

**PRODUCT STRATEGY, BUSINESS ENVIRONMENT AND  
PERFORMANCE OF CURIO AND CRAFT VENDORS IN NAIROBI  
COUNTY**

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## **DECLARATION**

I Charles Odhiambo Otieno of registration number D61/79138/2015 affirm that this research project is my personal exertion and has never been presented in other University, where the effort of other individuals have been borrowed or referred to, such sources have been properly recognized.

**Signature.....**

**Date.....**

The research project has been submitted for examination with my approval as university supervisor of the above mentioned student.

**Signature.....**

**Date.....**

**Dr. Raymond Musyoka**

## **DEDICATION**

This work is dedicated to all those who derive their inspiration from me, precisely, all orphans and those struggling and doubting if they will ever make it in life. I submit that no matter how slow it is, the snail too was in the ark; that our destiny can be delayed but can never be denied.

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## **ABSTRACT**

Residents can profit from visiting the attractions either via straight participation in the business, such as eatery and tour guiding or indirect participation such as produce and vending of craft merchandise (Mason, 2003). Scores of Kenyans get in the trinket trade so as to get an income and their customers usually entail tourists. This study sought to ascertain whether product strategy and business environment impact the performance of curio and craft vendors in Nairobi County. Initial statistics were gathered via the use of controlled survey and data collected was analysed using SPSS (ver. 24). Findings reveal that change in business performance of curio craft traders is dependent on change in product strategies, and increases to with the business environment as the moderating variable. A combined effect of business environment and product strategy, when added on the affiliation linking produce approach and business operation, results to change in the business performance. These results imply that assessment of the business environment and development of new product strategies cumulatively influence the performance of businesses of curio craft vendors in Nairobi County.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

ITax - Integrated Tax

KRA- Kenya Revenue Authority

PIN- Personal Identification Number

SPSS - Statistical Package for Social Sciences

VAT- Value Added Tax

TIN-Tax Identification Number

PS – Product Strategy

BE – Business Environment

BP – Business Performance

## CHAPTER ONE: INTRODUCTION

### 1.1 Background Information

A product is something which can be presented to a market that may fulfil a desire or a need. Strategy is an intend of deed or plan intended to accomplish the main or general goal. Product plan is a method of attainable aims and ideas that operate jointly to direct the players round needed conclusion for both firm and your clients (Peri, 2016).. It enables the firm to concentrate on precise intended market and converge the merchandise on user traits. A products' strategy establishes the direction of merchandise and that which is to be accomplished. A superior plan commences with a precise merchandise strategy, a foresight and a roadmap that explains how customers and market influence determines the merchandise's course (Aha, 2018).

Business environment dynamics are all the interior and exterior aspects that shape how a firm operates plus clients, workers, and administration, supply and demand and firm policies. Exterior environment comprises of the external aspects beyond the control of the business. They include: Political, demographic, natural, technological, social, economic and legal environments. Internal environment comprises of the internal factors within the control of the business. They include: Mission statement, company policies, the formal structure of the firm and the organizational culture.

Performance is the success of a particular duty considered in contrast to current recognized principles of precision,wholeness, expense and pace. Brumbach(1988) views performance as both behaviours and results. Rolstadas(1998) argues that a firm's performance is an intricate liaison relating seven performance criterion that must be adhered to;eminence, production, efficiency, effectiveness, profitability, modernization and quality of work.

This study is based on reviews on various theories including: Igor Ansoff matrix, Diffusion of innovation theory and Resource-Based View. Igor Ansoff matrix (1957) provides a guideline on how opportunities can be identified by helping businesses device the strategies they choose and the desired performance are based on both external and internal environment of a business. Diffusion of innovation theory by Rodgers (1985) that seeks to clarify how, why and at what pace of product adoption, modern information and technology multiply through customs and Resource-Based View (RBV) of the business holds that a business' spirited lead is owing to possession of planned possessions that are precious, least expensive to copy and expensive to replace. "RBV approach invokes the concept of competitive advantage to explain firm's performance," (Barner, Wright and Ketchen 2001).

The merchandise being vended to holidaymakers were made long before the arrival of whites in Kenya. Throughout this period, trinkets were bits and pieces that were allied to customary leaders more so monarchs and fighters. The customary trinkets and curios were seen obsolete. Nowadays, though, we recognize the artefacts that were formerly seen obsolete. Modern craft producers have arose who integrate custom into current images that portrays as great life, passion and sway as customary souvenirs did. The merchandise parcels customs converting it tangible, a true and emotional delight to the tourist. This sole trader business exists in a sector that has a perfect competition.

In the ever changing and growing business environment, the old approaches may not stand the needs of the current market. A thorough study and understanding of product mix, environmental dynamics and performance of a business is paramount. It is therefore of interest to establish how product strategy and environmental dynamics impact the performance of curio and craft vendors in Nairobi County.

### **1.1.1 Concept of Product Strategy**

Product strategy is a method of attainable objectives and ideas that work jointly to align the group round desired conclusion for both firm and your clients (Peri, 2016). A product approach is the basis of a merchandise life cycle and the carrying out design for extra improvement. It enables the firm to concentrate on precise intended market and converge the merchandise on user traits. Superior goods commence with a precise plan that is client and market focused. A products' strategy describes the course of a merchandise and what is to be realized. A superior plan commences with a precise merchandise strategy, a foresight and a roadmap that explains how customers and market influence determines the merchandise's course (Aha, 2018). Considering strategy as a way to the foresight, then the foresight directs the strategy. Product strategy offers an effort for the merchandise direction – the direction indicates how the strategy is executed and explains how the product is probably to mature.

Picher (2015) proposes three essentials of an efficient strategy: market and needs, key features/ differentiators and business' aims. The market explains the aimed clients and consumers of a produce. The need comprises the key difficulty the produce solves or the prime assistance it offers. The major characteristics and differentiators are those features of the produce that are critical to tackle the core concern or form the prime profit and make populace select it over supplementing goods. Business's goals are the desired outcome. Most businesses fall into the snare of viewing the product strategy as a plan to build specific aspects and potential. The problem is that when business treat strategy as a plan, it will virtually forever fail (Picher 2015). Strategy is a master game plan designed for achieving objectives of an organization. Strategies are found on realistic experiences not on theoretical knowledge, that is, they are sensible and action-oriented endeavour. On the other hand, a plan is an ordered course of prior thinking about the imminent action (Picher, 2015).

### **1.1.2 Business Environment**

Business environment entails all the interior and exterior aspects that affect how a business operates including customers, employees, management, supply and demand and business regulations (Babatunde & Adebisi, 2012). External environment comprises of the external factors beyond the control of the business. They include: Political, demographic, natural, technological, social, economic and legal environments. Political surroundings entails the political orderliness, administration rules and approach to the trade society. This has a direct impact on potential investors and customers. Demographic surrounding; this entails the density, size, growth rate and dispersal of people. These considerations have an impact on need for diverse merchandise. Natural setting; involves geological and natural aspects that sway the operation of a firm. These aspects comprise the accessibility of physical wealth, climatic and weather conditions. Moreover, administration's guidelines to preserve environmental stability, preservation of physical wealth among other measures place extra accountability on the firm (Moreno & Juan, 2013). Technological environment; this includes the methods and approaches adopted for production of goods and services. Technology changes rapidly, consequently, in turn to endure and expand in the market, a firm has to continually assume the technological alteration.

Social environment entails aspects like traditions, habits, ethics, viewpoint, literacy, poverty and life expectancy rate. The social structure and the values that a society holds close have a huge impact on the operation of a business. Customers are becoming extra keen on the value of goods and services. These have effect on demand of products. Economic environment, economic policies set up by governments directly influences the operations of a business. Some of these economic policies encompass; monetary policy, business plan, monetary policy, foreign investments policy and export-import policy (Yarbrough, Morgan, & Vorhies, 2011). Furthermore, economic conditions such as total national product, per head income,

markets for merchandises, accessibility of capital, growth of foreign trade, foreign exchange reserve and strength of capital market affect the performance of a business. Legal environment includes series of directive and regulations which manipulate a firm and its operation. Provisions of the constitution, acts and judicial decisions also form part of the legal environment.

Internal environment comprises of the internal factors within the control of the business. They include: Mission statement, company policies, the formal structure of the firm and the organizational culture. Mission statement describes what the business is after and why it operates. A super mission statement is exact in recognizing clients to be served, philosophy to be followed, products to be produced and the location where the products will be produced and supplied (Babatunde & Adebisi, 2012). Company plan; these are procedures that direct how specific organizational circumstances are solved. It decides the flow of information within a firm, which sections are accountable for which performance and where the decision-making authority lies. The organizational culture; this distinguishes an organization from the rest and shapes the actions of its members.

### **1.1.3 Firm performance**

Performance is the achievement of a given duty deliberated in contrast to current known principles of precision, wholeness, expense and pace. Noye (2002) proposes that performance involves achieving the goals in convergence of enterprise orientations. Rolstadas (1998) notes that a firm's performance is a complex relationship involving seven performance criteria that must be adhered to; quality, productivity, efficiency, effectiveness, profitability, innovation and quality of work. To accomplish finest performance, a strategy have to be designed with due consideration to the environment (Wheelan and Hunger, 2012).

Folan (2017) highlights three priorities of governance of performance: first, performance must be assessed by all departments inside the confines of the environment in which they choose to function. Second, performance is always related to one or several goals set by the business whose performance is analyzed. Third, performance is reduced to the relevant and recognizable feature. Brumbach (1988) views performance as both behaviors and results. Behaviors come from the performer and turn the performance of an abstract concept into a concrete action. Bernadin (1995) singles out that “performance should be defined as the sum of the effects of work, because they provide the strongest relationship with the organization’s strategic objectives, the customer’s satisfaction and the economic contribution.

#### **1.1.4 Overview of the curio and craft industry in Kenya**

Kenya boasts as being among the largely striking attraction in the globe, especially in Africa. Apart from being the domicile of the big five, the grand yearly wild beast movement and affluent refined locals particularly the traditional Maasai, white sandy coastline, she is also the opening to bona fide feel in Africa. However, her tourism sector almost went down on knees in 2008 following the 2007 post-election violence. This was further worsened by rampant terror attacks that followed. An urgent measure was necessary to resuscitate the industry. The tourism ministry worked around the clock to reclaim the diminishing glory and February 8th 2018, Tourism Cabinet Secretary Hon. Najib Balala reported that the industry realized 20.3 per cent increase in 2017 to post gain of Sh. 120 billion despite the long election period. This is a development from the Sh.99.69 billion earned in 2016. Recent information communicated by the ministry indicate worldwide arrivals improved by 9.8 per cent to 1.4 million from 2017’s 1.3 million tourists. The United States of America remained Kenya’s top market, growing by 17 per cent with 114,507 arrivals. The United Kingdom was second with 11.1 per cent share of the arrivals, accounting for 107,078 tourists. Uganda was third with a



share of 6.4 percent at 61,542 arrivals. Other upper markets were India, China, Germany, Italy and South Africa.

The goods (trinkets) that are vended to holidaymakers were fashioned way before the arrival of the whites in Kenya. Craft vending started long before group global sightseeing started in Kenya in the recent 1960s. Throughout this period, trinkets and curios were props and stuff that were related to ancient leaders particularly monarchs and fighters. With time every model in craft had native worth and its peculiar gist. Monarchs covered themselves in cosmic accrual of grade and icon; plume hats, lattice of cowry cases, covering on feet, arms, neck and head made invincible and enigmatic sway. Though, with the arrival of Europeans, the Kenyan custom started dying. Traditions were fading, rulers mislaid their authority and craft designers and carvers were fading. The customary artefacts and curios were seen outlandish. Nowadays, though, we recognize the models that were previously thought outdated.

## **1.2 Research Problem**

Tourism has been branded the fiscal pacesetter of the 21st century owing to its multiplier outcome of holidaymakers payments and the link of this sector to other sectors (Saayan and Saayan, 2008). Locals can profit from sightseeing either via straight participation in the sector, such as eatery and tour guiding or indirect participation such as produce and vending of trinket goods, the enactment of traditional shows and cuisine preparation for holidaymakers needs (Mason, 2003). This had prompted most Kenyans to slot in in the craft vending for sustenance and entrepreneurship as a solution of the minimal chances of official employment in Kenya. Majority of them start the vending with the expectation of making adequate income from their vending and socio-economic dealings with holidaymakers. However, this is not the case. Most of these craft vendors nonetheless leave below the paucity line or have petite to display on their vending profits.

A firm's successful spirited lead leads to victory before market competition and competitors in terms of product novelty (Babatunde and Adebisi, 2012). In order to realize finest performance, a plan has to be devised with the consideration of the environment (Wheelan and Hunger, 2012). Environmental aspects of the business present both business's strengths and weaknesses, which would influence the tactic and performance of a business. Performance have to be examined by every unit within the confines of the setting in which they choose to operate (Folan, 2017). A firm's performance is a intricate association involving seven performance criteria that must be adhered to; quality, productivity, efficiency, effectiveness, profitability, innovation and quality of work. He admits that performance is a complex process (Rolstadas, 1998).

The relationship between product strategy, business environment and performance were not clearly explained by researchers. Therefore, the question is, "how does product strategy and business environment impact the performance of curio and craft vendors in Nairobi County?"

### **1.3 Objectives of the Study**

#### **1.3.1 General objective**

To establish the relationship between product strategy, business environment and the performance of curio and craft vendors in Nairobi County.

#### **1.3.2 Specific objectives**

1. To determine the effect of product strategy on the performance of curio and craft vendors in Nairobi County.
2. To determine the influence of business environment on the performance of curio and craft vendors in Nairobi County.
3. To determine the moderating effect of business environment on the relationship between product strategy and the performance of curio and craft vendors in Nairobi County.

#### **1.4 Value of the Study**

This research is vital since it will aid craft and curio vendors to advance the craft and curio vending with perfect reality anchored on the conclusion of this study. County governments, national government and the tourism industry will be aided by this study to strategize on how to package the tourism products. Moreover, it will assist them to adjust to the business environment. The existing theories on product strategy, environmental dynamics and business performance will be reinforced by the findings of this study. Furthermore, this research will act as reference for future researchers and learning institutions.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter covers theoretical review and empirical review including summary for the literature analysis. The root of this study is reinforced via the scholarly writings of numerous writers and researchers both domestically and globally. These include experts in marketing and tourism sector, testimonies of direct partakers or earlier carried out studies.

### **2.2 Theoretical Literature Review**

This research is founded on reviews on various arguments including Igor Ansoff matrix model, Diffusion of innovation theory and Resource-Based View of the firm.

#### **2.2.1 The Ansoff Growth Matrix**

Named after Russian-American scholar Igor Ansoff, the matrix is a tactical forecast means which gives a guideline to aid marketer, superior executives, executives and business people to come up with strategies for future growth. The Ansoff matrix (1957) provides a guideline on how opportunities can be identified by helping businesses device the strategies they choose and the desired performance are based on both external and internal environment of a business.

The model presents a structure means to measure four potential strategies for growth: Market penetration entails retailing extra reputable goods into current markets habitually by using promotional mix and pricing strategies such as discounts or price reduction. Product development entails creating fresh commodities and releasing them to the current markets. Market development entails introducing current merchandise in new markets. Diversification which is considered the riskiest strategy for the reason that the venture is spreading wings into regions further than its main daily operations, targeting and understanding, entails upgrading contemporary merchandise and discharging them into contemporary markets at the

concurrently. This theory seems to ignore the fact that consumers' tastes and preference differ and change from time to time.

### **2.2.2 Diffusion of Innovation Theory**

This theory aims to clarify how, why and at what pace modern ideas and technology stretch through societies. Rodgers (1985) being appreciative of varying and changing tastes and preferences of consumers came up with the theory which explores types of consumers who adopt products and at different stages of product life cycle. He suggests five categories of consumers under the product life cycle who include: innovators, early adopters, early majority, late majority and laggards. Innovators are ready to take gamble, have fiscal liquidity, have the highest social status, are social and have bordering link to scientific sources and communication with other innovators. Their risk easiness allows them to embrace technologies that may finally fail – their fiscal possessions may give them a soft landing from such failures. The early adopters are consumers who have the uppermost level of view headship among the adopters' grouping. They have financial liquidity, have upper communal standing, have advance schooling and more communally forward compared to late adopters. They are more prudent in approval picking than innovators.

They apply astute choice of approval to aid them uphold an innermost communication spot. The early majority embrace an innovation at a altering scale of time that is considerably longer than the innovators and early adopters. They possess above average communal repute, connection with early adopters and rarely possess position of outlook headship in a structure. The late majority embrace an innovation after the typical consumer. These consumers advance an innovation with a great degree of cynicism and after the best part of consumers have adopted the innovation. They are cynical about innovation, have below standard social status, little financial liquidity, in contact with other late majority and early majority and have little opinion leadership. The laggards typically tend to be persistent on 'tradition' with least

communal standing, least fiscal liquidity, eldest in the midst of adopters and in connection with just relations and close by acquaintances. This hypothesis is consequently important in comprehending the idea of market adoption characteristic which is seen as the connection between product strategy and business' functioning.

### **2.2.3 Resource-Based View (RBV)**

RBV sees a business as an accumulation of possessions which are decoded by executive into strength and weakness of the business. RBV maintains that a business' spirited lead is owed to endowment of strategic possessions which are precious, less expensive to emulate and pricey to replace. It supposes that a business have to be triumphant in attaining and controlling prized possessions in turn to positively perform. RBV tactic evokes the idea of spirited lead to clarify a business' operation. RBV maintains that continued spirited lead can be realized more simply by utilizing interior preferably than exterior aspects and merchandise growth plan is a means to accomplish this spirited lead via growth of latest goods to aim by now active markets, (Barner, Wright and Ketchen, 2001). The success of permanent growth of product (development) plan is viewed as a means of spirited lead for the curio and craft business which aims to perform positively in a dynamic business surroundings and doing so they require to own possessions that are valuable, uncommon, matchless and non-replaceable in nature.

### **2.3 Empirical Literature Review**

Product strategy is the means in which a business desires to station its products versus opponents in its controllable market places. A firm can make two key verdicts : what category of produce market positioning tactic to adopt, price headship and/or produce demarcation, Porter (1985). In analysis of executives, Hambrick and Mason (1984) observed that younger executives preferred more change (development strategies). Wiersema and Bantel (1992) established that the age of summit organization team members was negatively

associated with strategic change. Hitt and Tyler (1979) found a negative relationship between age and risk taking by top executives. Finkelstein and Hambrick (1990) reports positive relationship between strategic persistence and top management team tenure. Fiske and Tayler (1991) states that greater experience provides individuals with a much more comprehensive access to richer stock of remembered information.

Johnson Scholes and Whittington (2002) states that the PESTEL framework categorizes external environment into six main types: political setting; this involves the political structure, administration guidelines and approach to the commerce society. This has a direct impact on potential investors and customers. In Kenya, this is evident more so during electioneering period when non-seems sure of what will ensue. Demographic setting encompasses the mass, dimension, growth pace and distribution of populace. All these factors have an impact on demand for various goods and services. Natural setting; involves geological and natural aspects that sway the operation of a firm. These aspects comprise the accessibility of physical wealth, climatic and weather conditions. Moreover, administration's guidelines to preserve environmental stability, preservation of physical wealth among other measures place extra accountability on the firm.

Technological setting; this entails the techniques and approaches assumed for making of goods and services. Technology changes rapidly, consequently, in turn to endure and expand in the market, a firm has to continually assume the technological alteration. Social setting entails aspects such as traditions, habits, values, literacy, poverty and life expectancy rate which have effect on demand of products. Economic environment; economic policies set up by governments directly influences the operations of a business.

Some of these economic policies include; economic, business, pecuniary, overseas investments policy and export-import policy. Furthermore, economic conditions such as gross

domestic product, per capita income, markets for goods and services, availability of capital, growth of foreign trade, foreign exchange reserve and strength of capital market affect the performance of a business. Legal environment refers to set of laws and regulations which influence business and its operation. The registration and licensing fees, time of operation and type of product to be sold are directly affected by legal regulations in place.

#### **2.4 Summary and Research Gap**

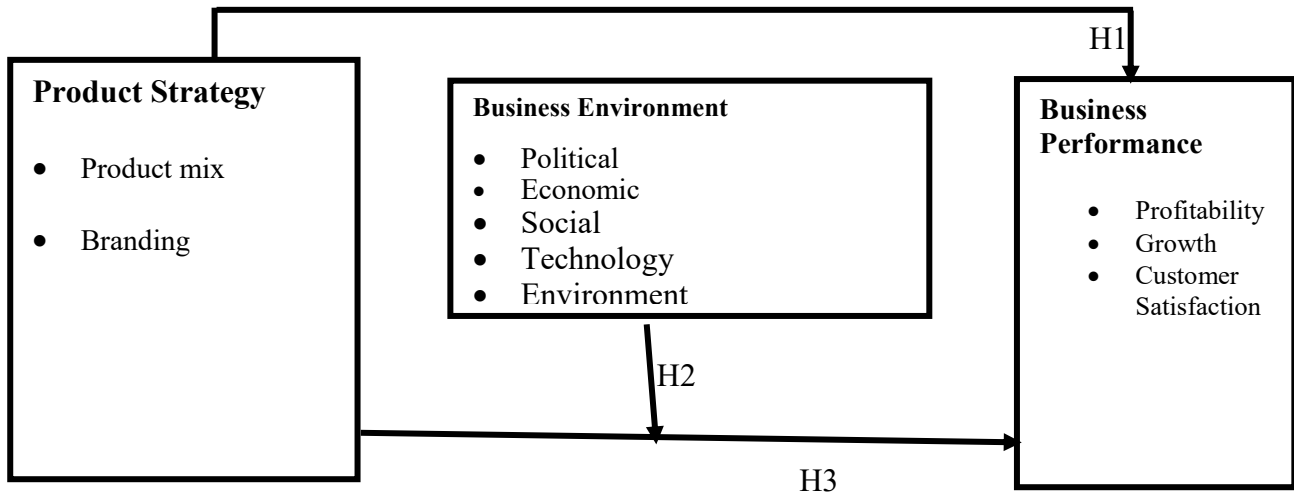
The review has revealed that the effect of environments on business operation has been one of the chief function of plan. The receptiveness of the business' organization aptitude have to be harmonized with the environment instability, Ansoff and Mcdonell (1990). Prescott (1986) observed that the environment establishes the framework in which to assess the significance of connection linking strategy (product) and performance. RBV maintains that continued spirited lead can be realized more simply by utilizing interior preferably than exterior aspects and merchandise growth plan is a means to accomplish this spirited lead via growth of latest goods to aim by now active markets, (Barner, Wright and Ketchen, 2001)

The above literature reviews have addressed issues, either concurring or differing on product strategy, environmental dynamics and a firm's performance. The literatures, however, have not satisfactorily related how the product strategy, environmental dynamics and a firm's performance interact. None of the above researchers brings outs clearly the relationship between product strategy, environmental dynamics and performance. Therefore, the question that begs is "how does product strategy and environmental dynamics impact the performance of curio and craft vendors in Nairobi County?"



## 2.5 Conceptual frame work

This study is interested in establishing the relationship between product strategy (independent variable), environmental dynamics (moderating variable) performance (dependent variable) as shown in the figure below.



## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

The basic foundation that credited to the victorious result of this study research depended on the tactics and measures undertaken to obtain the required information. Incidentally, the use of cautious methods to tackle the research problem was vital. This involved: research design, target population, sampling design, data collection tool, data collection process, data validity, data reliability, data analysis and presentation, model specification and evaluation, means required, expenditures, consumed time and other aspects targeted at certifying the conclusion of this study.

### **3.2 Research design**

This research used a descriptive survey design; the design is appropriate since it ensures that the data obtained give appropriate answers to research questions. Kothari (2010) explains descriptive research as a situation at hand, it is one in which data is gathered devoid of altering the operating environment. In determining the impact of product strategy and environmental dynamics on the performance of curio and craft vendors in Nairobi County, the fines starting place was the curio and craft product marketplaces with the main partakers being the craft vendors and holidaymakers. The favoured type of data was firsthand data which was collected via the employment of interviews.

### **3.3 Target Population**

Ngechu (2004) states that population is specified set of beings, services, and events or households being studied. Moreover, Denscombe (2008) asserts that a sample is the portion of population used to collect data. The favoured data traces was the most- recognized holidaymakers' product marketplaces in Kenya where majority of holidaymakers purchase their products. The aimed populace were craft vendors licensed by Nairobi County

government to sell ornaments to tourists in the Village Market, Bomas of Kenya, Supreme Court grounds and Kariokor market since they are those who openly experience the fiscal effect of the craft vending and openly engaged with the production and vending of crafts and holidaymaker who purchase the goods. The tourists were also be engaged because they too are stakeholders in the business. 15 curio sellers and 5 tourists will be selected in each market.

### **3.4 Sampling Design**

Saunders et al. (2003) define sampling design as the process to obtain sample units and sampling frame, setting sampling procedure and determining the sample range. The origin of the sample design was obtained via a constituent assortment method whereby owing to the many holidaymakers' product marketplaces within Nairobi County verses the time limitation; four holidaymakers' product markets were selected. The favoured sample design type was that of non-probability that denotes that the conclusion of the study was not anchored on probability tactics. Precisely, the kind of non-probability sampling employed was judgmental since the chosen sub-group judged eventually could be the representative of the population. The mentioned choice was anchored upon the reduction of expenditure, saving of time and minimization in labour usage throughout the study.

### **3.5 Data Collection Instrument and Procedure**

In order to get primary data, the favoured type of data was primary data whereby the researcher conducted research using a questionnaire. The questionnaire employed closed ended, open ended and Likert scale questions. The collection of data was conducted equally in all the tourists' merchandise centers within a period of seven days. Furthermore, the researcher noticed the kind of crafts that holidaymakers purchase, the regularity of purchasing, expenses, quality and bulk of the craft, the response of the holidaymakers after purchasing the products and the interaction between the tourists and merchandise sellers.

The permission of the interviewees was required throughout the collection of data. In this study, the researcher guaranteed the respondents that the collected information would be secret and employed for the aim of the study and consequently no private information could be included in the research. To be believable during the collection of data, the researcher acquired a research licence from the University of Nairobi. The respondents provided information willingly devoid of any manipulation from the researcher.

### **3.6 Data Analysis and Presentation**

The collection of data was prepared in a way that additional study and understanding was made simple. The records were edited, coded and grouped in order to represent the data in a methodical and a patent means. Descriptive statistics was employed to organize the findings. Descriptive statistics is a way by which data is compiled from the target population so as to ascertain the purpose of the study with respect to one or more variables so as to find the degree of occurrence of the variables. The figures of the findings were presented in percentage and frequency distribution tables. The study intended making the data simpler and making the data simple to understand via the aid of tables. This was effective for it made it simpler to portray the data more precisely.

#### **3.6.1 Hierarchical Multiple Linear Regression Analysis**

Multiple linear regression technique is used in studies with several independent variables which are expected to collectively influence another variable or variables (Amin, 2005). In this research, multiple regression analysis was conducted to determine the degree and direction of the relationships between product strategy and business performance of the curio and craft vendors after controlling for business environment.

Conclusions on the relevance of independent variable in predicting the dependent variable in the multiple regression models were made based on a 5% level of statistical significance of

the t-statistics associated with the regression coefficients ( $\beta$ ) of the respective independent variables.

To examine the correlation between product strategy and business performance of curio and craft vendors, the following models were used in this research:

$$BP_i = \beta_0 + \beta_1 PS_i + \varepsilon_i \dots \dots \dots (1)$$

$$BP_i = \beta_0 + \beta_1 PS_i + \beta_2 BE + \varepsilon_i \dots \dots \dots (2)$$

$$BP_i = \beta_0 + \beta_1 PS_i + \beta_2 BE + \beta_3 PS * BE + \varepsilon_i \dots \dots \dots (3)$$

Where,

BP = one of the three measures of business performance (profitability, customer satisfaction and growth)

PS = one of the product strategies (product mix and branding)

PS\*BE = Interaction term representing the product of one of the product strategies and the controlling variables

$\beta_0$  = the intercept

$\beta_1, \beta_2$  &  $\beta_3$  = are the regression coefficients

$\varepsilon$  = the error term.

## CHAPTER FOUR: DATA ANALYSIS, FINDINGS, AND DISCUSSION

### 4.1 Introduction

This section communicate results of the research, more specifically, rate of response, demographic information about the respondents, relationship between product strategy and curio business performance, and summary of the findings. Under demographic information; gender, age and education of the respondents are presented using cross tabulation. Under relationship between product strategy and curio business performance; hierarchical multiple linear regression is conducted in three steps and results presented in terms of tables and equations. Finally, under summary of the findings; major points drawn from the results are presented in summary form.

### 4.2 Response Rate

The study targeted a total of 60 ( 15 from village market, 15 from Kariako market, 15 from behind supreme court of Kenya and 15 from Bomas of Kenya) respondents. A total of 61 (34 male and 27 female) took part in this study. This accounts for about 102% response rate.

### 4.3 Demographic Information

#### 4.3.1 Age of Respondents

Table 4.1: Table for age bracket of respondents

2. What is your age bracket in years?				Total
below 18	18 – 24	25 – 30	Above 30	
1.00	1.00	13	48	61
		21.3%	78.7%	100.0%

From table 4.1 a total of 61 (54.8% were male while 45.2% were female) respondents took part in this study. The highest percentage (78.7%) of respondents were aged above 30 years while 21.3% of the respondents fell within the age bracket of 25-29 years.

### 4.3.2 Level of education

Table 4.2 Respondents' education level

3. What is your educational level?				Total
Primary	Secondary	Tertiary	Graduate	
30	21	4	4	59
50.8%	35.6%	6.8%	6.8%	100.0%

Table 4.2 gives information regarding levels of education, majority had primary education level (50.8%) while 35.6% had secondary education. Traders with diploma and graduate level of education represented 6.8% each while 4.8% of the respondents chose not to reveal their level of education.

### 4.3.3 Business Duration

The researcher sought to determine how long the traders have been in operation. It was noted that 14.5% of the respondents had been in operation for under a year, 43.5% had been operating for between 1-5 years while 12.9% had been in operation for 6-10 years, and 29% of them had operated the curio business for more than 10 years.

Table 4.3 Business Duration

		Frequency	Valid Percent
Valid	Less than 1 year	9	14.5
	1-5 years	27	43.5
	6-10 years	8	12.9
	Above 10 years	18	29.0
	Total	62	100.0

#### 4.3.4 Other Businesses Operated

When asked whether the traders run other businesses other than the curio shop, 38.7% stated they have other businesses. On the contrary, 61.3% of the respondents said they do not run any other business other than the curio business. Of those who operate other businesses, majority of them sell clothes while some sell bags and belts.

Table 4.4 Other Businesses Operated

		Frequency	Valid Percent
Valid	Yes	24	38.7
	No	38	61.3
	Total	62	100.0

#### 4.3.5 Mission Statement

Table 4.3 Possession of Mission Statement

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	2	3.2	3.3	3.3
	No	59	95.2	96.7	100.0
	Total	61	98.4	100.0	
Missing	System	1	1.6		
Total		62	100.0		

Out of the respondents surveyed, only two (2) traders represented by 3.2%, said had a mission statement for their business. 95.2% of the traders do not have a mission statement. This could be attributed to majority of them (as shown in table 4.3) that 86.4% of the respondents had primary and secondary education and may be ignorant of what a mission statement in a business entails.

#### 4.4 Relationship between Product Strategy and curio business Performance



#### 4.4.1 Hierarchical Multiple Linear Regression Analysis

To experiment the hypothesis that the business performance of curio and craft vendors is a work of multiple product strategies aspects, and more specially whether business environment moderates the relationship between product strategies and business performance of curio and craft vendors, a hierarchical multiple linear regression analysis was conducted.

Table 4.4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.393a	.154	.139	.25497	.154	10.395	1	57	.002
2	.399a	.159	.128	.25879	.159	5.200	2	55	.009
3	.488a	.238	.196	.24860	.238	5.625	3	54	.002

From this analysis, it can be inferred that business performance of craft vendors was influenced by the product strategies they adopted (Packaging, branding, and quality of the products they offered to their clients). The table 4.4 indicates that there was a significant positive relationship between business performance and product strategy. This assertion is based on the R Square value of 15.4% and an alpha value of 0.002 which is beneath the significance level of 0.05. In the same breath, 15.9% variation in the performance of businesses was associated with the moderating effect of the business environment on the changes in product strategies adopted. The results indicate a significant positive relationship since the p-value of 0.009 is lower than the significance level of 0.05. Finally, 23.8% change in the performance of the businesses of the craft vendors was explained by the combined effects of business environment, product strategy, and the joint effect of the product strategy and business environment. Similarly, a p-value of 0.002 was attained implying a significant positive relationship as the alpha value was less than the 0.05 significance level.

Table 4.5 Anova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.676	1	.676	10.395	.002b
	Residual	3.705	57	.065		
	Total	4.381	58			
2	Regression	.697	2	.348	5.200	.009b
	Residual	3.684	55	.067		
	Total	4.380	57			
3	Regression	1.043	3	.348	5.625	.002b
	Residual	3.337	54	.062		
	Total	4.380	57			

First Step: one variable (PS) was included

$$BP = \beta_0 + \beta_1 PS + \varepsilon \dots\dots\dots(1)$$

The variable (PS) accounted for a considerable quantity of variance in business performance of curio and craft vendors  $R^2 = .154$ ,  $F(1,57) = 10.395$ ,  $p = 0.002$ .

Second Step: two variables (PS & BE) were included

$$BP = \beta_0 + \beta_1 PS + \beta_2 BE + \varepsilon \dots\dots\dots(2)$$

The variables (PS & BE) accounted for a significant amount of variance in business performance of curio and craft vendors  $R^2 = .159$ ,  $F(2,55) = 5.200$ ,  $p = 0.009$ .

Third Step: three variables (PS, BE & PS\*BE) were included

$$BP = \beta_0 + \beta_1 PS + \beta_2 BE + \beta_3 PS * BE + \varepsilon \dots\dots\dots(3)$$

To shun potentially awkward high Multicollinearity with the interface term, the variables were centred and an interface term between PS and BE was created (Aiken & West, 1991).

Next, the interface term between PS and BE was incorporated to the regression model, which accounted for a considerable amount of the variance in business performance of curio and craft vendors  $\Delta R^2 = .238, \Delta F(3,54) = 5.625, p = 0.002$ .

Table 4.6 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.095	.272		11.375	.000
	Product strategy (PS)	.219	.068	.393	3.224	.002
2	(Constant)	3.194	.358		8.929	.000
	Product strategy (PS)	.236	.077	.423	3.069	.003
	Business Environment (BE)	-.037	.079	-.064	-.466	.643
3	(Constant)	2.365	.491		4.821	.000
	Product strategy (PS)	.351	.088	.630	3.970	.000
	Business Environment (BE)	.039	.083	.068	.475	.637
	Combined effect between Product strategy and Business Environment(PS*BE)	.051	.021	.405	2.367	.022

$$BP = 3.095 + 0.219PS + 0.25497 \dots \dots \dots (4)$$

$$BP = 3.194 + 0.236PS - 0.037BE + 0.25879 \dots \dots \dots (5)$$

$$BP = 2.365 + 0.351PS + 0.039BE + 0.051PS*BE + 0.24860 \dots \dots \dots (6)$$

As indicated by (4), (5) and (6), business performance of curio and craft vendors is realized when proper product strategies are put in place. It can be noted that business performance is influenced by 21.9% change in product strategy (positive effect on business performance). From the respondents, the business environment has a negative (-3.7%) moderating effect on the relationship between product strategy and business performance though the relationship is insignificant as the alpha value of 0.63 is higher than the significance level of 0.05. When the

interaction term of product strategy and business environment is added to the multiple regression analysis, business environment too, has a positive (3.9%) effect on business performance. This could be an indication that depending on the type of the business environment in which the craft vendors operate, they are likely to experience negative or positive business performance.

In particular, when product strategies such as product mix (venturing into variety curio products) and product branding are properly implemented, there will be desirable business performance. On the other hand, good business performance of curio and craft vendors is realized when; there is political stability, proper adoption of technology such as use of social media for marketing curio craft products, and less competition from other curio vendors, as well as favorable government laws and regulations such fair taxation. These findings indicate that craft vendors ought to understand the business environment, adopt technology, and offer variety of craft products to attain competitive advantage and increase sales and profits besides increased customer satisfaction.

#### **4.5 Summary of the findings**

The goal of this research was to investigate the effect of product strategy on the performance of craft vendors' businesses in Nairobi County. The paper was designed as a descriptive research in which all the licensed curio operators in Nairobi County formed the target population. A non-probability purposive sampling was used to identify the respondents to the questionnaires. The target was to get responses from 60 curio operators but the researcher ended up getting responses from 61 respondents, indicating a response rate of 102%. Primary data collection was used and the data collected was analyzed using descriptive analysis using SPSS version 24.

The findings indicated that curio and craft vendors are fairly distributed in terms of gender (54.8% male and 45.2% female). Majority of the vendors are 30 years and above (78.7%). In terms of education level, majority have primary and secondary education, which totals to 86.4%. About the business duration, majority (43.5%) had been operating for between 1-5 years while 29% of them had operated the curio business for more than 10 years. On the question of running other business, majority (61.3%) of the respondents said they do not run any other business other than the curio business. Of those who operate other businesses, majority of them sell clothes while some sell bags and belts. Lastly, on the question about the mission statement, majority 96.8% did not have the mission statement.

The results from Hierarchical Multiple Linear Regression Analysis reveals that product strategy (PS) significantly (at 5% alpha level) accounts for about 15.4% variance in curio and craft vendors business performance. When the business environment (BE) is added to the first model, the results indicate that the percentage accounted for variance in curio and craft vendors business performance increases to about 15.9%. Further, when interaction term PS\*BE is added to the second model, the results show that the percentage accounted for variance in curio and craft vendors business performance increases to about 23.8%.

From the coefficients of the regression model, good business performance of curio and craft vendors is realized when proper product strategies are put in place. In particular, when product strategies such as product mix (venturing into variety curio products) and product branding are properly implemented, there will be positive business performance. On the other hand, good business performance of curio and craft vendors is attained when; there is political stability, technological advancement, and reduced competition from other curio vendors, and favorable government laws and regulations such as fair taxation.

## **CHAPTER FIVE: SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS**

### **5.1 Introduction**

This section presents discussion, conclusion and recommendation regarding the research conducted. Under discussion, the findings are connected with the existing literature review to bring out sense of the interactions amid the variables studied. Secondly, the conclusion is summarizes the discussion of results, that is, it draws major points as captured in the results and discussion. Finally, recommendation suggests possible action to be taken about the results and postulation for future research.

### **5.2 Discussion of the Findings**

Table 4.1 indicates that 54.8% were male while 45.2% were female respondents who participated in this research. The highest percentage (78.7%) of respondents were aged above 30 years while 21.3% of the respondents fell within the age bracket of 25-29 years. It is worth noting that none of the respondents was below 24 years; implying that the curio craft business is heavily dominated by middle-aged and older business people.

From Table 4.2, the researcher sought to find out the level of education of the respondents and it was noted that most of them had attained primary education level only (50.8%) while 35.6% had completed high school education. Traders with diploma and graduate level of education represented 6.8% each while 4.8% of the respondents chose not to reveal their level of education. The level of education is vital in ascertaining whether the business people have an understanding product strategy and whether they adopt such strategies in their daily business operations.

The researcher sought to establish how long the businesses have been in operation and it was found out that 14.5% of the respondents had been in operation for under a year, 43.5% had been running their business for between 1-5 years while 12.9% had been in operation for 6-10

years, and 29% of them had operated the curio craft ventures for more than 10 years. The period of operation helps understand whether the businessmen have had challenges in the business environment or what strategies they might have adopted to keep them operational for all those years.

The study sought to ascertain whether the curio craft traders run alternative business ventures and 38.7% stated they have other businesses. On the contrary, 61.3% of the respondents said they do not run any other business other than the curio business. From the research, majority of the business people with alternate ventures deal in clothing, shoes, bags and belts. Many of the craft vendors lacked a mission statement as only 2, representing 3.2% of the respondents had a mission statement for their business.

The findings indicated that number of females in curio and craft vendors are slightly less as compared to male. The operation and running of curio shops is considered a strenuous task and this could be the reason behind the variations in the lower number of female curio owners. The findings also show that Majority of the curio vendors are 30 years and above. The figures could be based on the fact that people above 30 years are in their prime ages, having families, supporting extended families, and thus assume more responsibilities. In terms of academic level, the curio business, based on this research is dominated by traders with primary and secondary level of education. Curio and craft vending is fueled more by passion and talent than academics qualifications.

From the coefficients' analysis (table 4.6), good business performance of curio and craft vendors is realized when proper product strategies are put in place. In particular, when product strategies such as product mix (offering a diverse set of curio products) and product branding are properly implemented, there will be positive business performance in terms of customer satisfaction, increased profits, and sales growth. On the other hand, good business

performance of curio and craft vendors is realized when; there is political stability, technology adoption and reduced competition from other curio vendors, and favourable government laws and regulations such fair taxation.

As indicated by (4), (5) and (6), business performance of curio and craft vendors is realized when proper product strategies are implemented. A 21.9% variation in product strategy results to positive effect on firm performance. However, business environment has an insignificant negative (-3.7%) moderating influence on the association amid product strategy and firm productivity. When the interaction term of product strategy and business environment is added to the multiple regression analysis, business environment too, has a positive (3.9%) effect on business performance. This could be an indication that favourable business environments foster business success while unfavourable ones lead to lower business performance.

### **5.3 Conclusion of the Study**

Although female curio craft traders are fewer compared to male, this is considered as a fair distribution in terms of gender. Secondly, Majority of the curio vendors are 30 years and above and curio and craft vending are dominated by traders with primary and secondary level of education. Majority of curio vendors do not engage in any other business, while few of them engage in sell of clothing products. Most of the curio vendors do not have mission statement and this could be attributed to their low levels of education.

Good business performance of curio and craft vendors is realized when proper product strategies are put in place. Suitable business environment; in terms of stable political conditions, adoption of technology such as possession of social media pages to market curio and craft products, and fair legal practices (especially on fee licensing) were noted to be vital aspects that determine the success of the business. The implications for the Ansoff Matrix in



this case is that entrepreneurs ought to assess the dynamics in the market before engaging in new product development or diversification of the range of products they offer to the market or in venturing into new regions. One has to assess the political, economic, and legal as well as technological environment before deciding on which products to sell.

A mix of product strategy (branding, packaging, and product mix) and business environment have varying effects on the success of craft vendors. The diffusion of innovation theory, as postulated by Rodgers (1985) asserts that consumers adopt use of technology at different stages. An understanding of the business environment, especially with respect to the technological changes would enable craft vendors use technology to reach a wider market share. According to the resource-based view theory, firms attain spirited lead by using and managing valued resources. In this context, strategic location of the curio shops, adoption of technology to market their merchandise as well as development of new products (Barner, Wright and Ketchen, 2001).

The research reckons that there exists a positive connection linking product strategy and performance of craft vendors in Nairobi County. Change in business performance of curio craft traders is dependent on 15.4% change in product strategies, and increases to 15.9% with the business environment as the moderating variable. A combined effect of business environment and product strategy, when added on the relationship between product strategy and firm performance, results to 23.8% change in the business performance. These results imply that assessment of the business environment and development of new product strategies cumulatively influence the performance of businesses of curio craft vendors in Nairobi County.

#### **5.4 Recommendations**

Based on the findings in this study, majority of curio vendors do not have mission statement. Further, curio and craft vending is dominated by traders with primary and secondary level of education. Most of the vendors lack capacity to develop and understand mission statement. Therefore, this study puts a recommendation to encourage curio vendors to join youth polytechnics or middle level colleges. This will not only help them develop appropriate mission statements but also gain knowledge on product strategy, which in turn will have positive impact on their business performance.

As detailed in the result section, when product strategies such as product mix (venturing into variety curio products) and product branding are properly implemented, there will be positive business performance. Hence the study recommends that curio vendors are supposed to be encouraged to attend seminars and workshops organized by consultants in the field of marketing (product strategy). The government and related stakeholder's such as the tourism agencies ought to promote and make it easier for craft traders to access technical training. This will help them gain knowledge and skills, which are important in development and implementation of product strategy and ultimately lead to improved curio business performance.

#### **5.5 Limitations of the Study**

The study focused on curio traders in Nairobi County alone. The findings could be different from other counties. Besides this, the findings indicate that product strategy accounts for 23.8% (at 5% alpha level) variance in curio and craft vending business performance. This is after moderating variable (business environment) has been taken into account. This implies that 76.2% variance in curio and craft vending business performance is accounted for by other factors other than product strategy and the business environment.

## **5.6 Suggestions for Further Study**

The fact that 76.2% of the variance in business performance of the curio craft traders is explained by factors other than product strategy means that future studies should consider aspects such as tourist attitude, availability of raw materials and competition from other vendors. Cross-county or cross-national studies can be conducted to determine whether similar or different findings can be reached. The role of the county government in promoting curio craft businesses is also a possible future topic for research.

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## **APPENDIX I: DATA COLLECTION TOOL**

### **Introduction**

This study is part of requirement of the researchers` Master of Business Administration course. Accordingly, this survey is aimed at collecting information on product strategy, environmental dynamics and performance of a business. Kindly fill in this survey to the best of your knowledge. The information shared will remain anonymous as there will be no personal identifiers required of you as respondent. The survey will take about 30 minutes. Thanks for offering to participate in the survey.

### **Section A: General information**

1. Gender:

Male      [   ]

Female    [   ]

2. What is your age bracket?

Below 18 years [   ]

19-24 years    [   ]

25-29 years    [   ]

Above 30 years [   ]

3. What is your educational level?

Primary        [   ]

Secondary     [   ]

Tertiary       [   ]

Graduate      [   ]

Post-graduate [   ]

4. Do you operate a different business apart from curio and craft vending?

Yes            [   ]

No             [   ]

5. If yes (in question 4 above), kindly specify the type of business

.....

6. For how long have been in this business?

Less than 1 year [ ]

1-5 years [ ]

6-10 years [ ]

Above 10 years [ ]

**Section B: Product Strategy**

7. Does your business have a mission statement?

Yes [ ]

No [ ]

8. If yes, please indicate the mission statement of your business below.

.....  
 .....

9. What is the extent to which your business has implemented the following product strategy? Using a five-point scale below, please tick appropriately against each statement. The scale stand for the following: 1 = No at All; 2= Small Extent; 3= Moderate Extent; 4= Great Extent; 5= Very Great Extent

No	Statement	1	2	3	4	5
1	Products and services are offered based on customer needs					
2	The business targets consumers with similar needs					
3	The business analyses the intensity of competitors					
4	The identified market segments enable the business to analyse its competitors					
5	The firm decides the market strategy to use					
6	The business lists attractive segments to target					
7	The business analyses potential market places					
8	The business has a special way of packaging its product					

10. For which of the following do you price your products?

a) Communicating value [ ]

b) Meeting competition [ ]

c) Recovering cost [ ]



11. What other strategies do you use for your products?

- i. ....
- ii. ....
- iii. ....
- iv. ....

12. What major hindrance do you find in setting up effective product strategy?

- i. ....
- ii. ....
- iii. ....
- iv. ....

**Section C: Business Performance**

13. Kindly indicate the extent to which you concur with the following statements concerning the effect of product strategy on performance of curio and craft vendors in Nairobi - Kenya. Using a five-point scale below, please tick appropriately against each statement. The scale stand for the following: 1= strongly disagree 2= disagree 3= undecided 4= agree 5= strongly agree.

No	Statement	1	2	3	4	5
1	The business is able to meet customer needs satisfactorily					
2	The business is able to provide quality products to its customer					
3	The business offers affordable products to its customers					
4	The business has gained trust and confidence from most of its customers					
5	The business makes follow ups that the customer is fully satisfied with the products and services offered					
7	The business has created strong bonds with its customers due to face-to-face interactions					
8	The sales turnover has been improving over time					
9	The business makes enough profits to sustain itself.					
10	The are growth prospects for opening new branches for the business.					

**Section D: Environmental Dynamics**

14. To what extent is your business affected by the following environmental dynamics?

Tick appropriately.

<b>Environmental dynamics</b>	<b>1 Not at all</b>	<b>2 A little extent</b>	<b>3 Moderate extent</b>	<b>4 Great extent</b>	<b>5 Very great extent</b>
a) Political stability					
b) Economic inflation					
c) Tourists' attitudes					
d) Government laws and regulations					
e) Availability of raw materials					
f) Competition from other vendors					

15. Have you tried responding to challenges in business environment?

Yes [  ]

No [  ]

16. If yes, how did you respond to these challenges?

.....

.....

.....

.....

17. If no, what are the reason why you have never tried to respond to these challenges?

.....

.....

.....

.....

**Thank you for taking part in the survey.**

APPENDIX II: DATA COLLECTION AUTHORIZATION LETTER



**UNIVERSITY OF NAIROBI**  
**SCHOOL OF BUSINESS**

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DATE 21/09/2018

**TO WHOM IT MAY CONCERN**

The bearer of this letter Charles Ochiamba Otieno

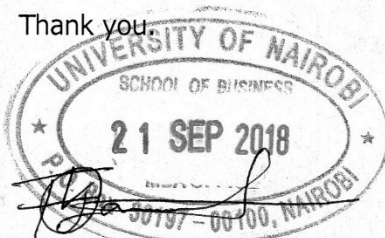
Registration No. D61/79138/2015

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

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

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

Thank you



**PROF. JAMES M. NJIHIA**  
**DEAN, SCHOOL OF BUSINESS**