also be tied to extraneous factors over which the management has little control e.g. business environment. This controversy has been noted by management researchers with Kirby (2005) suggesting that the definition of OP is open with few studies using consistent definitions and measures. Defining OP

therefore requires an understanding of the concept of organizational effectiveness. Richard et al (2009) argued that OP is one of the indicators of OE. OE is broader and captures OP plus internal performance outcomes normally associated with operational efficiency and effectiveness and other external measures that relate to considerations beyond economic valuation (Cameron & Whetten, 1983).

OP is narrower and encompasses three specific areas of firm outcomes: financial performance, market performance and shareholder return which within themselves include; profits, return on assets, return on investment, sales, market share, total shareholder return, economic value added, etc. The narrower focus of OP enables stakeholders to make meaningful comparisons across firms and industries. However, what is evident is that even with a narrower focus, OP is not a uni-dimensional theoretical construct and is un-characterizable with a single operational measure. Richard et al (2009) argues for multi-dimensionality in research and identified three major sources of multi-dimensionality within research; the stakeholders for whom a performance measure is relevant, the landscape over which performance is being determined and the timeframe relevant in measuring performance? Consequently, validly measuring performance requires allowing for these sources of multidimensionality.

1.1.4 Fast Moving Consumer Goods Manufacturers in Kenya

Fast moving consumer goods manufacturers in Kenya fall into two distinct categories; multinationals and local firms. The history of multinational corporations in Kenya dates back to early 1900 when Dutch Shell Corporation first set up shop in Mombasa. Although they imported refined kerosene in cans and gasoline in drums then decanted into cans for sale, they set the bar for other multinationals looking to set up shop in Kenya. This trend carried on with the likes of East African Breweries setting up shop in 1922 up until the country gained independence from the British which was followed by a period of nationalization of industries. The government started buying into foreign firms that were initially set up to serve colonial families. Among these companies was Kenya Industrial Manufacturing Board which was a colonial entity that was later on re-named East African Industries under the new local government. It was singularly responsible for introducing into the market the big house hold brands like Omo, Blue Band, Kimbo; coined as an acronym of the manufacturing board, Cow Boy and Tree Top. These brands

were not only the market leaders but also the only brands in Kenyan homes up until the market was liberalized in the early 1990s (www.cak.go.ke).

Although manufacturing in Kenya dates back to the colonial times, fast moving consumer goods manufacturing became prevalent post-independence (EPZA,2004). Due to the lack of consumerism at that time, the highly informal retail culture, infrastructural inadequacies and low economic power of the customers at that time, fast moving consumer goods did not move as fast. An increasingly educated population and the promise of future economic growth however kept the businesses going and new ones e.g. newspaper manufacturers developing. In the early 90s, the Kenyan market was becoming increasingly liberalized. This led to increased consumerism and a shift into formal retail which provided an impetus for the revitalization of fast moving consumer goods and a proper channel to get them to the final consumers. Fast moving consumer goods became fast moving in Kenya. Multinationals like the lever brothers and proctor and gamble bought smaller local firms like East African Industries and Vicks to gain access into the market. The media also became liberalized creating a channel for advertisement that previously existed under strict state control though the state owned radio and television station (www.stadardmedia.co.ke).

Currently, there are hundreds of fast moving consumer goods manufacturers with most of them being locally owned. Some multinational firms have since closed manufacturing operations and merely distribute products imported from other countries. Whereas initially, packaging, foods and personal care dominated FMCGs, there are now many other products categories contending (www.kam.com).

1.2 Research Problem

Propositions have also been made about what normally drives firms to prioritize marketing research; increased competition and improved economic conditions. The prevailing economic conditions and competition have evolved and the dimensions therein changed. The advancement of information and technology has resulted in a more informed and choosier consumer. Global political ideologies have also shifted with opinion leadership shifting from the traditional west to the Far East and terror threats exceeding other social ills and highly influencing consumption choices and patterns. All these dynamics point to different information needs and by extension different information acquisition practices which need to be studied and expounded upon.

Marketing research has since its establishment provided a viable information source for firms including manufacturing firms. Marketing research has also evolved with the changing needs to provide information not only about internal factors but also environmental concerns. It has also adapted to changing organizational priorities with internal research departments being stripped to cut costs and the role of the trimmed down internal organizations being quickly identify and anticipate relevant information needs and liaising with external organizations which have evolved to deliver the information in a timely manner and using very sophisticated methods the cost of which could be substantially higher than some of the investments manufacturing firms make towards their establishments. Understanding how firms are currently utilizing this apparently vital resource as well as its evolution in Kenya is therefore very important.

FMCGs are among the countries top employers and contributors to the national GDP. With increased competition and improved economic circumstances, the business environment will become more complex. Manufacturing firms have to account for resource utilization. The level of resource commitment required for information acquisition and by extension marketing research need to be justified to stakeholders. Therefore, understanding just how much contribution information and marketing research makes to firms' performance is important to begin justifying its future worth to profit maximizing entities. Also, as this is a comparative study, the narrower focus of organizational performance as earlier stated enables meaningful comparisons across firms and industries.

Various studies have been carried out on the links and discordance between marketing theory and research around the world (Aaker 1988; Bharadwaj, Varadarajan and Fahy 1993; Day and Wensley, 1988; Mckey, Varadarajan 1990) and in Kenya (Kibera 1996, Gichuche 1975, Kaiga 2013). However, none have been carried out specifically aiming to understand how fast moving consumer goods manufacturers practice marketing research in Kenya and further what effect the practice of marketing research has on their performance.

This study will therefore seek to answer the following question; What are the marketing research practices carried out by fast moving consumer goods manufacturers in Kenya that help to improve their organizational performance?

1.3 Research objectives

The objectives of this study will be;

- I. To determine the extent to which FMCGs in Kenya practice marketing research
- II. To establish the relationship that exists between marketing research practices and performance of FMCGs.

1.4 Value of the study

Manufacturing is currently the third largest employer in the Kenyan private sector contributing over 77 trillion Kenya shillings to households' income in the year 2013(KNBS, 2014). All FMCGs are essentially fishing in the same pond and the manner in which they approach information gathering, dissemination and application can determine their success. For the local firms, research has shown that up-to eighty percent of all start-ups fail within their first five years of operations (www.forbes.com) and one of the reasons identified was lack of competitive research which leads to poor positioning and yet another was financial impropriety. This study will give readers pointers to the research practices adopted by successful firms. These insights can then be incorporated to the body of knowledge and passed on to entrepreneurs in incubation programs.

Marketing researchers have a varied client base and may know by deduction, what matters to which type of clients, however, no matter how workable a current strategy is, it will eventually lose its spark and in an ever changing business environment, it is imperative that marketing researchers keep informed of changing consumer preferences and in so doing keep their product relevant. This study will seek to identify issues that are currently insufficiently addressed by research for which new and better methods can be developed.

To marketing research students, this study will offer a peek into the mystifying world of business and the research tactics they are learning that they will eventually need to hone their skills on due to their increased relevance, it will also answer the long standing question in their mind, whether research methods matter to clients or are they only interested in the solution.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter discusses the theories that influence the practice of marketing research and discusses further the concepts of marketing research including the various divisions of marketing research and its constituent processes. It will also discuss the link between the known marketing research practices and organizational performance within the context of fast moving consumer goods manufacturing.

2.2 Theories influencing the practice of marketing research

Bhattacharjee (2012) described theories as statements put forth to explain and predict phenomena. Marketing research practices fall under organizational behavior and therefore can be explained by theories of organizational behavior. In management, a subset of organizational behavior, firms can either work towards adapting to their environment or attempting to influence their environment (Varadarajan and Cunningham, 1995). Theories that can guide the choice of approach for a study focusing on performance include the resource dependency theory, resource advantage theory of competition, agency theory and the theory of strategic behavior.

2.2.1 Comparative advantage theory of competition

This theory was developed to rival the neoclassical theory of perfect competition under which command based economies were structured. The theory posits that competition is in essence the constant struggle for a comparative advantage in resources that will yield a market place position of competitive advantage and thereby superior financial organizational performance. All the activities that contribute to the position of competitive advantage or the absence of which would contribute to the position of competitive disadvantage are presumptively pro-competitive. Marketing and marketing research activities are no exception (Shelby and Robert, 2005).

It further argues that if marketing is presumptively pro-competitive, then resources are distinctively marketing that might yield a comparative advantage should be clearly identifiable? Competencies relating to marketing activities constitute resources when they contribute to the firms' ability to produce efficiently and effectively marketing offerings that have value. Although differentiation is touted as a source of competitive advantage, this theory disputes this and argues instead that it is the resource advantage occasioned by differentiation that brings forth competitive advantage. The theory explains why economies with competing firms are superior to

economies where firms cooperate in terms of quality, quantity and innovativeness of goods and services and also the phenomenon of firm diversity in market based economies. Because it borrows heavily from the revolving resource-based theory of the firm, it is also known as the resource advantage theory of competition from strategy literature (Barney, 1991). The philosophical backdrop of this theory also points to an organization seeking to control its environment.

2.2.2 Agency theory

The agency theory is also called the principal-agent theory. Its origins can be traced to contributions by Ross (1973) seeking to explain two party relationships hence the principal-agent association. Such two party relationships include relationships between an employer and its employees, an organization's executives and shareholders or buyers and sellers whose goals are not congruent with each other. This theory therefore aims to specify optimal contracts and the conditions under which such contracts may help minimize the observed goal incongruence by recognizing that human beings are self-interested individuals, boundedly rational, and risk-averse. The theory can therefore be applied to individuals or organizations.

The two parties in this theory are the principal and the agent. Whereas the principal employs the agent to perform certain tasks on its behalf, the principal's goal is quick and effective completion of the assigned task, while the agent's goal may be working at its own pace, avoiding risks, and seeking self-interest over corporate interests, hence, the resultant goal incongruence. Compounding the incongruence may be information asymmetry problems caused by the principal's inability to adequately articulate the agent's behavior or skill sets. The information asymmetry often leads problems such as the agent failing to exert the effort needed to get the task done (the moral hazard problem) or misrepresenting its expertise in order to get the job but not performing as expected thereafter (the adverse selection problem). Contracts and M.O.U's are thought to curb such problems; however they have proved incapable of completely eradicating them. As a result, the agency theory puts forward the use of a mix of contracts that combine behavior-based e.g. monthly pay or retainer fees and outcome-based incentives e.g. employee stock options, or out rightly leaning more towards outcome-based contracts, such as a commissions or a fee payable upon task completion.

In addition to mixed contracts and behavior based contract execution, the theory also argues for implementation of tools that improve the efficacy of such contracts. The tools include monitoring systems e.g. supervision and timing of the contracts especially renewable contracts as opposed to fixed contracts. Lastly, structuring tasks in a contract in such a way that tasks become more programmable and consequently observable (Bhattacharjee, 2012). This theory points to an organization attempting to balance between controlling its environment and adjusting to it.

2.2.3 Strategic behavior theory

Strategic behavior refers to actions which a firm takes to improve its competitive position relative to actual and potential rivals; in order to gain a permanent commercial advantage thereby increasing its long-run profits. Carlton and Perloff (1994) refers to actions to influence the market environment and so increase profits while Martin (1993) refers to investment of resources for the purpose of limiting rivals' choices. Strategic behavior thus refers to conduct which is not economically inevitable, but which is the outcome of a conscious attempt to shape the firm's market environment to its own lasting advantage and to the competitive disadvantage of rivals.

There are two categories of strategic behavior: Non-cooperative behavior occurs when a firm tries to improve its position relative to its rivals by seeking to prevent them from entering a market, driving them out of business or reducing their profits. Cooperative behavior occurs when firms in a market seek to coordinate their actions and therefore limit their competitive responses (Smith and Round, 1998). Hynes and Mollenkopf, (1998) points out that companies are expected to form cooperative agreements if they believe that the arrangements will better enable them meet their strategic objectives, with the focus being on maximizing profits. This form of cooperative behavior occurs in market based economies and should not be confused with the imposed cooperation of command based economies. This theory points to organizations forming alliances as an attempt to proactively alter their environment as opposed to trying to adjust to it.

2.3 Marketing research

Marketing research can be defined as loosely as the collection and analysis of data for someone else to use. It can further be defined as a function within an organization that links the 3 key stakeholders; consumer, customer and public to the organization through information. Kerlinger (1986) defined marketing research as the systemically controlled critical observation of natural

phenomena against existing theory and hypotheses about the presumed relational patterns among such phenomena.

As such, MR is an organized and systematic way of finding answers to marketing questions and in as much as it is always influenced by a researchers' research philosophy, it should be free of the personal or political biases of the researcher (Beckham, 1982). In order to understand marketing research, one needs to trace back to the roots of marketing and its association to demand creation and marketing research. Marketing, is concerned with demand creation, demand activation or demand generation (Shaw and Jones, 2005), and propaganda or the conditioning of buyers or sellers to a favorable attitude.

Marketers therefore, Converse (1951) attested, are interested in increasing or stimulating human wants in such a way that individual sellers can exploit them. This leads them to the understanding of basic marketing tactics such as; advertising, salesmanship, and merchandising, marketing research and packaging. Marketers' active interest in selling to consumers has necessitated the adoption of the customer's viewpoint in an effort to produce those goods and services likely to appeal to them, for this reason, marketing practice is increasingly viewed in more favorable terms in the boardrooms of modern companies.

The appeal of marketing can also be attributed to Second World War (Tadajewski, 2009) since the postwar world historically represents the most competitive landscape business had ever seen and the resultant need to acquire customers led to the need for understanding the consumers' needs, wants and desires as a business priority. Understanding these wants, needs and desires necessitated a method for doing this and motivational research was born. This development was however overshadowed by the war which was at the same time raging between scholars as to whether marketing was a science or an art. This war would later manifest in research as a battle between the positivists and post-positivists keen on interpretive or qualitative approaches (Buzzell, 1964). Consensus has it that positivist research is interested in the prediction or explanation of consumer behavior, often using large scale survey research and quantitative methods to produce generalizations about what kinds of behavior a given population of people will engage in. By contrast, for motivation research and interpretive research, the aim is to understand why people engage in certain forms of consumer behavior (Hudson and Ozanne, 1988; Tadajewski, 2006).

The decline in the 1960s of motivation research in academia was not matched by a decrease in motivation research as a business practice. As a result, its key advocates led its translation into psychographics. Marketing scholars maintained its methodological underpinnings including qualitative methods and various psychological theories, which were then used to improve market segmentation techniques. These psychological theories include; personality traits and demographic information. Currently, marketing research is widely regarded to encompass both positivist and interpretive philosophies with some researchers subscribing to either of the two and others still basing their studies on a combination of the two. The field of marketing research is organized into two distinctive broad branches; problem finding research and problem solving research. Problem identification research is then further split into macroeconomic sections such as; market potential research, market share research, sales analysis research, forecasting and trends research and finally branding and image research. Problem solving research on the other hand can be split into tactical sections in marketing such as; market segmentation and research focusing on the 4P's ;product, pricing, promotion and distribution/ logistics (Malhotra, 2004).

Businessmen contend that there are elements of uncertainty and risk attached to all business decisions and focus on how to reduce the risk involved in the choices that are made. Marketing research seeks to provide information that when used in business decision making, reduces the element of risk. Marketing research does so using a standard six step process that can be modified to suit situations and methods. The process identifies issues, specifies the information required to address these issues; designs the method for collecting the required information; manages and implements the data-collection process; analyzes the results; and communicates the findings and their implications (Scott & Gerald 2012).

2.4 Organizational performance

Organizational performance is a term used to denote the outcome of strategic choices and managerial decisions. Historically, it was expressed as either success or failure but advances have been made in its definition turning it into a broad construct that allows managers to evaluate firms over time and compare them to rivals. Organizational performance is the most important criterion used universally by all stakeholders in evaluating organizations, their actions and environments (Richard et al, 2009). However, controversy has been noted by management

researchers with Kirby (2005) suggesting that the definition of organizational performance is too broad, lax and surprisingly open with few studies using consistent definitions and measures.

Defining OP therefore requires an understanding of the concept of organizational effectiveness. Richard et al (2009) argued that OP is one of the indicators of OE. OE is broader and captures OP plus internal performance outcomes normally associated with operational efficiency and effectiveness and other external measures that relate to considerations beyond economic valuation (Cameron & Whetten, 1983).

OP is narrower and encompasses three specific areas of firm outcomes: financial performance, market performance and shareholder return which within themselves include; profits, return on assets, return on investment, sales, market share, total shareholder return, economic value added, etc. The narrower focus of OP enables stakeholders to make meaningful comparisons across firms and industries.

In management theory, the balanced scorecard further exemplifies performance measures by considering four strategic view points; financial perspective, customer perspective, internal business perspective and innovation and learning perspective and basing them on the following questions; how do we look to our shareholders? With the aim of appearing to prosper, succeed and survive to shareholders the measures for which include; cash flow, ROI, market share and sales growth and operating income at division level. How do customers see us? With the aim being to appear as the progressive, responsive and preferred partner the measures for which include; new products as a percentage of sales, OTIF deliveries, number of joint projects and percentage of key account purchases. What must we excel at? With the aim of excelling at technological ability, operations excellence, R&D productivity and NPD activity the measures for which include application turnaround, yield percentage, fastest output and introduction schedule versus plan. Can we continue to improve and create value? With the aim being to continually improve on technology leadership, process and time to market the measures for which include; first with the next generation item, downtime percentage and cycle time versus industry norm (Kaplan and Norton, 1992).

Although many performance measures have been suggested, a profit making firm's major objective is superior financial performance which as Jacobson (1992) suggested, it pursues under conditions of imperfect and often costly information about customers and competitors. Porter

(1991) identified a firm's success as superior and sustainable performance relative to the world's best rivals. He also acknowledges that there could be other objectives but Shelby and Robert (1995) argued that such other objectives are enabled by the accomplishment of financial objectives and are therefore secondary. The term superior was taken to mean that in all its objectives, the firm seeks to acquire performance that exceeds that of its referents often close competitors. The term superior was also deliberately chosen as an alternative to maximum performance because firms do not seek to maximize performance partly because such performance is constrained by the managers' sense of morality and because firms operate under bounded rationality and they lack the information necessary to do so (Simon, 1979).

2.5 Marketing research practices and organizational performance

The practice of marketing research refers to how firms action marketing research. Fast moving consumer goods manufacturers do this through one of two ways; internal research departments or external specialist research agencies (Kibera, 1996).Whereas the presence and nature of a research unit within an organization indicates the level of seriousness about MR, whether the firm uses its own researchers or hires an external researcher becomes the main focus of research practices. Marketing research theory guides the 'what and how' of doing research, in practice focus expands to the when, where, why and by whom of research. The aforementioned divisions are reconstituted into; preliminary research which is often a prerequisite for problem definition, conclusive research which is carried out to provide evidence to support the assumed relationships and performance research which monitors the effectiveness of marketing strategy (Hair et al, 2002).

The practice of marketing research also encompasses the research process; the methods and procedures to be used in conducting research. This includes decisions ad plans concerning the research design; descriptive, correlational, experimental, meta-analytic) and the study sub-type (e.g. descriptive orthogonal), research questions, hypotheses, independent and dependent variable, data collection methods and a statistical analysis plan. In addition to these decisions, in practice, a researcher is also required to decide on mixed methods action ability and timing, for example, beginning with a brief exploratory desk study followed by a qualitative study which could then be used to supplement a quantitative field survey. Methodological considerations also include decoding a business problem and reconstituting it into a research problem which is

further broken down into specific objectives to guide the study and research questions. After coming up with relevant questions, a researcher should then decide on the most appropriate data collection method and guided by sample requirements decide on respondent identification and selection. Finally, after data collection, carry out data preparation; editing, coding and analysis or processing. Recent practices dictate the reporting preferences; tabular, slide shows, quick-views through shared networks and in-person reporting to relevant stakeholders (Kurtz et al, 1982).

There has been a global transitioning from internal research towards using outside marketing research suppliers. It is believed that more complex and sophisticated research techniques being developed and internal staff lacking the necessary skills to employ these new techniques are the major contributors towards this trend. These agencies offer types of research that range from custom designed studies which seek to meet specific needs of the buyer, syndicated studies which are ongoing studies conducted continuously or periodically using the same basic data, that are reported separately to multiple clients and standardized studies which are based on specific or unique methods (Kent, 2007).

In understanding what role marketing research plays in organizational performance, it is better to begin with clarifying the two separate ideas; marketing concept and market orientation. Although both concepts can be traced to the 1950s, market orientation was developed from the marketing concept. The marketing concept stressing the importance of being customer led (Webster, 1994) by making all areas of the firm customer oriented, integrating all marketing activities and having profits not just sales as the primary objective. The concepts' customer orientation; knowing one's customers and developing products to satisfy their needs, wants and desires has been considered paramount. Indeed, it defines a distinct organizational culture that puts the customer in the center of the firm's thinking about strategy and operations and acts as a guiding philosophy for the whole organization with evidence pointing to improved performance for firms that adopt this wider approach (Hooley, Lynch and Shepherd, 1990).

A market orientation stresses the importance of using information about markets; customers and competitors in the formulation of strategy. Therefore, knowledge about ones competitors, their products, prices and strategies could potentially enable a firm produce a market offering more efficiently and effectively than competitors (Glazer, 1991). The term potentially here signifies the subjectivity of the assertion because a market orientation can produce a comparative

advantage only if it is rare among competitors (Barney, 1991) because if all competitors adopted a market orientation and implement it equally well, then a comparative advantage accrues to none. The rarity of a market orientation and uniqueness in approaches to implementing it has however been proven in studies e.g. Jaworski and Kohli (1993) who by looking at the antecedents and consequences of market orientation concluded that it was important for a firm's success regardless of the market turbulence, competitive intensity and technological turbulence of the environment in which a firm operates. This argument can be extended to marketing research practices in that, if all firms adopt marketing research and implement it equally well, then a comparative advantage accrues to none, but good, reliable, rigorous and timely research is rare therefore the firms that can access it, retain a comparative advantage the proper use of which can lead to a competitive advantage.

Simon (1979) argued that firms operate under conditions of bounded rationality and often lack the information necessary to maximize performance and despite the intellectual arguments about the correct research philosophy, motivation research developed to bridge this information gap. Initially, it provided information pertinent to the marketing concept and its constituent 'four Ps' and due to this was later on renamed to marketing research. Just as market orientation was born out of the marketing concept, market research was born out of marketing research to bridge the information gap about competitors and the general business environment. Logically therefore, as long as the marketing concept and market orientation provide grounds for superior performance to firms, the marketing research methods and practices upon which these concepts are resourced remain paramount to organizational performance as well (Malhotra, 2004).

2.6 Challenges facing the practice of marketing research

Marketing research is vital to firms' marketing information systems and its implications are as far-reaching and awe-inspiring as can be imagined. Although undoubtedly, all firms would want to practice marketing research and by so doing gain comparative advantage which could then translate to competitive advantage, most firms find themselves either incapable of initiating research, proceeding with research, or effectively utilizing research insights in decision making.

Although each research study and situation carries with it its own set of problems, talks with seasoned researchers point to three sets of problems; pre-study problems, study problems and post study problems. Pre-study problems range from cluttered research briefs and impossible

expectations In terms of delivery times and scope of study including hard to reach respondents' requirements and mixed methods negotiations. Other challenges that manifest before a study commences include sample quota setting and selection which has a profound effect on project costs and duration. In addition to sampling challenges, questionnaire design and interview guide development offer some challenges as well. However, as such challenges are situational and contextual, researchers often find it wise to include clients or stakeholders in each step of study conceptualization and planning to mitigate against such challenges. Lastly, research agencies find it necessary to agree on deliverables based on their core competencies and also bargain for a fee and payment plan before a study commences and if need be only start a project after receiving an order number from a client.

Challenges faced after a study commences usually have to do with researcher facilitation, access to respondents' and respondent and researcher conduct during interviews or observation. In some projects e.g. product concept market testing, issues to do with samples being detained by the target countries' customs department due to festering diplomatic issues with the country of origin are also common. Infrastructural considerations have also been known to extensively alter research methodologies, for example, CAPI has at times become impossible due to lack of electricity at respondent's homes if in IDI or sometimes necessitating data capture; video, audio or simply note taking by mobile phone which effectively alters the methodology from CAPI to mobile research. When carrying out research in foreign markets, data collection necessitates making use of interpreters which opens the possibility of meaning getting lost in translation during note taking. To overcome this, researchers often make use of multiple levels of redundancy employing video capture and audio recording to supplement note taking by multiple data entry clerks, however, sometimes insights have been lost due to shoddy data transcription from audio recordings to text.

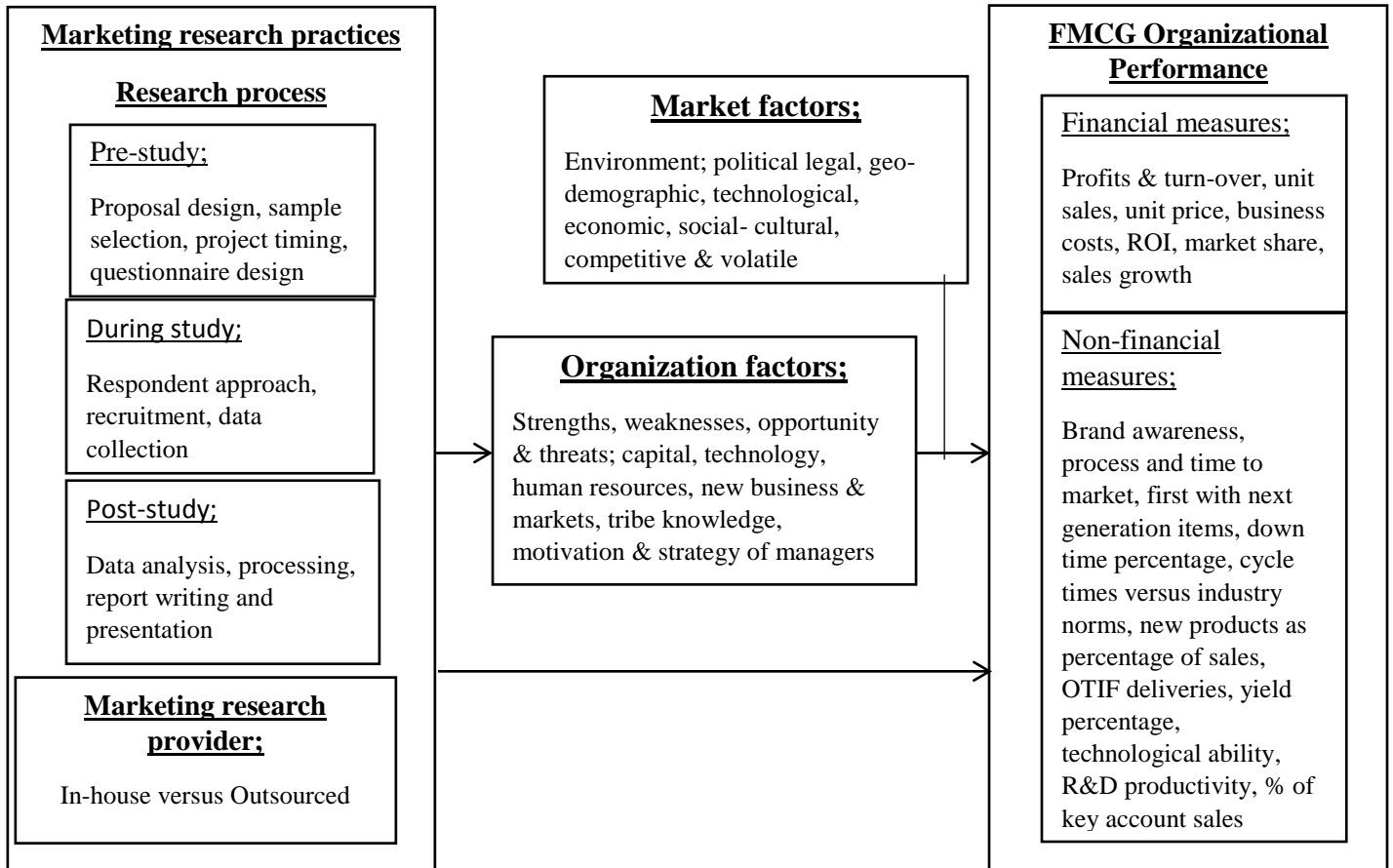
At other times, respondents have been known to respond curtly to questions, fail to turn up for focus groups or show up late, at other times, responses rates have been known to fall below par while at other times, interviewers even though totally professional in their conduct simply fail to get through to particular respondents due to the peculiarity of interpersonal relations. Ethical concerns also arise due to this interaction between the respondent and interviewers often having to do with proper sample quota adherence, disclosure of the study purpose and respondent rights.

To mitigate against these, research directors make use of tools such as the Kish grid for randomization purposes, inclusion of introduction segments in the interview brief for qualitative studies and questionnaire introduction pages in quantitative studies. There are also mitigation measures such as respondent screening questionnaires, with back-checking sections in corresponding survey questionnaires. However, even though researchers have counter measures to such challenges, there are instances where a solution is not at their behest and as such necessitating the extension of field work periods which is a researchers nightmare give the associated cost implications. Interviewer insincerity is a notable problem facing research project managers which has been solved In part using mobile data collection ad GPS to track interviewer movement in assigned areas, where data collected is sensitive and valuable for example in retail audits, having retailers send data directly to the processing teams via official email prevents the misuse of such data and strengthens data integrity.

Challenges that arise after field work is completed have more to do with the data preparation, analysis or processing plan in place. Coding errors can result in insights errors and to mitigate against these, researchers make use of data capture templates that come with pre-identified or coded columns in tabular templates. Data analysis also proved challenging in pre-computer periods but such challenges have been largely reduced by computer aided data processing often carrying out complex statistical analysis on large data sets concurrently. After data processing or analysis, the next major challenge that more often than not proves to be a differentiator between average and excellent researchers is insight generation and communication. Amply covered in the field of computer and machine cognition, making sense of sense making is a researcher's single most trying challenge (Gary et al, 2006). This however is easily countered by extensive knowledge in the subject of study and vast experience in both research and area of study. On communication, in the past, research executives had to go in person to clients' meetings or stakeholder briefing. This is gradually ceasing to be the case as more and more repeat clients opt to get their reports through online access portals operated by the supplying agencies with access grated after vetting. Similarly, such clients are able to access live feeds of studies in progress e.g. live feeds of mystery shopping.

2.7 Conceptual framework

2.7 Conceptual framework



CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter clarifies the methodology that was adopted in the conduct of this study. The methodology was based on premises such as the research design, population of the study, sampling frame, sampling design, data collection and data analysis.

3.2 Research Design

The design for this study was a descriptive survey design. A cross-sectional survey is an attempt to collect data from members of a population in order to determine the status of that population with respect to one or more variables at that particular point in time (Mugenda and Mugenda, 2003).

Descriptive research is directed at making careful and current observations and detailed documentation of a phenomenon of interest. These observations must be based on the scientific method in order to make them more reliable than casual observations by untrained people. Mugenda and Mugenda (2003) gives the purpose of a descriptive survey research as seeking to obtain information that describes an object of curiosity by asking individuals about their perceptions, attitudes, behavior or values. Given that the objective of the study was first to determine the MR practices of FMCGs in Kenya, and then determine the effect they have on performance, a descriptive survey design was found to be the best approach to fulfill the objectives of the study. However, the scope of the study was limited to firms within Nairobi County only.

3.3 Target Population

The population of study was all the 215 FMCGs that operate in Kenya who are members of KAM. The FMCGs industry can be categorized as multinational and local firms which respondents will be asked to indicate. Multinational firms formed the bulk of the FMCGs in the 90s but currently, the two categories almost tarry according to Kenya Association of Manufacturers, 2014 members list (See appendix 3).

3.4 Sampling Design and Sample Size

The sampling frame was the KAM members list 2014 while the sampling units were firms. Purposive and simple random sampling was employed. In this regard, the sample included 20 multinational FMCGs and 20 local FMCGs selected randomly (see appendix 3).

3.5 Data Collection

Data was collected by use of a drop and pick self-administered questionnaire which was to include a link to a secure and optional online version. This option was later on scrapped. This study sought to collect both quantitative and qualitative data as it included both open and closed questions developed in line with the objectives of the research. The questionnaires was structured in 3 parts: part 1 captured respondent firm demographics while part 2 focused on the marketing research practices beginning with the general organizational bio data and ending with marketing research practices, part 3 focused on firm performance.

The questionnaires were targeted at senior level managers of the FMCGs and section chiefs because their roles and positions gave them the ability to respond to the questions.

3.5 Data Analysis

Data can be described as a collection of facts and figures relating to a particular activity under study. Data analysis is widely accepted to be the whole process that starts immediately after data collection and ends at the point of interpretation and processing results. The steps of data processing include; sorting, editing, coding, entry, processing and interpretation of the processed data into meaningful results (Leedy, 2002)

Questionnaires were edited and checked for completeness of entries and consistency. The data was then coded, entered and processed for analysis using Statistical Package for the Social Sciences (SPSS). The qualitative data was analyzed using content analysis while the quantitative data was analyzed using descriptive statistics. The findings were presented in tables and charts analysis done using percentages and counts.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

The objectives of this study were to identify marketing research practices of FMCGs in Kenya & assess the impact that those practices had on the performance of the same FMCGs. Out of the 40 sampled FMCGs; 20 multinational and 20 local firms, 17 multinationals responded representing 85% of the sample. Out of the 20 local FMCGs sampled, 15 responded representing 75% of the sample. This was considered adequate for the objective of this study

Primary data was collected in this study through questionnaires and interviews. The collected data was entered into Statistical Package for the Social Sciences (SPSS) and analyzed using descriptive statistics especially mean and standard deviations. The results are presented as follows; Section 4.2 gives general information on FMCGs, 4.3 shows the results on the marketing research practices. Section 4.4 shows the results on the performance of FMCGs. Section 4.5 presents the discussion of findings while section 4.6 is the summary of findings.

4.2 General information on FMCGs

The section gives findings on the FMCG market in Kenya. An FMCG basically falls into either one of two options; multinational or local.

4.2.1 Multinational and Local firms in Kenya

The findings indicate that 53.1% of all FMCGs in Kenya are MNCs while 46.9% were local firms. There are more visible MCNs as FMCGs in Kenya than are local firms. This is due to local firms concentrating more on trading while MNCs carry out marketing.

Table 4.2.1 Market summary

| | | Head offices | | | | | |
|--------|-----|--------------|---------|-------|---------|--------------|---------|
| | | MNC | | Local | | Column Total | |
| | | Count | Row N % | Count | Row N % | Count | Row N % |
| Leader | Yes | 16 | 59.3% | 11 | 40.7% | 27 | 100.0% |
| | No | 1 | 20.0% | 4 | 80.0% | 5 | 100.0% |

4.2.2 Market leadership of FMCGs in Kenya

Table 4.2.1 Market summary 1 indicates that 80% of the local firms were not market leaders while 59% of multinational companies were market leaders. This shows that the approach to business taken by local companies is more towards survival and following than leading while MNCs lean more towards aiming at market leadership and have the marketing budget for it.

4.2.3 Sub-industries

Respondents were asked to indicate which sub industry they operated in. The results were as follows in Table 4.2.3 below.

| | | Responses | |
|--------------------|--------------------|-----------|---------|
| | | N | Percent |
| Industrial classes | Carbonated Bev | 7 | 18.4 |
| | Fresh meats | 1 | 2.6 |
| | Dairy | 4 | 10.5 |
| | OTC Pharmaceutical | 2 | 5.3 |
| | Water | 5 | 13.2 |
| | Personal/ Homecare | 10 | 26.3 |
| | Others | 9 | 23.7 |
| Total | | 38 | 100 |

26.3% of the respondents were in the personal / home care industry and 23.7% were under the classification “others”. This shows that the FMCGs industry in Kenya is a high potential industry that is growing with many firms coming into new categories that do not fit into the traditional classifications. However, personal and home care is still the leading classification of FMCGs in Kenya.

4.2.4 Domicile and sub-industries

Respondents were asked to indicate which sub industry they operated in as well as where their companies were headquartered. The findings were as follows. 38.9% of all MNCs interviewed were in the personal care category compared to 30.8% of the local firms were under the classification “others”. This shows that personal care is the global leading sub category in FMCG

while the local scene is dominated by firms falling out of the fringes of normal FMCG classification.

Table 4.2.4 Domicile and Sub-industries

| | | Head offices | | | | | |
|-----------------|---|--------------|------------|-------|------------|--------------|------------|
| | | MNC | | Local | | Column Total | |
| | | Count | Column N % | Count | Column N % | Count | Column N % |
| Operating in | Carbonated beverages | 3 | 17.6% | 0 | 0.0% | 3 | 9.4% |
| | Fresh meat products | 0 | 0.0% | 1 | 6.7% | 1 | 3.1% |
| | Dairy | 1 | 5.9% | 3 | 20.0% | 4 | 12.5% |
| | OTC Pharmaceuticals | 1 | 5.9% | 0 | 0.0% | 1 | 3.1% |
| | Water | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| | Personal and home care | 4 | 23.5% | 3 | 20.0% | 7 | 21.9% |
| | Paper products | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| | Others | 6 | 35.3% | 5 | 33.3% | 11 | 34.4% |
| | Carbonated soft drinks and water | 1 | 5.9% | 2 | 13.3% | 3 | 9.4% |
| | OTC pharmaceutical and personal / home care | 1 | 5.9% | 0 | 0.0% | 1 | 3.1% |
| | Water and others | 0 | 0.0% | 1 | 6.7% | 1 | 3.1% |
| | Personal care and others | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| | Row Total | 17 | 100.0% | 15 | 100.0% | 32 | 100.0% |

4.2.5 Global, regional and local existence of FMCGs in Kenya

Respondents were asked to indicate how long they had been in business; globally, regionally and locally. Results were as follows in Table 4.2.5 below;

Table 4.2.5 Global existence

| Variable | | Percentage | | |
|----------|---------------|------------|----------|-------|
| | | Global | Regional | Local |
| | 1-10 years | 3.2 | 22.6 | 12.9 |
| | 10-30 years | 3.2 | 9.7 | 12.9 |
| | 30-50 years | 9.7 | 3.2 | 32.3 |
| | 50-100 years | 6.5 | 25.8 | 32.3 |
| | 100-150 years | 32.3 | 25.8 | 9.7 |
| | >100 Years | 9.7 | 0 | 0 |
| | N/A | 35.5 | 0 | 0 |
| | Total | 100 | 100 | 100 |

35.5% of the respondents had never operated globally. However, all had local operations. 32.3% had operated globally for between 100- 150 years compared to a similar 32.3% who had operated locally for between 30-50 years. 25.8% had operated regionally for between 100-150 years compared to 9.7% who had operated in Kenya for between 100- 150 years. This indicated that firms that operated globally had done so for over 100 years and began by regional offices before setting up a local office in Kenya. Local companies on the other hand had operated as FMCGs locally for between 30-50 years. And went only as far as the region, none can claim to be global brands.

4.2.6 Business models of FMCGs in Kenya

Respondents were then asked to indicate which business models they employed in their operations. The results were then indicated Table 4.2.6 below;

Table 4.2.6 Business models in use

| Business models in use | | | |
|------------------------|---|-----------|---------|
| | | Responses | |
| | | N | Percent |
| Business Models | Own mfg/ distribution | 29 | 72.5 |
| | Outsourced mfg & distribution | 1 | 2.5 |
| | Finished imports, own distribution | 7 | 17.5 |
| | Finished imports, outsourced distribution | 3 | 7.5 |
| | Totals | 40 | 100 |

72.5% of the respondents manufactured from their own plant and distributed using their own resources. 17.5% dealt in finished imports which they distributed using their own resources. 7.5% dealt in finished imports and contracted third parties to distribute them. This indicated that firms preferred to build their own plants and is an indicator of cost savings and possible plant usage alterations as a result of this. However, there is also a trend towards importing finished imports from where costs are lower and simply making a margin out of it.

4.2.7 Business model and Domicile

Respondents were asked to indicate which business model they use as well as where their companies are headquartered. 66.7% of the MNCs dealt in finished imports and outsourced their distribution. 57.1% of the local FMCGs however dealt in finished imports which they themselves distributed. 55.2% of MNCs had plants and distribution systems compared to 44.8% of local FMCGs that had plants and distribution systems. None of the local firms outsourced both manufacturing and distribution. This indicated that firms that carry out both manufacturing and distribution themselves act as agents of the international FMCGs while most international FMCGs preferred having their own plants in Kenya to act as supply points for the or other markets in the region. Local firms did not trust manufacturing and distribution solely to agents and preferred to carry out at least one aspect of the value chain themselves; either manufacturing or distributing.

Table 4.2.7 Business Model and domicile

| Business models versus company domicile | | | | |
|---|-----------------------------------|----------|-------|-------|
| | | Domicile | | Total |
| | | MNC | Local | |
| Business models | Own mfg/ dist | 55.2 | 44.8 | 100 |
| | Outsourced mfg/ dist | 100 | 0 | 100 |
| | Finished imports/ own dist | 42.9 | 57.1 | 100 |
| | Finished imports/ outsourced dist | 66.7 | 33.3 | 100 |
| | Total | 18 | 13 | 31 |

4.2.8 Business model and market leadership

Respondents were asked to indicate whether they were market leaders in any category. This was then cross tabulated against the business model they employed. The results were as follows;

Table 4.2.8 Business model and market leadership

| Business model versus market leadership | | | | |
|---|-----------------------------------|---------------|------|-------|
| | | Market leader | | Total |
| | | No | Yes | |
| Business model | Own mfg/ dist | 6.9 | 93.1 | 100 |
| | Outsourced mfg/ dist | 0 | 100 | 100 |
| | Finished imports/ own dist | 0 | 100 | 100 |
| | Finished imports/ outsourced dist | 0 | 100 | 100 |
| Total Count | | 2 | 29 | 31 |

Only 6.9% of the respondents who did their own manufacturing and distribution were not market leaders. 93.1% of the firms who did their own manufacturing and distribution were market leaders. 100% of firms that outsourced both manufacturing and distribution 100% of the firms engaged in finished imports and own distributions are market leaders. 100% of firms dealing in finished imports with outsourced distribution were also market leaders. This shows a surer impact on performance of choice of business model to FMCGs in Kenya and a greater chance of market leadership by those who chose not to carry out heavy CAPEX in plant and equipment.

4.2.9 Business ownership

Respondents were asked to indicate if they were privately or publicly owned. The results were as follows;

Table 4.2.9 Business Ownership

| | | Percent |
|-----------|---------|---------|
| Ownership | Private | 84.4 |
| | Public | 15.6 |
| Total | | 100 |

84.4% of the respondents while private companies in Kenya while 15.6% were listed in the Nairobi Stock Exchange. However, it was also noted that some of the private companies in Kenya were listed in the home countries' stock exchanges. For this reason, this metric was not used in any further analysis.

4.3 Marketing Research Practices

Several marketing research practices were assessed, they include; research areas, data collection methods and methods employed, how often they were carried out and by whom and the availability of a research budget in the organizations.

4.3.1 Marketing research practices and domicile

Respondents were asked to indicate if they carried out market research. The results for this question were then cross tabulated against company domicile. The results were as shown in Table 4.3.1 below;

Table 4.3.1 Research practices and domicile

| | | Head offices | | | |
|--------------|-----|--------------|---------|-------|---------|
| | | MNC | | Local | |
| | | Count | Row N % | Count | Row N % |
| Carry out MR | Yes | 17 | 53.1 | 15 | 46.9 |
| | No | 0 | 0 | 0 | 0 |

100% of the respondents carried out Marketing Research. 46.9% of these were local while 53.1% were MNCs. This indicated a strong belief in FMCGs about the power of marketing research in strategy.

4.3.2 Domicile and approaches to carrying out Marketing Research

Respondents were asked to indicate whether they carried out marketing research using in-house research teams or they outsourced the services to specialist providers. The results were then cross tabulated against the company domicile. The results were as follows in Table 4.3.2.

Table 4.3.2 Domicile and marketing research practices

| | Head offices | | | | | |
|------------|--------------|---------|-------|---------|-------|---------|
| | MNC | | Local | | Total | |
| | Count | Row N % | Count | Row N % | Count | Row N % |
| In – house | 2 | 33.3 | 4 | 66.7 | 6 | 100 |
| Outsourced | 6 | 46.2 | 7 | 53.8 | 13 | 100 |
| Both | 9 | 69.2 | 4 | 30.8 | 13 | 100 |
| Total | 17 | 53.1 | 15 | 46.9 | 32 | 100 |

33.3% of MNCs carried out research using an in-house team compared to 66.7% local companies that exclusively rely on in-house teams for research. An equally large portion of MNCs representing 69.2% of the respondents carried out research using both in-house teams and outsourced specialist suppliers. This is a bigger portion compared to 30.8% of local companies that also relied on in-house teams as well as outsourced specialist suppliers of research services. On pure outsourcing of research services, local firms outsourced more at 53.8% while MNCs outsourced less at 46.2%. This shows a greater capacity for in-house research by MNCs and highly targeted outsourced research by MNCs while local companies with capacity for outsourcing research preferred to do this more, a direct deviation in practice with peers lacking research budgets and capacity for research which preferred to rely solely on internally gathered data. Local companies also either had a research budget which they spent entirely on outsourced research services or not in which case they were forced to rely on internally generated data. However, MNCs had the capacity to hire internal research teams to guide and manage any research services outsourced to specialist suppliers and for this reason practiced both in-house research and outsourced research more.

4.3.3 Research and Data collection methods

The respondents were then asked to indicate out of six possible options, the research and data collection methods they generally practiced. The results were as shown in the table below;

Table 4.3.3 Research and data collection methods

| General data and research methods | | | |
|-----------------------------------|------------------|-----------|---------|
| | | Responses | |
| | | N | Percent |
| Generic methods | Retail audits | 26 | 20.6 |
| | Shopper panel | 15 | 11.9 |
| | Ad- Hoc research | 22 | 17.5 |
| | Digital/ Mobile | 9 | 7.1 |
| | Quantitative | 28 | 22.2 |
| | Qualitative | 26 | 20.6 |
| Total | | 126 | 100 |

22.2% of the respondents carried out quantitative research while 20.6% carried out qualitative research and retail audits. 17.5% of the respondents carried out ad-hoc research. This shows a greater affinity for quantitative data by FMCGs in Kenya and a greater need to understand distribution and channel issues. The notable portion of ad-hoc research shows a need for one off targeted studies targeting specific issues in the market.

4.3.4 Why a method would be preferred over another

Respondents were then asked to indicate in their own words what would make a method be preferred over another.

Table 4.3.4 Why a method would be preferred over another

| | | Frequency | Percent |
|-----------|--|-----------|---------|
| Variables | Cost effective | 6 | 18.8 |
| | Tested and proven methodology | 2 | 6.3 |
| | Reach, coverage, scope, cost effective, quicker, timeliness, efficient | 11 | 34.4 |
| | None | 5 | 15.6 |
| | Total | 24 | 75.0 |
| Missing | System | 8 | 25.0 |
| Total | | 32 | 100.0 |

34.4% of the respondents indicated that they selected methods based on a combination of factors while 18.8% selected methods based purely on costs. 15.6% of the respondents indicated that they get ready data and therefore there is no reason why they would prefer one method over

another. Only 6.3% gave any thought to methodological considerations. This shows that FMCGs in Kenya base research decisions largely on money sunk into it regardless of the perceived impact on the bottom-line or the ingenuity behind the methodology.

4.3.5 Marketing research budgeting practices

The respondents were asked if marketing research was classified under marketing departments or the research and development department in their company. They were asked to indicate if and how they budgeted for research, the results were as follows;

Table 4.3.5 marketing research budgeting practices

| | | Annual | | | | | |
|------------|------------------------|-----------|--------|--------------|---------|-------|---------|
| | | Available | | Confidential | | Total | |
| | | Count | Row N% | Count | Row N % | Count | Row N % |
| Department | Marketing | 6 | 23.1 | 20 | 76.9 | 26 | 100 |
| | Research & Development | 0 | 0 | 6 | 100 | 6 | 100 |
| | Total | 6 | 18.8 | 26 | 81.2 | 32 | 100 |

81.25% said that marketing research was part of the marketing department while 18.75% said that marketing research was part of research and development in their organization. 76.9% of those whose marketing research function fell under marketing could not confirm or deny the availability of a research budget. 23.1% of those whose marketing research function came under marketing confirmed that they had an annual marketing research budget. 100% of all respondents who indicated that marketing research fell under research and development could not confirm or deny the availability of a research budget. This shows that companies where marketing research fell under research and development took research as seriously as other trade secrets while firms where research fell under marketing regarded it as part of everyday marketing strategy and were more open about discussing it.

4.3.6 Domicile, leadership and research budgeting practices

A comparison between the budget availability and the market leadership and company domicile yielded results as shown below;

Table 4.3.6 Domicile, leadership and research budgeting practices

| | | Head offices | | | | | | | |
|-----------------|-------------------------|--------------|--------|-------|--------|--------|--------|-------|--------|
| | | MNC | | | | Local | | | |
| | | Leader | | | | Leader | | | |
| | | Yes | | No | | Yes | | No | |
| | | Count | Row N% | Count | Row N% | Count | Row N% | Count | Row N% |
| Budgeted figure | <1,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 1,000,000 – 5,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 5,000,000 – 10,000,000 | 2 | 66.7 | 1 | 33.3 | 2 | 100 | 0 | 0 |
| | 10,000,000 – 50,000,000 | 0 | 0 | 0 | 0 | 1 | 100 | 0 | 0 |
| | >50,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | N/A | 14 | 100 | 0 | 0 | 8 | 66.7 | 4 | 33.3 |
| | Total | 16 | 94.1 | 1 | 5.9 | 11 | 73.3 | 4 | 26.7 |

Although a vast majority preferred not to share this information, 12.5% of MNCs that were market leaders set aside between 5 and 10 million shilling annually for marketing research. Only 9% of the local FMCGs that were market leaders set aside between 10 and 50 million shillings annually for marketing research. The response for this question resulted in unstable data and shall therefore not be utilized any further in this study.

4.3.7 How often marketing research methods were used

Respondents were asked to indicate how often they carried out the following types of research; results were as shown in Table 4.3.7

Table 4.3.7 How often marketing research methods were used

| | Monthly | Quarterly | Semi annually | Annually | On demand | Never | |
|---------------------------------|------------------------|-----------|---------------|----------|-----------|-------|---------|
| Sub methods | Percentage frequencies | | | | | | Total % |
| Retail audits | 21.9 | 34.4 | 6.3 | 0 | 34.4 | 3.1 | 100 |
| Product research | 6.3 | 9.4 | 0 | 18.8 | 59.4 | 6.3 | 100 |
| Pricing research | 56.25 | 0 | 3.13 | 0 | 40.63 | 0 | 100 |
| Advertising research | 12.5 | 6.3 | 25 | 0 | 28.1 | 28.1 | 100 |
| Consumer services research | 6.3 | 3.1 | 3.1 | 0 | 59.4 | 28.1 | 100 |
| Shopper panel reports | 9.4 | 3.1 | 3.1 | 0 | 31.3 | 53.1 | 100 |
| Online active/passive listening | 3.1 | 6.3 | 3.1 | 0 | 31.3 | 56.3 | 100 |
| Ethnographic studies | 0 | 0 | 3.1 | 3.1 | 46.9 | 46.9 | 100 |
| Focus groups | 0 | 0 | 21.9 | 9.4 | 6.3 | 6.3 | 100 |

Respondents carried out research on demand as opposed to regularly scheduled research. 62.5% carried out focus groups on demand, 59.4% carried out product research and customer service research on demand, 46.9% carried out ethnographic studies on demand, 34.4% carried out retail audits on demand while 28.1% carried out advertising research on demand. Only 28.1% admitted to never carrying out any of the aforementioned types of research. Regularly scheduled research featured quarterly retail audits at 34.4% and monthly pricing surveys at 56.3%. On methods never used by FMCGs in Kenya, online passive / active listening and shopper panel reports topped with 56.3% and 53.1% prevalence each and advertising research at 28.1% prevalence. There is a great need to grow shopper panel research, online research and advertising research. There is also a great need to grow the acceptance of regular research data services and creating a break away from research on demand which is sporadic and prone to creating a gap in knowledge based decision making.

4.3.8 Research methods subtypes

Respondents were asked to indicate out of several possible options, how often they carried out selected research subtypes. Some subtypes were just rephrased from prior presented options as a quality check. The results were as follows;

Table 4.3.8 Frequency of research subtypes

| | Monthly | Quarterly | Semi annually | Annually | On demand | Never |
|-----------------------------|-------------|-----------|---------------|----------|-----------|-------|
| Subtypes | Percentages | | | | | |
| Viral MR | 3.1 | 0 | 6.3 | 0 | 34.4 | 56.3 |
| Segmentation | 3.1 | 3.1 | 3.1 | 0 | 81.3 | 9.4 |
| Sales forecasting | 71.9 | 3.1 | 0 | 0 | 25 | 0 |
| Price elasticity test | 3.1 | 43.8 | 3.1 | 0 | 43.8 | 6.3 |
| Positioning | 31.3 | 12.5 | 3.1 | 3.1 | 43.8 | 6.3 |
| Brand name test | 0 | 6.3 | 3.1 | 0 | 62.5 | 28.1 |
| Brand attributes | 3.1 | 0 | 6.3 | 3.1 | 78.1 | 9.4 |
| Commercial eye tracking | 0 | 3.1 | 0 | 3.1 | 37.5 | 56.3 |
| Copy testing | 0 | 3.1 | 0 | 0 | 59.4 | 37.5 |
| Brand equity res | 9.4 | 3.1 | 21.9 | 6.3 | 43.8 | 15.6 |
| Advertising res | 9.4 | 3.1 | 9.4 | 0 | 53.1 | 25 |
| Mystery shopping | 21.9 | 0 | 6.3 | 0 | 68.8 | 3.1 |
| Ad tracking | 9.4 | 6.3 | 0 | 0 | 28.1 | 56.3 |
| Association research | 0 | 3.1 | 25 | 0 | 62.5 | 9.4 |
| Cool hunting | 3.1 | 0 | 3.1 | 3.1 | 12.5 | 78.1 |
| Test marketing | 3.1 | 6.3 | 3.1 | 0 | 71.9 | 15.6 |
| Decision making process | 3.1 | 3.1 | 3.1 | 0 | 65.6 | 25 |
| Online panels | 12.5 | 0 | 0 | 0 | 31.3 | 56.3 |
| Customer satisfaction | 9.4 | 12.5 | 0 | 0 | 75 | 3.1 |
| Demand estimation | 37.5 | 3.1 | 0 | 3.1 | 46.9 | 9.4 |
| Marketing effectiveness | 28.1 | 0 | 0 | 0 | 53.1 | 18.8 |
| Distribution channel audits | 18.8 | 31.3 | 3.1 | 6.3 | 40.6 | 0 |
| Concept testing | 3.1 | 3.1 | 0 | 3.1 | 87.5 | 3.1 |

The general trend observed earlier maintains, the majority of FMCGs in Kenya carry out research subtypes on demand as opposed to regularly. Research subtypes regularly done have to do with sales distribution and trade marketing support. Positioning research, mystery shopping and market effectiveness research are among the research subtypes carried out on a monthly basis with 31.3%, 21% and 28% percent occurrence. Sales forecasting tops monthly research with a 71.9% occurrence rate which is confirmed by demand estimation research also high at 37.5%. Innovative new research types top the list of research never done with viral marketing research, ad tracking and cool hunting being the most notable. The reason given is that they are very difficult to justify to boards of directors.

4.4 Challenges in research

Respondents were then asked to select from a list of challenges provided, the severity of each challenge in their companies. The list had four challenges likely to be faced when using external research agencies.

4.4.1 Challenges faced when using external research suppliers

Respondents were asked to indicate the extent to which they agreed with pre-selected challenges faced when carrying out research using external suppliers. The results were as follows in Table 4.4.1;

Table 4.4.1 Challenges of external suppliers

| External agencies | Percentages | | | | | | Total |
|---|-------------|----------------|-------------|-------------------|----------|------------|-------|
| | Agree | Slightly agree | Indifferent | Slightly disagree | Disagree | Don't know | |
| Failing to deliver on time | 15.6 | 37.5 | 3.1 | 18.8 | 25 | 0 | 100 |
| Out of touch with business realities of my market | 40.6 | 28.1 | 12.5 | 0 | 15.6 | 3.1 | 100 |
| Too expensive | 43.8 | 25 | 15.6 | 3.1 | 12.5 | 0 | 100 |

Research cost continued to come across as a major issue with 43.8% agreeing that research suppliers were too expensive. Detachment with business realities came in second place with 40.6% of the respondents agreeing that external suppliers made unrealistic recommendations

mainly because they were out of touch with the realities of their business. 18.8% of the respondents were however defensive of external suppliers ability to deliver results on time. Research suppliers need to come out strongly and address costs and skepticism by clients over realities of recommendations. They also need to perfect timely delivery of research results.

4.4.2 Challenges faced when carrying out research internally

Respondents were asked to indicate the extent to which they agreed with pre-selected challenges associated with carrying out research internally. The results were as follows;

Table 4.4.2 Internal research challenges

| | Agree | Slightly agree | Indifferent | Slightly disagree | Disagree | Don't know | |
|--------------------------------|-------------|----------------|-------------|-------------------|----------|------------|-------|
| Internal research | Percentages | | | | | | Total |
| Human capital constraints | 65.6 | 28.1 | 0 | 0 | 6.3 | 0 | 100 |
| Methodological challenges | 37.5 | 37.5 | 21.9 | 0 | 3.1 | 0 | 100 |
| Budget constraints | 65.6 | 31.3 | 0 | 0 | 3.1 | 0 | 100 |
| Technological challenges | 28.1 | 62.5 | 6.3 | 0 | 3.1 | 0 | 100 |
| Failure to spot trends on time | 40.6 | 40.6 | 6.3 | 0 | 9.4 | 3.1 | 100 |

All challenges presented proved to be seriously impeding internal research in the respondent organizations to varying degrees. 65.6% of the respondents agreed that budget constraints and human capital constraints were the leading challenges with 62.5% of the respondents slightly agreeing that technological impediments were a great challenge to their internal research departments. 21.9% of the respondents were indifferent about methodological challenges proving internal departments' capability to utilize the right method for the matter at hand.

4.5 Organizational Performance

Several organizational performance aspects were assessed, they include; performance areas and aspects influenced, how significantly they were influenced, what they thought made research insights influential in determining performance. Respondents were also asked to mention areas they felt marketing research was incapable of providing solutions for.

4.5.1 MR influence performance

Respondents were asked to indicate if marketing research influenced organizational performance. They were also asked to indicate whether the influence exerted by marketing research was significant or marginal. The results were as shown in Table 4.5.1.

Table 4.5.1 MR Influence performance

| Internal influence of MR over performance | | | | |
|---|-----|--------------|----------|-------|
| | | Of influence | | Total |
| | | Significant | Marginal | |
| Performance | Yes | 31 | 1 | 32 |
| Percentages | | 96.8 | 3.2 | 100 |

An overwhelming 96.8% of the respondents agreed that marketing research has a significant impact on their organizational performance. 3.2% felt that the influence of marketing research over organizational performance was marginal.

4.5.2 Aspects influenced

Respondents were then asked to pick out of 8 possibilities, organizational performance aspects which they felt marketing research influenced;

Table 4.5.2 Aspects influenced

| | | Responses | |
|--------------------------------|---------------------------------|-----------|---------|
| | | N | Percent |
| Performance aspects influenced | Corporate financial performance | 16 | 9.9 |
| | Human resource deliverables | 5 | 3.1 |
| | Customer satisfaction | 30 | 18.5 |
| | Added value and productivity | 22 | 13.6 |
| | Turnover and sales | 31 | 19.1 |
| | Subjective factors | 6 | 3.7 |
| | Profitability | 24 | 14.8 |
| | Strategic decisions | 28 | 17.3 |
| Total | | 162 | 100 |

Responses indicated that turnover and sales, customer satisfaction and strategic decisions were the aspects most influenced by marketing research. Human resource deliverables and other subjective factors were the least influenced by marketing research. This indicates that respondents believe marketing research to have a greater influence on bottom-line issues and less on human resources issues.

4.5.3 Determinants of insights effectiveness

Respondents were asked to state in their own words what they thought determined the effectiveness of research insights, out of the responses given; they were coded into five categories as follows;

Table 4.5.3 Determinants of insights effectiveness

| | | Effectiveness determinants | | | |
|---------|---|----------------------------|---------|---------------|--------------------|
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Change in the outcome of variable under investigation | 8 | 25.0 | 32.0 | 32.0 |
| | Increased sales | 2 | 6.3 | 8.0 | 40.0 |
| | Sound research methodology | 3 | 9.4 | 12.0 | 52.0 |
| | Our willingness to implement the insights | 3 | 9.4 | 12.0 | 64.0 |
| | Closeness to reality on the ground | 9 | 28.1 | 36.0 | 100.0 |
| | Total | 25 | 78.1 | 100.0 | |
| Missing | System | 7 | 21.9 | | |
| Total | | 32 | 100.0 | | |

This question had a 78.1% response rate. 8% of the respondents felt that increase in sales determined the effectiveness of insights generated. 32% of the respondents however felt that a change in any of the variables under investigation meant that the research insights were effective. 12% felt that sound research methodology determined the effectiveness of insights generated while another 12% felt that the effectiveness of the insights was determined by their companies' willingness to implement the research findings. 36% felt that closeness of insights to the reality

on the ground meant that research insights were effective. This reaffirms the observed pattern that respondents believed the effectiveness of insights is determined largely by the overall effect on the bottom-line.

4.5.4 Influence of MR over deliverables

Respondents were then asked to indicate the level of influence that marketing research had over some suggested deliverables, the results for that were as follows;

Table 4.5.4 MR influence over performance

| | Greatly increased | Slightly increased | Not at all | Slightly reduced | Greatly reduced | Not sure | |
|-------------------------------------|-------------------|--------------------|------------|------------------|-----------------|----------|-------|
| Sub-aspects | Percentages | | | | | | Total |
| Frontline staff rated helpful | 25 | 9.4 | 59.4 | 3.1 | 0 | 3.1 | 100 |
| Job related performance | 28.1 | 43.8 | 28.1 | 0 | 0 | 0 | 100 |
| Average annual quit rate | 15.6 | 6.3 | 68.8 | 6.3 | 0 | 3.1 | 100 |
| Customer satisfaction | 84.4 | 15.6 | 0 | 0 | 0 | 0 | 100 |
| Sales output | 81.3 | 15.6 | 3.1 | 0 | 0 | 0 | 100 |
| Staff turnover – non voluntary | 15.6 | 3.1 | 75 | 6.3 | 0 | 0 | 100 |
| Product innovation | 68.8 | 31.3 | 0 | 0 | 0 | 0 | 100 |
| Technical innovation – in plant | 75 | 25 | 0 | 0 | 0 | 0 | 100 |
| Flexibility and speed in production | 75 | 21.9 | 3.1 | 0 | 0 | 0 | 100 |
| Quality output | 87.5 | 12.5 | 0 | 0 | 0 | 0 | 100 |
| Cycle time versus industry norm | 50 | 18.8 | 31.3 | 0 | 0 | 0 | 100 |
| Number of complaints | 3.1 | 0 | 0 | 37.5 | 59.4 | 0 | 100 |
| Customer purchase percentage | 53.1 | 46.9 | 0 | 0 | 0 | 0 | 100 |
| Would buy again ratings | 50 | 50 | 0 | 0 | 0 | 0 | 100 |
| Goodwill and public image | 37.5 | 56.3 | 6.3 | 0 | 0 | 0 | 100 |

| | | | | | | | |
|-------------------------------|------|------|------|------|------|------|-----|
| Output per worker | 9.4 | 31.3 | 59.4 | 0 | 0 | 0 | 100 |
| Output per hour | 9.4 | 25 | 65.6 | 0 | 0 | 0 | 100 |
| Net value added per worker | 6.3 | 28.1 | 65.6 | 0 | 0 | 0 | 100 |
| Sales per hours worked | 6.3 | 59.4 | 34.4 | 0 | 0 | 0 | 100 |
| Time taken per task | 21.9 | 31.3 | 25 | 18.8 | 0 | 3.1 | 100 |
| Sales and revenue growth rate | 53.1 | 43.8 | 3.1 | 0 | 0 | 0 | 100 |
| Return on sales | 81.3 | 15.6 | 3.1 | 0 | 0 | 0 | 100 |
| Waste – known loss | 3.1 | 21.9 | 25 | 3.1 | 31.3 | 15.6 | 100 |
| Shrinkage – unknown loss | 21.9 | 0 | 50 | 3.1 | 3.1 | 21.9 | 100 |

21.9% and 15.6% of the respondents were not sure about the influence of marketing research over known and unknown loss. 81.3% felt the return on sales greatly increased with marketing research. 59.4%, 65.6% and 31.3% of the respondents felt that marketing research had no effect at all on sales per hours worked, net value added per worker, output per hour and output per worker. This reinforces the earlier observation that Kenyan FMCGs did not believe that marketing research could influence HR deliverables. It also shows that even though FMCGs in Kenya are certain about the extent to which marketing research influences organizational performance, they are uncertain about how far the influence goes. 84.4% felt that customer satisfaction greatly improved with marketing research and 59.4% felt that the number of customer complaints greatly reduced with marketing research. This shows that FMCGs in Kenya have a lot of trust in marketing research in determining consumer behavior.

4.5.5 Areas for which marketing research had no solutions

Respondents were then asked to indicate if there was any area of business which they felt marketing research could not provide solutions for, the results were as follows.

Table 4.5.5 Areas MR has no solutions

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|--|-----------|---------|---------------|--------------------|
| Human resource issues | 3 | 9.4 | 12.0 | 12.0 |
| Political environment, government policy | 4 | 12.5 | 16.0 | 28.0 |
| Conflicts and natural disasters | 2 | 6.3 | 8.0 | 36.0 |
| None | 14 | 43.8 | 56.0 | 92.0 |
| Corporate espionage | 1 | 3.1 | 4.0 | 96.0 |
| Informal retail | 1 | 3.1 | 4.0 | 100.0 |
| Total | 25 | 78.1 | 100.0 | |
| Missing System | 7 | 21.9 | | |
| Total | 32 | 100.0 | | |

This question had a 78.1% response rate. 9.4% felt that marketing research could not provide solutions to human resource issues while 12.5% felt that marketing research could not adequately anticipate and therefore provide solutions for political environment and government policy. 6.3% felt that marketing research could not adequately predict conflicts and natural disasters. 43.8% felt that there was no business issue that marketing research could not provide solutions for. 3.1% felt that marketing research could not properly anticipate corporate espionage and 3.1% felt that marketing research could not adequately provide solutions having to do with the informal retail market.

4.6 Discussion of the findings

FMCGs in Kenya form an important consumption base for marketing research and shall continue forming a formidable trend setter in consumption of research in Kenya. It is a growing industry, with new sub-industries coming up falling out of the usual clusters of FMCG sub-industries.

All respondents carried out one form or the other of research pointing to an overall sense of importance held by FMCGs for marketing research. It is also worth noting that none of the FMCGs preferred only one research method. Few FMCGs preferred carrying out research using in-house teams, and even fewer had research provided by both in-house teams and external suppliers. A majority preferred engaging external experts to carry out their research. When asked about the reasons they preferred a research method over another, some of the FMCGs looked inward to their own financial ability or to their immediate needs quoting costs and few FMCGs looked outward to the researchers' methodology. The majority irrespective of their domicile quoted a combination of factors which pointed to a consideration for their own abilities and needs and the researchers' ability and capabilities.

There is need for research providers to address issues raised by FMCGs as key deterrents for consumption of marketing research in Kenya key among them costs and service providers' ability to pay cognizance to realities of clients businesses. There is also a great need for academia to keep up to date with growing research trends and providers to keep up with marketing tactics to enable FMCG buy-in on the innovative research methods that currently fail to get traction.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses the findings gathered from the analysis of the data as well as the conclusions reached. Findings have been summarized alongside the objectives of the study.

5.2 Summary of the findings

All of the FMCGs sampled were either multinational or local companies. Some of the local companies were privately owned while others were publicly listed. Most of the multinational companies were however private companies. Further research proved that even though in Kenya they are private companies, in their home countries, they are publicly listed. It is therefore safe to say that a great majority of the companies faced investor pressures.

The FMCGs operated within various sub-industries. Most of the multinationals operated in and were leaders in multiple sub-industries while most of the local companies operated in either one or two sub-industries and were mostly leaders in one sub-industry. Multinational companies were known globally for the category within which their best known brands locally fall, however, on further investigation, it became clear that they were known globally for different brands from which they are known locally.

A majority of the multinationals had operated internationally for close to or more than a century while they had operated regionally for as long as they had operated locally. There was however a long period between their global existence and their regional and local existence. The few multinationals that had existed for less than 30 years had expanded into the region sooner than the ones that had existed longer. The local companies had existed for at most 50 years and most of them had not expanded into the region, however, the ones that had expanded into the region did so within 20 years of their existence. It is worth noting that none of the local FMCGs had dared to expand beyond the region, none had intercontinental or global operations.

There were several possible business models available to the FMCGs, however, two models stood out as they were the most preferred; own manufacturing and own distribution together with finished imports and own distribution were the preferred business models. There were notable

differences between the genesis of the business models, multinationals started off manufacturing and distributing their own products but have since expanded either by buying rights to few local brands and many foreign brands which they import as finished goods and distribute as their own. The local companies however started off by being agents distributing international brands on license then along the way grew bigger and built their own plants and are now manufacturing and distributing their own brands alongside the international brands that they began with.

A majority of the FMCGs, both local and multinational, did not have a research department, for them, marketing research and market measurement was carried out through the marketing department. This was notably peculiar for MNCs because desk research had indicated that most MNCs carried out research and market measurement through the research and development department which fell under engineering in their headquarters and other operations internationally. Upon further investigation, it was noted that most of the local companies have only just began taking marketing and marketing research seriously from a more entrenched sales and distribution approach. All the FMCGs admitted to having a budget for marketing and a portion of the marketing department was dedicated to research. However, for a majority of the FMCGs, they could not confirm or divulge the budget figure for confidentiality reasons.

The study also attempted to bring out the research methods taken seriously by FMCGs in Kenya by looking at the ones carried out most often; most of the FMCGs carried out retail audits research and pricing research mostly on a monthly basis and sometimes on demand. However, it was not clear if the FMCGs carried out proper scientific research on pricing and retail channels or simply took the monthly retailer reports and sales team price surveys and passed them off for scientific research. Product research and customer service research were the next most important methods but were carried out mostly on demand. Shopper panels, ethnographic studies and focus groups formed the next tier of importance and were also done on demand. Lastly, advertising research and online research were the least practiced methods under consideration. From this study, it was unclear which methods the FMCGs carried out in-house and which ones were outsourced. It was also unclear if they hired one provider to carry out all methods or if each method was carried out by different providers.

A majority of FMCGs mentioned retail audits as special quoting the distribution intensive nature of their business and the need to know which channels moved more products. This was followed

closely by FMCGs that mentioned a combination of retail audits and pricing research and quoted the distribution intensive nature of their business and competition intensity requiring them to know how much competitors charged for similar products across channels. The third tier of special mention had a combination of product research and focus groups with FMCGs quoting the ability of these methods to bring customers directly in contact with producers for first hand exchange of information. A fair chunk of FMCGs were of the opinion that none of the methods were notable for superiority and others opted for other combinations but did not give reasons why making it impossible to rank these particular combinations.

when research methods were broken down to sub-types following the '4Ps', research having to do with place and price took precedence over those having to do with product and finally promotion. FMCGs showed little preference for innovative research methods like variations online research and mobile research.

There are known challenges to the practice of marketing research by FMCGs. This depends on whether they carry out research in-house or through external providers. Although it was expected that companies respond to this question depending on how they carry out research, some companies that exclusively outsource research services gave their views on the challenges of carrying out research in-house. Human capital constraints and budgetary constraints were quoted as the strongest challenges when carrying out research in-house. Methodological challenges and technological infrastructure challenges followed and few FMCGs blamed internal research teams for failing to spot trends on time. These are perhaps pointers that external research providers should look out for when profiling companies they want to contract for.

The challenges of conducting research using external providers were also investigated. Research expenses and lying about their capabilities bothered clients a lot more. However, an external researcher being out of touch with the realities of a clients' business was also a major concern. Clients were least worried about the provider failing to deliver on time. Ethical reasons were quoted by most respondents as being the greatest challenge that was not included in the options above. There were also concerns raised about inaccessibility of some areas and respondents and most importantly, the lack of a centralized data base for ad-hoc research projects that would allow for availability and comparability of studies already carried out.

All FMCGs indicated that marketing research had an impact on performance and this impact was significant. This goes to show that regardless of their sub-industry, all FMCGs in Kenya take marketing research seriously. Several key performance areas were assessed using carefully selected performance indicators. All FMCGs believed that marketing research impacted upon all except human resource deliverables.

Majority of the FMCGs believed that marketing research insights proved useful if there was a positive or negative outcome in the variable under investigation. This sentiment was followed by how closely the results mirrored the situation on the ground. However, some FMCGs felt that research insights effectiveness could only be assessed by the soundness of the methodology utilized and a client's own willingness to implement research insights.

FMCGs were also asked to indicate areas of business which they felt marketing research had no solutions for. There was consensus that marketing research could not properly anticipate political-legal volatility, natural disasters, corporate espionage and informal retail. However, a majority of FMCGs felt that there was no area of business which marketing research was incapable of providing solutions for.

5.3 Conclusion

All FMCGs in Kenya take marketing research seriously and do carry out marketing research. They believe it has an impact on their performance and believe that for this reason, most of them keep their research budgets confidential. This might make sense for companies that practice marketing research and to which marketing research has a real impact, but it might be a smoke screen behind which companies underutilizing research hide. Although there are many research methods in use around the world today, only pricing research and retail audits are currently widely practiced by FMCGs in Kenya. This leaves room for other research methods to grow in importance across the FMCG industry. Many challenges have been fronted that impede the conduct of marketing research, despite this, research continues to be practiced, if there were policies developed that would reduce some of the mentioned challenges, research would grow more as an industry in Kenya. Given that none of the FMCGs quoted privacy as a challenge, it would mean that none of them are carrying out sophisticated data mining as privacy is a big challenge to firms around the world that mine data. It could also mean that companies outsource big data mining to external providers under a 'no questions asked' arrangement. A lot of

managers put in charge of research are actually marketers and not researchers, for this reason, few are able to action research insights from external suppliers or even make sense of internally generated insights. Few are trained in market and marketing analytics.

5.4 Recommendations for policy and theory

It is advisable for FMCGs to conduct marketing research as a way of leveraging their capabilities for better performance. This involves utilizing a wider array of methods available in the market some of which are less involving and cheaper than the currently practiced methods. Some of the methods carried out over the internet and over mobile telephones, can serve the dual purpose of research and customer relationship management.

FMCGs should allow not only their top managers but also their middle level managers to be privy to such information as the Kenyan division's contributions to their mother companies in terms of both organic and total growth per year. This way, they will have clear cut goals to work towards that are backed by figures. It is also advisable for FMCGs to have trained researchers in charge of research and market measurement which would lessen the burden on markets to understand and exploit marketing analytics.

Marketing research tools the world over are changing faster than schools and colleges can keep up. This makes current skill sets being taught in schools expired and obsolete before practitioners can turn up a return on their investment in education. Specialization might just assist practitioners contribute positively to the field of marketing research. However, specialization does come at a cost because of the narrow view held by specialists. Figuratively speaking, when one only has a hammer, everything they see looks like nails. It would be advisable therefore for schools to maximize on teaching not only the quantitative data analysis methods because many tools already exist that can do these for researchers. However, schools should major on teaching students to make sense of and deliver insights based on the data output of whichever tools that they choose.

5.5 Limitations of the study

The drop and pick data collection method employed in this study created a delay in data collection due to misplaced and under-filled questionnaires. This necessitated a change in approach to assisted responses and a drop and wait approach in some instances.

The study focused on companies within and around Nairobi. Given that a lot of business is moving into the counties, the trend on marketing research might be changing. Also, not all local FMCGs are members of KAM or even listed in their directory.

5.6 Recommendations for further study

The success of this study is irrefutable but only at a descriptive level. Some might even classify it as exploratory. However, further studies need to be carried out to link specific marketing research methodology to specific KPIs within specific companies in the FMCG industry. This needs to be carried out by a reputable researcher to whom companies would be comfortable sharing intimate performance indicator data with. Studies also need to be carried out to assess the uptake of data mining in the FMCG industry and the value that it might add.

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APPENDICES

Appendix 1: Letter of introduction to respondents

Chris Gitonga,

P.O. Box 49669-00100

Nairobi

(Date)

(Respondents Address)

Dear Sir/Madam,

RE: RESEARCH INFORMATION FOR AN MSc PROJECT

I am a postgraduate student undertaking a Master of Science (MSc) degree at the school of business, University of Nairobi. As partial fulfillment of the requirement for the award of MSc degree, I am conducting a survey on the “Marketing research practices and performance of FMCGs in Kenya”. Your firm is one of them and I would like to kindly request for information regarding Marketing Research studies your organization has been involved in and the effect they had on various aspects of your company’s performance.

The information you provide will not be used for any other purpose apart from its intended academic use. I hear by undertake not to make any reference to your name or that of your organization in any of my presentation or report hitherto the study.

I am aware that filling the questionnaire is time consuming and will greatly appreciate your assistance. Any additional information in form of comments or suggestions that you deem necessary to make my research finding more conclusive, relevant and reflective of the study area will be highly appreciated.

Thank you in advance.

Yours faithfully,

(Signature)

Christopher Gitonga

MSc Student

Appendix 2: Questionnaire

Part 1: General information; Firm Details

Instructions; Circle the number(s) corresponding to your answer or fill in details in the blank space corresponding to your answer

1. Which of the following sub-industries do you operate in?

- *Multiple mentions possible.*

| | |
|----------------------------|---|
| Carbonated beverages | 1 |
| Fresh meat products | 2 |
| Dairy | 3 |
| OTC Pharmaceutical | 4 |
| Water | 5 |
| Personal and home care | 6 |
| Paper products | 7 |
| Others (Specify); | 8 |

For questions 2 & 3, use brand or product category

2. In our industry, globally, we are best known for?

3. In Kenya, we are best known for?

4. How long have you been in business globally (4a), regionally Africa or East Africa (4b) and in Kenya (4c)?

| | 4a. Globally | 4b. Regionally | 4c. Kenya |
|---------------------|-----------------|-------------------|--------------|
| Less than 1 year | 1 | 1 | 1 |
| 1 to 10 years | 2 | 2 | 2 |
| 10 to 30 years | 3 | 3 | 3 |
| 30 to 50 years | 4 | 4 | 4 |
| 50 to 100 years | 5 | 5 | 5 |
| 100 to 150 years | 6 | 6 | 6 |
| More than 150 years | 7 | 7 | 7 |

5. Which of these statements best describes your business model in Kenya (5A)? Are you multinational firm or local (5B) and are you a privately owned business or public company (5C)?

| 5A. Business Model | | 5B. MNC or Local | |
|--|---|------------------|----|
| | | MN | Lo |
| Own Manufacturing & distribution | 1 | 1 | 2 |
| Outsourced local manufacturing & own distribution | 2 | | |
| Outsourced local manufacturing & outsourced distribution | 3 | | |
| Finished imports & own distribution | 4 | | |
| Finished imports & outsourced distribution | 5 | | |
| Other (specify)..... | 6 | | |

| 5C. Private or Public | |
|-----------------------|----|
| Pr | Pu |
| 1 | 2 |

6. Is your company a market leader in a category? Please specify

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Part 2: Marketing Research Practices

7. Does your company carry out marketing research (8A), which research methods do you emphasize on (8B), and is done by an in-house research team or outsourced to agencies (8C)?

| 8A. Carry out MR | |
|------------------|----|
| Yes | No |
| 1 | 2 |

| B.. General Methods | | 8C.. In-house or Outsourced | |
|---------------------------|---|-----------------------------|-----|
| | | In | Out |
| Retail audits | 1 | 1 | 2 |
| Shopper panels | 2 | | |
| Ad-Hoc Research | 3 | | |
| Digital & mobile research | 4 | | |
| Quantitative surveys | 5 | | |
| Qualitative research | 6 | | |

In 8B, multiple mentions possible

8. In your own words, what do you think would make any of the above general methods be preferred over another?

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9. In your firm, does marketing research fall under marketing or research & development departments (10A), what is the average annual budget for each (10B) and what percentage (%) goes into marketing research (10C)?

| | | 10B Budget | | 10C Portion on MR | |
|------------------------|----|---------------|----|-------------------------|----|
| 10A. Departments | | | | | |
| Marketing | 01 | | 01 | | 01 |
| Research & development | 02 | | 02 | | 02 |

10. Every year, there are many research sub-methods that FMCGs can pick from, which of the following do you carry out most

| | Monthl y | Quarterl y | Semi Annuall y | Once a year | On demand | Never |
|--|-------------|---------------|----------------------|----------------|--------------|-------|
| Sub-methods | | | | | | |
| 1. Retail audits – sales & distribution research | 01 | 02 | 03 | 04 | 05 | 06 |
| 2. Product research/ concept testing | 01 | 02 | 03 | 04 | 05 | 06 |
| 3. Pricing research - | 01 | 02 | 03 | 04 | 05 | 06 |
| 4. Advertising research – media consumption | 01 | 02 | 03 | 04 | 05 | 06 |
| 5. Customer service research | 01 | 02 | 03 | 04 | 05 | 06 |
| 6. Shopper panel reports | 01 | 02 | 03 | 04 | 05 | 06 |
| 7. Online active/ passive listening | 01 | 02 | 03 | 04 | 05 | 06 |
| 8. Ethnographic studies | 01 | 02 | 03 | 04 | 05 | 06 |
| 9. Focus groups | 01 | 02 | 03 | 04 | 05 | 06 |

11. Of the methods and sub-methods encountered, are there some that you think deserve special mention for their noteworthy superiority in delivering desired results?

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12. There are many research methods sub-types commonly carried out in the market, how often do you carry out the following randomly selected sub-types in your company?

| | Monthl y | Quarterl y | Semi Annuall y | Once a year | On demand | Never |
|---|-------------|---------------|----------------------|----------------|--------------|-------|
| Sub-types | | | | | | |
| Viral marketing research | 01 | 02 | 03 | 04 | 05 | 06 |
| Segmentation research | 01 | 02 | 03 | 04 | 05 | 06 |
| Sales forecasting | 01 | 02 | 03 | 04 | 05 | 06 |
| Price elasticity testing | 01 | 02 | 03 | 04 | 05 | 06 |
| Positioning research | 01 | 02 | 03 | 04 | 05 | 06 |
| Internet strategic intelligence | 01 | 02 | 03 | 04 | 05 | 06 |
| Brand name testing | 01 | 02 | 03 | 04 | 05 | 06 |
| Brand attribute research | 01 | 02 | 03 | 04 | 05 | 06 |
| Commercial eye tracking research | 01 | 02 | 03 | 04 | 05 | 06 |
| Copy testing | 01 | 02 | 03 | 04 | 05 | 06 |
| Brand equity research | 01 | 02 | 03 | 04 | 05 | 06 |
| Advertising research | 01 | 02 | 03 | 04 | 05 | 06 |
| Mystery shopping | 01 | 02 | 03 | 04 | 05 | 06 |
| Ad tracking | 01 | 02 | 03 | 04 | 05 | 06 |
| Brand association research | 01 | 02 | 03 | 04 | 05 | 06 |
| Cool hunting | 01 | 02 | 03 | 04 | 05 | 06 |
| Test marketing | 01 | 02 | 03 | 04 | 05 | 06 |
| Buyer decision making process research | 01 | 02 | 03 | 04 | 05 | 06 |
| Online panel | 01 | 02 | 03 | 04 | 05 | 06 |
| Customer satisfaction surveys | 01 | 02 | 03 | 04 | 05 | 06 |
| Demand estimation | 01 | 02 | 03 | 04 | 05 | 06 |
| Marketing effectiveness analytics | 01 | 02 | 03 | 04 | 05 | 06 |
| Distribution channel audits | 01 | 02 | 03 | 04 | 05 | 06 |
| Concept testing | 01 | 02 | 03 | 05 | 05 | 06 |

13. When carrying out marketing research whether through an internal department or external agencies, firms have encountered varied challenges. To what extent do you agree with some of the following suggested challenges?

| | Agree | Slightly agree | indifferent | Slightly disagree | disagree | Don't know/ Not Sure |
|--|-------|----------------|-------------|-------------------|----------|----------------------|
| Internal department | | | | | | |
| 1. Human Capacity constraints | 1 | 2 | 3 | 4 | 5 | 6 |
| 2. Methodological challenges | 1 | 2 | 3 | 4 | 5 | 6 |
| 3. Budget constraints | 1 | 2 | 3 | 4 | 5 | 6 |
| 4. Technological infrastructure challenges | 1 | 2 | 3 | 4 | 5 | 6 |
| 5. Failure to spot trends on time | 1 | 2 | 3 | 4 | 5 | 6 |
| External agencies | | | | | | |
| 6. Lying about their capabilities | 1 | 2 | 3 | 4 | 5 | 6 |
| 7. Failing to deliver on time | 1 | 2 | 3 | 4 | 5 | 6 |
| 8. Out of touch with business realities of my market | 1 | 2 | 3 | 4 | 5 | 6 |
| 9. Too expensive | 1 | 2 | 3 | 4 | 5 | 6 |

14. What other challenges do you feel FMCG firms face when thinking about, carrying out or implementing research findings

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Part 3: Organizational performance

15. In your opinion, do you think marketing research influences your organizations performance (15A)? What aspects of your company’s performance are influenced by marketing research (15B)? Is this influence significant or marginal (15C)?

| 15A. influences performance | |
|-----------------------------|----|
| Yes | No |
| 1 | 2 |

| 15B.. Aspects influenced | | 15C.. significant or marginal | |
|---------------------------------|---|-------------------------------|-----|
| | | In | Out |
| Corporate financial performance | 1 | 1 | 2 |
| Human resource deliverables | 2 | | |
| Customer satisfaction | 3 | | |
| Added value and productivity | 4 | | |
| Turnover and sales | 5 | | |
| Subjective factors | 6 | | |
| Profitability | 7 | | |
| Strategic performance | 8 | | |

16. What do you think determines if research insights are effective?

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17. To what extent do you feel is the impact of marketing research practices on the following sub- business aspects?

| | Greatly increased | Slightly increased | Not at all | Slightly reduced | Greatly reduced | Not sure |
|-------------------------------------|-------------------|--------------------|------------|------------------|-----------------|----------|
| Sub-aspects | | | | | | |
| Front line staff rated helpful | 01 | 02 | 03 | 04 | 05 | 06 |
| Job related performance | 01 | 02 | 03 | 04 | 05 | 06 |
| Average annual quit rate | 01 | 02 | 03 | 04 | 05 | 06 |
| Customer satisfaction | 01 | 02 | 03 | 04 | 05 | 06 |
| Sales output | 01 | 02 | 03 | 04 | 05 | 06 |
| Staff turnover; non voluntary | 01 | 02 | 03 | 04 | 05 | 06 |
| Product innovation; sold | 01 | 02 | 03 | 04 | 05 | 06 |
| Technical innovation; in plant | 01 | 02 | 03 | 04 | 05 | 06 |
| Flexibility and speed in production | 01 | 02 | 03 | 04 | 05 | 06 |
| Quality output | 01 | 02 | 03 | 04 | 05 | 06 |
| Cycle time versus industry norm | 01 | 02 | 03 | 04 | 05 | 06 |
| Number of complaints | 01 | 02 | 03 | 04 | 05 | 06 |
| Customer purchase percentage | 01 | 02 | 03 | 04 | 05 | 06 |
| Would buy again ratings | 01 | 02 | 03 | 04 | 05 | 06 |
| Goodwill and public image | 01 | 02 | 03 | 04 | 05 | 06 |
| Output per worker | 01 | 02 | 03 | 04 | 05 | 06 |
| Output per hour | 01 | 02 | 03 | 04 | 05 | 06 |
| Net value added per worker | 01 | 02 | 03 | 04 | 05 | 06 |
| Sales per hours worked | 01 | 02 | 03 | 04 | 05 | 06 |
| Time taken per task | 01 | 02 | 03 | 04 | 05 | 06 |
| Sales and revenue growth rate | 01 | 02 | 03 | 04 | 05 | 06 |
| Return on sales | 01 | 02 | 03 | 04 | 05 | 06 |
| Waste – known loss | 01 | 02 | 03 | 04 | 05 | 06 |
| Shrinkage – unknown loss | 01 | 02 | 03 | 05 | 05 | 06 |

18. In which business issues do you feel marketing research cannot provide adequate solutions?

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19. To allow me to gauge the size of your Kenya operations relative to the global or regional operations, please fill in the following details for the last recorded period.

| | 19A Global records | | 19B Regional records | | 19C Kenya records | |
|--|-----------------------|----|-------------------------|-----|----------------------|-----|
| 1. Market share | | 01 | | 01 | | 01 |
| 2. Organic growth | | 02 | | 02 | | 02 |
| 3. Turnover | | 03 | | 03 | | 03 |
| 4. New jobs | | 04 | | 04 | | 04 |
| 5. New brands introduced | | 05 | | 05 | | 05 |
| 6. Excellence awards | | 06 | | 06 | | 06 |
| 7. Brands pulled out of the market | | 07 | | 07 | | 07 |
| 8. Number of employees | | 08 | | 08 | | 08 |
| 9. Papers presented at conferences | | 09 | | 09 | | 09 |
| 10. Number of special events sponsored | | 10 | | 010 | | 010 |
| 11. Others (specify): | | 98 | | 98 | | 98 |

End of Questionnaire
Thank you for taking time to complete this questionnaire.

Appendix 3: List of FMCGs in Kenya

Multinational FMCGs

1. Bayer ltd
2. GSK GlaxoSmithKline
3. PZ Cussons EA ltd
4. Kim-Fay EA ltd
5. Proctor and Gamble ltd
6. Haco Tiger Brands
7. Nestle Foods Kenya ltd
8. East African Breweries ltd
9. The Breakfast Cereal Company ltd
10. Proctor and Allan EA ltd
11. Danone Baby Nutrition Africa and Overseas
12. Louis Dreyfus Kenya Ltd
13. Cadbury Kenya ltd
14. Wrigley Company EA ltd
15. Beiersdorf EA ltd
16. L'Oreal EA ltd
17. Unilever East and Southern Africa
18. Diversey Eastern and Central Africa ltd
19. Reckitt Benckiser EA ltd
20. Excel Chemicals ltd
21. Gold Crown Beverages Kenya ltd
22. Del Monte Kenya ltd
23. Sameer Agriculture & Livestock Kenya ltd
24. BASF EA ltd
25. Norda Industries ltd
26. Palm house Dairies ltd
27. Melvin Marsh International
28. SC Johnson and Son Kenya ltd
29. Johnson Diversey EA ltd

30. SBC Kenya ltd
31. Coca Cola East and Central Africa ltd
32. SupaBrite ltd
33. James Finlay Kenya ltd
34. L.A.B International Kenya ltd
35. British American Tobacco Kenya ltd

Local FMCGs

36. Alpha knits ltd
37. Vitafoam products ltd
38. Interconsumer products ltd
39. Ken-Knit Kenya ltd
40. Mega spin
41. Laboratory and allied Kenya ltd
42. Beta Healthcare ltd
43. Mombasa Maize Millers ltd
44. Pembe flour mills ltd
45. Rafiki Millers ltd
46. T.S.S Grain Millers ltd
47. Unga group ltd
48. Bidco Oil Refineries ltd
49. Kamili Packers
50. Kapa Oil Refineries ltd
51. Tri-Clover Industries Kenya ltd
52. Sumaria Industries ltd
53. Brush Manufacturers ltd
54. Giloil Company Ltd
55. Associated Battery Manufacturers EA ltd
56. Eveready Batteries EA ltd
57. Ouru Power ltd
58. East African Breweries ltd
59. Kenya Breweries ltd

60. Keroche Industries ltd
61. Munyiri Special Honey ltd
62. Alpine coolers ltd
63. Aquamist ltd
64. Coastal Bottlers ltd
65. Equator Bottlers ltd
66. Highlands Mineral Water Company ltd
67. Kevian Kenya ltd
68. Kisii Bottlers ltd
69. Koba Waters ltd
70. Mily Fruit Processors ltd
71. Mount Kenya Bottlers ltd
72. Nairobi Bottlers ltd
73. Pearl Industries ltd
74. Rift Valley Bottlers ltd
75. Usafi Services ltd
76. Africa Spirits ltd
77. Bakers Corner ltd
78. Broadway Bakery ltd
79. Ennsvalley Bakery ltd
80. Kenblest Ltd
81. Mafuko Industries ltd
82. Mini Bakeries Nairobi ltd
83. NesFoods Industries ltd
84. United Millers ltd
85. Valley Confectionaries ltd
86. ManjiFood Industries ltd
87. Highlands Canners ltd
88. Kenya Met Commission
89. Danone Baby Nutrition Africa and Overseas
90. Krish Commodities ltd

91. Morani Ltd
92. C Dormans ltd
93. Chandaria Industries ltd
94. CoffTea Agencies ltd
95. Candy Kenya ltd
96. Jambo Biscuits Ltd
97. Kenafric Industries ltd
98. Kenya Sweets ltd
99. Kwaliti Candies & Sweets Ltd
100. Kenya Nut Company ltd
101. Mzuri Sweets ltd
102. Patco Industries ltd
103. Sweets Rus ltd
104. Arkay Industries ltd
105. Edible Oil Products
106. Diamond Industries ltd
107. Menengai Oil Refineries ltd
108. Pwani Oil Products ltd
109. Anfii Kenya ltd
110. BioDeal Laboratories ltd
111. BuyLine Industries ltd
112. Elex Products Ltd
113. Medivet Products ltd
114. Tropikal Brands Africa ltd
115. Sanpac Africa ltd
116. Africa Cotton Industries ltd
117. Alpha Medical Manufacturers ltd
118. Chirag Kenya ltd
119. Brookside Dairy ltd
120. Buzeki Dairy ltd
121. Githunguri Dairy Farmers Cooperative Society

122. Happy Cow Ltd
123. Kabianga Dairy Ltd
124. Lari Dairies Alliances Ltd
125. New Kenya Cooperative Creameries
126. Palmhouse Dairies Ltd
127. Canon Chemicals Ltd
128. KAM Industries Ltd
129. Odex Chemicals Ltd
130. Orbit Chemicals Industries Ltd
131. Revolution Stores Ltd
132. SoilexProsolve Ltd
133. Africote Ltd
134. Blue Ring Products Ltd
135. Agri Pro-Pak Ltd
136. Heritage Foods Kenya ltd
137. KAPI Ltd
138. Darford Enterprises Ltd
139. Umoja Maintenance Center Ltd
140. DPL Festive Ltd
141. W. E Tilley Muthaiga Ltd
142. Wananchi Marine Products Ltd
143. Excel Chemicals Ltd
144. Gonas Best Ltd
145. Jetlak Foods Ltd
146. Premier Foods Industries Ltd
147. Desbro Kenya Ltd
148. Kenya Tea Packers Ltd
149. Global Tea & Commodities K Ltd
150. Gold Crown Beverages Kenya Ltd
151. Gold Crown Foods EPZ Ltd
152. Highlands Canners Ltd

153. Xpressions Flora ltd
154. Avoken Ltd
155. Farmers Choice ltd
156. Kenya Nut Company Ltd
157. Capwell Industries ltd
158. Nairobi Flour Mills
159. Green Forest Foods Ltd
160. Razo ltd
161. Glaciers Products (Amor Mia, Dairy Land, Mio)
162. Centrofood Industries ltd
163. Trufoods ltd
164. Sunny Processors ltd
165. Pride Industries ltd
166. Miritini Kenya ltd
167. Beverage Service Kenya ltd
168. Eldoret Grains Ltd
169. Mama Millers Ltd
170. Mayfeeds Kenya ltd
171. East African Sea Foods Ltd
172. Sameer Agriculture & Livestock Kenya ltd
173. Kinangop Dairy Ltd
174. Bio Deal Laboratories ltd
175. Statpack ltd
176. Highland Paper Mills
177. Spice world Ltd
178. Flair Kenya ltd
179. Strategic Industries Ltd
180. Promasidor Kenya Ltd
181. Frigoken Ltd
182. Njoro Canning Factoryltd
183. Kemu Salt Packers ltd

184. Mjengo Ltd
185. Melvin Marsh International
186. Kensalt Ltd
187. Kaysalt Salt Ltd
188. Kurawa Industries Ltd
189. Malindi Salt Works
190. Match Masters Ltd
191. Phoenix Matches ltd
192. Doric Industries
193. Nampak Kenya ltd
194. Wanji Food Industries ltd
195. Kuguru Food Complex ltd
196. Re-Suns Spices ltd
197. Koba Waters ltd
198. Pristine International Ltd
199. Kartasi Industries ltd
200. Easy Clean Africa ltd
201. Napro Industries ltd
202. Steel Wool Africa ltd
203. Butali Sugar Mills ltd
204. Chemilil Sugar Company Ltd
205. C. Czarnikow Sugar EA ltd
206. Kibos Sugar and Allied Industries
207. Mumias Sugar Company Ltd
208. Western Kenya Sugar Company ltd
209. Bunge Est Africa ltd
210. Chai Trading Company ltd
211. Eastern Produce Kenya-Kakuzi ltd
212. Juja Coffee Exporters ltd
213. Karirana Estate Ltd
214. Alliance One Tobacco Kenya ltd

215. Master Mind Tobacco Ltd
216. Palmy Enterprises Ltd
217. Al-Mahra Industries Ltd
218. Spectre International Ltd
219. United Distillers and Vintners (UDV)
220. Erdemann Company Ltd
221. Global Merchants Ltd
222. Kambu Distillers Ltd
223. Kenya Wines Agencies Ltd
224. London Distillers Ltd
225. Vine pack Ltd