

**THE GENERATION Y CONSUMER BEHAVIOR AND ITS INFLUENCE ON  
ECONOMIC PILLAR OF KENYA VISION 2030**

**BY**

**RAHAB MUGURE NG'ANG'A**

**A RESEARCH PROJECT IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS  
ADMINISTRATION (MBA), SCHOOL OF BUSINESS, UNIVERSITY OF  
NAIROBI**

**OCTOBER, 2012**

## DECLARATION

This research proposal is my original work and has not been presented to any college or University for examination purposes.

Rahab Mugure Ng'ang'a

D61/65072/2010

Signature\_\_\_\_\_ Date\_\_\_\_\_

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

Signed\_\_\_\_\_ Date\_\_\_\_\_

Dr. R. Musyoka

Supervisor,

Department of Business Administration

University of Nairobi

## **DEDICATION**

To my family and friends who supported me during the period that I undertook my MBA program.

Thank you and God bless you abundantly.

## **ACKNOWLEDGEMENT**

First and foremost, I thank God for being my all in all. I acknowledge the support of my family and friends who have stood with me and supported me throughout my studies and particularly for their unending encouragement.

I pay my gratitude to my supervisor for guidance in the research and for the support, patience and understanding throughout the research period. I also thank the entire fraternity of University of Nairobi.

Thank you and God bless you abundantly.

## **ABSTRACT**

Young people in emerging nations are growing up as their horizons, buying power, and future prospects continue to brighten. This rising young world, exposed to global media and global consumer culture through the Internet, represents the next frontier for branding.

The general objective of this study was to determine the Generation Y consumer behavior and its influence on the economic pillar of Kenya vision 2030. The specific objectives of this study were: To determine the buying patterns of Generation Y in Kenya; To determine the buying behaviors of Generation Y in Kenya; To establish the factors that influences the buying patterns and behaviors of Generation Y in Kenya.

The research is a descriptive survey. The population of interest in this study included Generation Y consumers in Kenya. Stratified random sampling technique was used. Primary data was collected using questionnaires. Descriptive statistics was used to analyze data.

The study found that social-cultural environment such as educational level influenced the buying decision generation Y to a large extent while reference groups, family, roles, status and respondents' position in the family was to a moderate extent. Also study concludes that psychological factors influenced the buying decision of the respondents to a moderate extent. The study established that factors due to marketing effort had the highest mean among all other factors thus had the greatest influence on buying behavior and patterns of Generation Y.

The study found that practical needs to a large extent can trigger the need to buy a product. It also established that respondents got information when making purchase decision from testing and using the product (experience), friends and internet to a large extent. The study determined that most respondents will recommend the same brand/product to another person and they make a repeat purchase of the same brand when satisfied after using a product whereas when dissatisfied, most of them will switched to another brand and grumbled to friends and relatives. The study concluded that most respondents would consider to a large extent investing in a business, buying a mobile phone and buying a laptop when they have extra cash.

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## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background

Businesses do not operate in a vacuum but rather in a dynamic environment that has direct influence on how they operate and whether they will achieve their objectives. The business environment in which business operate in the 21<sup>st</sup> century has changed dramatically. It has become more volatile, unpredictable and very competitive.

The marketing environment consists of a micro environment and a macro environment. The micro environment consists of forces close to the company that affect its ability to serve the company suppliers, marketing channel firms, customer markets, competitor and publics. Macro environmental variables include demographic, economic, natural, technological, political and, cultural. A firm considers these variables as part of its environmental scanning to better understand the threats and opportunities created by the variables and how strategic plans need to be adjusted so the firm can obtain and retain competitive advantage.

The economic environment includes factors that affect consumer purchasing power and their spending patterns. It is characterized by lower real income and shifting consumer patterns, consumers are seeking greater value and distribution of income is shifting leading to a two-tiered market. In world economic outlook report, 2012 World GDP was US\$ 72,485.81 Billion, which represented growth of 4.513 % over 2011. Average GDP was US\$ 393.76 Billion. For the year 2012, global inflation was running at 3.441 %, investment as a % of world GDP was 24.082 %, gross national savings as a % of world GDP was 24.58 %, and the current account balance of all countries stood at US\$ 544.907 Billion of global GDP.

Kenya Economic Survey 2012 report projected that the economy would grow between 3.5 and 4.5 per cent this year, if political climate and weather conditions were favorable. Generally, the economy has contracted since 2010 (5.8 percent) with more jobs being realized in the informal sector (80.8 percent). In 2011 the economy grew by 4.4 percent. Kenya is gradually recovering from the impact of multiple domestic and external shocks, which affected economic performance and dampened

gains from strong economic growth and recovery last year. The World Bank projects a higher growth rate of 5% in 2012, up from 4.3% in 2011, if challenges of elections under a new constitution and external economic shocks are managed to reduce distortions in macro economic activity.

Political environment consists of law, agencies and groups that influence or limit marketing actions. It has gone through three main changes that affect marketing worldwide: increasing legislation regulating business, strong government agency enforcement and greater emphasis on ethics and socially responsible actions. In political stability in Kenya report in 2012 corruption is rated as a severe or major obstacle by as high as three out of every four of firms in Kenya. It also shows that the country loses between 0.5 and 1.5 percent of GDP each year due to the malfunctioning of the commercial dispute resolution system. The most significant political debate presently is on the date of next election, with sharp differences over December 2012 or March 2013. The election will be the first under transformative new constitution which Kenya approved with a 67% majority in a referendum and was promulgated by President Mwai Kibaki in August 2010. The constitution develops power and accountability to 47 counties in a devolution program described as one of the most ambitious in the world. The expanded devolved government promises Kenya a more equitable development model and it creates opportunities for new growth centers (Stephanie, 2008).

The technological environment includes forces that create new technologies, creating new product and market opportunities. Technology has led to faster pace of technological change thus products are being technologically outdated at a rapid pace and unlimited opportunities being developed daily. The mobile money revolution started in Kenya. To date it has been fairly hard to replicate the success of mobile money in Kenya in the same way in other countries and regions. MPESA has won Safaricom, the country's leading Mobile Network Operator (MNO) award after award and has broken record after record for the volume of cash that passes through the mobile money system every single day. In 2008 SEACOM, a submarine fiber optic cable went live, connecting Kenya to the world and opening up a world of new opportunities for the country to grow its ICT sector (Tom, 2010).

Demography is the study of human populations in terms of size, density, location, age, sex, race, occupation, and other statistics. Today's environment shows a changing age structure, shifting family profiles, geographic population shifts, a better-educated and white collar population and increasing diversity. The 20th century was the century of population growth (with the world population increasing from 1.6 to 6.1 billion). In world population data reports 2011 indicates that the World population is likely to peak in 2060-2080 around 9 billion. The 21st century will be that of global population ageing (with the proportion above age 60 increasing from currently 0.10 to 0.25-0.45 by 2100). The speed of population ageing will accelerate over the coming decades. In 2009 Population & Housing Census Results, Kenyans population increases by an estimated one million a year. The government revised population based on the 2009 census is 39.8 million, an increase of 35% in the past decade. The population report shows the distribution of the population across the country, with Rift Valley province being the most populous with 10.1 million people. Nairobi the capital has 3.1 million people according to the reports released by the ministry of planning and National development. Demographic trend shows that people are moving to urban areas and the bank estimates that half of Kenya's population we live in cities by 2050.

Marketers should study these elements of their environment, as they have the potential to affect how a firm should operate to attain and maintain its competitive advantage. When selecting the response strategy to be used by the organization markets should undergo the following processes in analyzing the competitive environment and market signals, analyzing the industry by looking a discreet market segment, changes in industry structure, which strategic groups to compete in and selecting a generic competitive strategy based on identified target market segments, strategic option and SWOT analysis (Porter, 1998).

Marketers cannot appeal to all buyers in their markets or at least not to all buyers in the same way. Buyers are too numerous, too widely scattered and too varied in their needs and buying practices. Therefore most companies are moving away from mass marketing. Instead, they practice target marketing. Target marketing involves identifying market segments, selecting one or more of them and developing products

and marketing mixes tailored to each for competitive position for the product and creating a detailed marketing plan (segmentation, targeting & position) (Kotler & Armstrong, 2001). In this way, sellers can develop the right products and services for each target market and adjust their prices, distribution channels and advertising to reach the target market efficiently.

There is no single way to segment market. Therefore the marketer tries different variables to see which gives the best segmentation. For consumer marketing, the major segmentation variables are geographic, demographic, psychographic and behavioral. The effectiveness of segmentation analysis depends on finding segments that are measurable, accessible, substantial, differentiable and actionable.

In the recent past, Generation Y emerged as a result of their unique consumer behaviors and patterns hence marketers segmenting them in terms of age, lifestyle, personality, knowledge and altitude.

### **1.1.1 The concept of Generation Y**

Generation Y can be described as people approximately aged 11-34. They are made up of the children of the post-World War II generation. They are the segment of the population immediately following Generation X and have been referred to by many different taglines such as the Echo Boomers, the Net Gen, Nexters, the Nintendo Generation, and the Millennials. There are no precise dates as to when this generation begins and ends, but it is widely discussed that the label Generation Y applies to anyone born roughly between the early 1980's and the late 1990's. Other studies categorize them from late 1970's to late 1990's. In US this generation is more than three times the size of Generation X this number is expected to grow to 90million by 2020 (Kotler and Keller, 2009). In Kenya, Generation Y it is more than five times (45.9%) of the Generation X (8.8%) and the number expected to grow to more than 50% by 2020. The percentage distribution of the household population by age in Kenya 2008-09 statistics as indicated by Kenya Bureau of statics (KBS) data shows: 45.9% of age 11-34 is young people that were born between 1977 and 2001. This category is also known the Generation Y.

The marketing impact of Generation Y has been immense though they haven't yet reached their peak income and spending years. This prosperous young people have hundreds of billions of dollars to spend and spend they do. In addition to their own purchases they have a major influence on what their parents buy. These technological sophisticated consumers are the first to grow up with digital technology and the internet. Cell phones and MP3 players are loaded with features and come in many colors combination, allowing Generation Y to keep up with their peers yet express their individuality through their gadgets. Their spending habit reflects their love of technology, so electronic commerce, for examples websites with online ordering capabilities, email newsletters and sales announcement becomes an important tool to reach them. The best marketing approaches position brand as a cutting edge, fashionable and popular but avoid the hard sell. As the older member enter the work force and approach thirty they are catching the eye of other types of companies (McDaniel & Gitman, 2008).

### **1.1.2 The Kenya vision 2030**

Business environment in Kenya has been undergoing drastic changes for some time now. Some of the changes include accelerated implementation of economic reforms. One of the major economic reforms was the development and implementation of the Kenya Vision 2030. Other changes include globalization and liberalization of the economy, discontinuation of prize control, privatization and commercialization of public sector and increase in competition (Vision 2030 brochure, 2007)

Kenya Vision 2030 is the new country's development blueprint covering the period 2008 to 2030. It aims at making Kenya a newly industrializing, "middle income country providing high quality life for all its citizens by the year 2030". The Vision has been developed through an all-inclusive stakeholder consultative process, involving Kenyans from all parts of the country. The vision is based on three "pillars" namely; the economic pillar, the social pillar and the political pillar. This vision's program plan comes after the successful implementation of the Economic Recovery Strategy for Wealth and Employment Creation (ERS) which has seen the country's economy back on the path to rapid growth since 2002, when GDP grew at 0.6% rising to 6.1% in 2006.

The economic pillar aims at providing prosperity of all Kenyans through an economic development program aimed at achieving an average Gross Domestic Product (GDP) growth rate of 10 % per annum the next 25 years. The social pillar seeks to build “a just and cohesive society with social equity in a clean and secure environment”. The political pillar aims at realizing a democratic political system founded on issue-based politics that respects the rule of law, and protects the rights and freedoms of every individual in the Kenyan society.

The Kenya Vision 2030 is to be implemented in successive five-year Medium Term plans with the first such plan covering the period 2008 – 2012. After 2010 another five-year plan will be produced covering the period 2012 to 2017, and so on till 2030 (Vision 2030 brochure, 2007).

Under Vision 2030, Kenya aims to increase annual GDP growth rates to 10% and to maintain that average till 2030. This is an ambitious goal and the Government is aware of that. But it has the confidence that Kenyans will rise to the challenge as they have done often before. Kenya will be only the 5th country in the world to achieve such a high level of sustained economic growth. Considering that the current economic growth of 6.1 % has come primarily through rapid utilization of existing capacity rather than efficiency gains or much new investments, achieving the 10% growth will require a dedicated campaign to alleviate existing constraints to future growth, and in particular to use our resources more efficiently. To achieve that ambition,

Kenya must continue with the tradition of macro-economic stability that has been established since 2002. It must also address other key constraints notably a low savings ratio out of national income. Delivering the country’s ambitious growth aspirations will require a rise of national savings from about gaining from the current 17% in 2006 to about 30% in 2012. It will also be necessary to deal with a significant informal economy employing 75% of the country’s workers. Formalizing productivity and distribution will increase jobs, incomes and public revenues. Others critical problems include poor infrastructure and high energy costs. The six key sectors below have been given priority in acting as key growth drivers in the journey to 2030. Tourism, increasing value in agriculture, a better and more inclusive



wholesale and retail trade sector, business process off shoring, manufacturing for the regional market and financial services.

If marketers are able to identify the youthfulness of developing markets and the opportunities they create and exploiting these markets, the economy of Kenya will improve significantly.

## **1.2 Research Problem**

Young people in emerging nations are growing up as their horizons, buying power, and future prospects continue to brighten. This rising young world, exposed to global media and global consumer culture through the Internet, represents the next frontier for branding. Studying Gen- Y is the first step toward profiteering. If marketers are able to study the changing consumer behavior and patterns of Generation Y today and adapt to the changed behaviors and patterns, they'll secure a lifelong customer in the future as they evolve into mature adults and parents. Also they will be able to take advantage of emerging markets as a result of these changes which will contribute significantly to the Kenyan economy as Kenyan government strive toward achieving Vision 2030.

Few studies have been carried out that were geared toward achievement of vision 2030. Tsuma (2011) focused her studies on the influence of Kenya vision 2030 on strategic planning in public sector organization. Amos (2011) studied on strategic response by Kenya wildlife service towards realization of Kenya vision 2030. Muli (2010) investigated on strategic responses by the ministry of public works to the challenge of the vision 2030. However, despite the increase in population of Generation Y, no study, to the best of the researcher's knowledge, has been conducted in Kenya relating to their consumer behavior and their positive contribution toward the Kenya vision 2030. It is in this light that this study seeks to determine the Generation Y consumer behavior and its influence on the economic pillar of Kenya vision 2030.

### **1.3 Objective of the study**

The general objective of this study was to determine the Generation Y consumer behavior and its influence on the economic pillar of Kenya vision 2030. The specific objectives of this study were:

- i. To determine the buying patterns of Generation Y in Kenya
- ii. To determine the buying behaviors of Generation Y in Kenya
- iii. To establish the factors that influences the buying patterns and behaviors of Generation Y in Kenya.

### **1.4 Significance of the study**

The findings of this study would be of importance to the marketers who are keen in exploiting the developing markets that are emerging as a result of Generation Y consumer behaviors. It would help them in segmenting these markets, targeting and positioning their brands to appeal to this segment of Generation Y.

It would also be of help to young entrepreneurs who are looking for new opportunities to exploit in the market through identifying the developing markets emerging due to Generation Y consumption patterns and behaviors.

The findings would also be important to the government of Kenya as it strive to achieve Kenya vision 2030 goals by identifying the emerging markets as a result of Generation Y consumer behavior, allocating resources and supporting them in order to grow and contribute positively in achievement of Kenya vision 2030.

Academicians/researchers would also find the findings of the study useful in guiding them to future research on emerging trends in consumption patterns and buying behaviors of consumers.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter looks at the different concepts of consumer behavior, consumer purchase decision-making levels, consumer decision making model, factors that influence consumer behavior and how age affects consumer behavior

#### **2.2 Consumer behavior**

According to Assael (1998), the consumer is very complicated and to elaborate the complexity of the consumer, he wonders whether the consumer is the one who hands over money at the counter, the one who uses the product or anyone who takes part in the purchase process. He further says that the answers to these questions are definitional. He goes on to define the consumer as the individual(s) who exercise the right of acquisition and use over goods and services offered for sale by marketing institutions.

Schiffman and Kanuk (1991) on the other hand look at the definition of consumer from a different point of view. They use the term consumer to describe two different kinds of consuming entities: the personal consumer and the organizational consumer. They argue that the personal consumer buys goods and services for his or her own use (e.g. a notebook), for the household (e.g. a television) or as a gift (e.g. a video game). In each of this context the products are brought for final use by the individuals who are referred to as end or ultimate users. The organizational consumers include profit and not-for-profit organizations, government agencies and institutions (e.g. schools, hospitals and prisons) all of which must buy products, equipment and services in order to run their organizations.

Consumer behavior has been defined, as the behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products that they expect will satisfy their needs (Cravens, 1996). Kibera and Waruingi (1998) define consumer behavior as a complex decision making process by the individual consumer overtime. Literal meaning of the word consumer is derived from the word “to consume” which

means to use up. The consumer would then be defined as the person who does the act of using up the good.

Consumer behavior therefore concerns itself with specific types of human behavior that are market related. It includes both mental decisions and physical activities resulting from decision involved specifically in buying and using of economic goods and services. The consumer basic decision is whether to purchase a product or not. The decision on what to purchase is directly related to product choices. The decision on when to purchase involves the timing of purchase, while the decision on where to purchase involves the choice of store and the decision on how to purchase is directly related to other decisions such as the amount of time to be used, mode of payment, mode of transportation and whether to shop alone or with others.

It has been argued that understanding consumer needs is the very essence of marketing and the marketing concept (Kotler, 2000). According to Loudon and Bitta (1979), a sound marketing understanding of consumer behavior is essential to the long run success of any marketing program. In fact, consumers and their wants are seen as the cornerstone of the marketing concept, an important orientation or philosophy of many marketing managers. The importance of understanding consumer is further exemplified by Hutt and Speh (1991), who asserts that a core element in firm's capability to achieve and to maintain a competitive advantage is its ability to satisfy the needs of consumers more fully and more rapidly than competitors in the market place.

Marketers spend a great deal of time thinking about customers and their buying behavior. They want to know who their customers are, what they think, how they feel, why they buy goods and services they purchase and what makes them more loyal. These are difficult questions which even marketers don't know exactly what motivates their consumers buying and consumption patterns. Therefore understanding customer's consumption patterns and behaviors should be put a top priority for all marketers who want to thrive in their market segment. Marketers who really understand how consumers will respond to different products, features, prices and advertising appeals have great advantage over their competitors (Kotler & Keller, 2009).

According to Assael (1993), consumer behavior is important to marketers because the consumer has marketing mix that satisfies the target consumers. Knowledge of consumer behavior helps the marketer predict how consumers are likely to respond to company's strategies. Schiffman and Kanuk (2000) understanding consumer behavior and by defining the firm's business domain as market-oriented, managers and their organizations are able to satisfy consumer needs by monitoring closely evolving lifestyles and trends and anticipate consumer needs. This enables them to respond promptly with products and promotional campaigns to meet those needs.

Consumer behavior plays a role in the evaluation of consumer groups with unsatisfied needs or desires. Organizations should not only recognize consumers' unmet needs but also understand whether those needs will be expressed as economically feasible markets and what organizational response is required for success in selling to those markets (Engel et al, 1978). London and Bitta (1979) note that consumer behavior is also applicable in government decision making. They further say that when the government develops policies aimed at providing services to the public, their decision affect the consumers and as such the government ought to understand their behavior. Consumers benefit from the orderly behavior of consumers. When consumers study about what has been discovered about the behavior of others, they gain insight into their own interaction in the market place. They discover the many variables that influence their purchases and hence get the opportunity to better understand how they affect their own behavior.

### **2.3 Consumer Purchase Decision-Making Levels**

According to Kanuk and Schiffman (2000), not all consumer decision making receive or require the same degree of information search. They also observe that if all consumer decision requires extensive efforts, then consumer decision making would be an exhaustive process that left time for anything else. Consumer can base their decisions on cognitive process of information search and evaluation. On the other hand little or no decision making may take place when consumer is satisfy with a particular brand and purchase it consistently (Assael, 1998). Kanuk and Schiffman (2000) further note that a continuum effort ranging from very high to very low, we

can distinguish three specific levels of consumers decision making: extensive problem solving, limited problem solving and routine response behavior.

#### **2.4 Consumer Decision Making Model**

Mowen (1998) notes that majority of research into consumer behavior throughout the 1970s and 1980s focus on the decision-making perspective in consumer purchase decisions. The view is derived largely from economic theory of consumer demand and the normative concepts of economic man and rational behavior. The view of the rational decision maker is based on a cognitive model, which assumes that purchasing is a problem-solving activity in which consumers move through a series of stages in order to solve a problem.

Consumer go through a decision process of varying complexity, depending on the nature of the decision they are making, with a number of possible variables, which influences this process at a number of stages (Kotler, 2000). Whether consumers actually do go through each of the stages outlined and the amount of time spends at any one stage, is likely to vary with the nature of the purchase. Where the purchase is perceived to be of high risk, it is likely that the consumer will spend more time in the information search and evaluation stages. Such buying decisions are termed complex or high involvement decision (Assael, 1998). For routine or habitual purchases, the decision process will probably be simplistic where no formal process of information search or evaluation will be gone through and consumers will rely on past experience.

According to Schiffman and Kanuk (2000), consumer decision making process can be viewed at three distinct but interlocking stages: the input stage, the process stage, and the output stage. The consumer buying process is therefore a complex matter as many internal and external factors have an impact on the buying decision of consumer.

Behind the visible act of making a purchase lies a decision process that must be investigated. Schiffman and Kanuk (2000) describe input in the consumer decision model as one that draws from external influences that serve as sources of information about a particular product and influences a consumer's product, related values, attitudes, and behavior. They continue to state that chief among these input factors are marketing activities of an organization that attempt to communicate the benefits of the

products and services to potential consumers and the non marketing social-cultural influences which when internalized affect the consumer purchase decision.

The cumulative impact of each firm's marketing efforts, the influence of family, friends, neighbors and the society's code of behavior are all inputs that are likely to affect what consumers purchase and how they use what they buy. The process component on the other hand is concerned with how consumers make decision, which involves complex psychological concepts. The psychological field represents the internal influences (motivation, perception, learning and attitudes) that affect consumer decision making process.

The act of making a consumer decision consists of three stages: need recognition; pre-purchase search and evaluation of alternatives. According to Assael (1998), recognition of a need is likely to occur when a consumer is faced with a problem. Among consumers, there seems to be two different problem or need recognition styles. Some consumers are actual state types who perceive that they have a problem when a product fails to perform satisfactorily (e.g. a picture on their television is fussy). Other consumers are desired state types for whom the desire for something new may trigger the decision process.

Kotler (2000) argues that a need arises when a buyer senses a difference between his or her actual state and a desired state. Needs may be functional or psychological in nature, and marketers are often trying to satisfy psychological needs as much as functional ones (Babin et al, 1994). Schiffman and Kanuk (2000) add that need recognition can also be considered as either simple or complex. Simple need recognition refers to the need that occurs frequently and can also be dealt with automatically (e.g. becoming thirsty and purchasing a can of soda). On the other hand complex need recognition is a state that develops over time as an actual state and a desired state gradually move apart (e.g. after several years of driving a car, the owner may consider trading it for a new one to avoid growing repair bills).

A need can be triggered by internal or external stimuli or both. It can be as simple as noticing an empty milk carton or it can be activated by marketing efforts. Internal stimuli occur when one of the consumers normal needs (hunger, thirst, sex) rise to a threshold level and become a drive. Nyaga (1989) notes that external stimuli may be

visual, audio or scent and is perceived by our five senses. It arouses the desire to acquire the item serving as the source of the stimuli. An example is when one sees a beautiful car and desires to have one like it.

Pre purchase search begins when a consumer perceives a need that might be satisfied by the purchase and consumption of a product. A consumer is in this stage if he or she sees a need for information on which to base a choice (Schiffman and Kanuk, 2000). Solomon (1996) observes that an aroused consumer will be inclined to search for more information after a need for a product arises. The recollection of past experiences might provide the consumer with adequate information to make the present choice. If on the other hand, the consumer has no previous experience, he or she may have to engage in extensive search of the outside environment for useful information (Cravens, 1996). The information search clarifies the environment for the consumer by suggesting criteria to use for the purchase, yielding brand names that might meet the criteria and developing consumer value perception.

According to Assael (1998), the extent and depth information search will depend on the nature of buying decision. Where the good being bought is a routine product, of little value or of low perceived risks, then the buying decision is said to be of low involvement. In such case there is unlikely to be an extensive information search. On the other hand, if the product being bought is of high value and perceived risk then the consumer is likely to be engaged in extensive information search. It will also depend on the amount and credibility of the stored experience, ease of obtaining information, the value the buyer attaches to additional information and the satisfaction the buyer gets from the search.

Sheth and Parvatiyar (1995) argue since consumers have a limit to their ability to process information and that they may exhibit satisfying rather than maximizing behavior. In other words, they will only seek further information if they are unsatisfied, even if there is a possibility that there may be an alternative that would derive them greater utility. For most low involvement goods, purchases are frequently made on the basis of price (Assael, 1998). However, offering a lower price may not be sufficient to cause customers to change a supplier, as they are thought to exhibit threshold responses (Malhotra, 1983). Thus, it may be that customers will only



change a supplier if the price differential reaches a certain levels, presumably as small gains in price will not compensate for the inconvenience of having to change the supplier.

According to Schiffman and Kanuk (2000) when evaluating potential alternatives, consumers tend to use two types of information: a list of brands from which they plan to make their selections and the criteria they will use to evaluate the brand. Kotler (2000) notes there is no simple and single evaluation process used by all consumers or by one consumer in all buying situation. He further notes that there are several decision evaluation processes, the most current models of which see the consumer evaluation process as cognitively oriented. They see the consumer as forming product judgment largely on conscious and rational basis.

Kibera and Waruingi (1998) on the other hand argue that consumers have what are called evaluative criteria which are specification used by them to compare and evaluate products and brands. The criteria can either be objective (specific physical features such as colour, material and durability) or subjective (symbolic value, prestige or class of the product). In some buying situation, consumer may use only one criterion to make a decision. They may buy a pen simple because it is available. In other decisions, they may use many criterions e.g. when buying a car where features such as price, style, economy, dependability, colour, availability of spare parts and status may be involved. They apply the alternatives against the criteria and select the one that come closest to maintaining what they want and need.

Consumer allocate attribute factor to certain products, almost like a point scoring system, which they work out in their mind over which brand to purchase. These means that consumers know what features from the rival will benefit them and they attach different degrees of importance to each attribute. For example sound may be better on the Sony product and picture on the Toshiba, but picture a more important to consumer than sound and hence he is likely to prefer Toshiba to a Sony product. Consumer usually have some sort of brand preference with companies as they may have had a good history with a particular brand of their friends may have had a reliable history with one (Assael, 1998).

According to Schiffman and Kanuk (2000), the output stage consists of closely related post decision activity: purchase behavior and post purchase evaluation. The purchase activity is concerned with actual final decision and physical activities involved in making (or not making) the purchase (Kibera & Waruingi, 1998). It includes the actual transaction when the buyer exchanges a quantity of his resources for a quantity of his product.

Even if the consumer has taken time to gather information, and evaluate alternatives, whether he actually acts on this is another matter. Consumers make three types of purchases: trial purchases; repeat purchases and long-term commitment purchases. If the consumer buys a product for the first time and in smaller quantities, the purchase is considered a trial purchase. Repeat purchase is closely associated with brand loyalty and is usually for products found by trial to be better than others. Commitment purchases on the other hand occur when trial is not feasible e.g. when buying durable goods (refrigerators, washing machine etc) (Kotler, 2000).

Schiffman and Kanuk (2000) observe that during the consumption or use of product consumers will evaluate its performance in light of their own expectations. They further argue that there are three possible outcomes of these evaluations: actual performance matches expectation leading to a neutral feeling; actual performance exceeds expectation leading to positive disconfirmation of expectations (which leads to satisfaction); actual performance is below satisfaction leading to negative disconfirmation of expectation (which leads to dissatisfaction). Another important component of post purchase evaluation is the reduction of uncertainty that the consumer might have about the selection. They try to reassure themselves that their choice was a wise one that is they try to reduce post purchase cognitive dissonance (Assael, 1998). The consumer post purchase evaluation feeds back as experience to the consumer psychological fields and serves to influence future related purchase decisions.

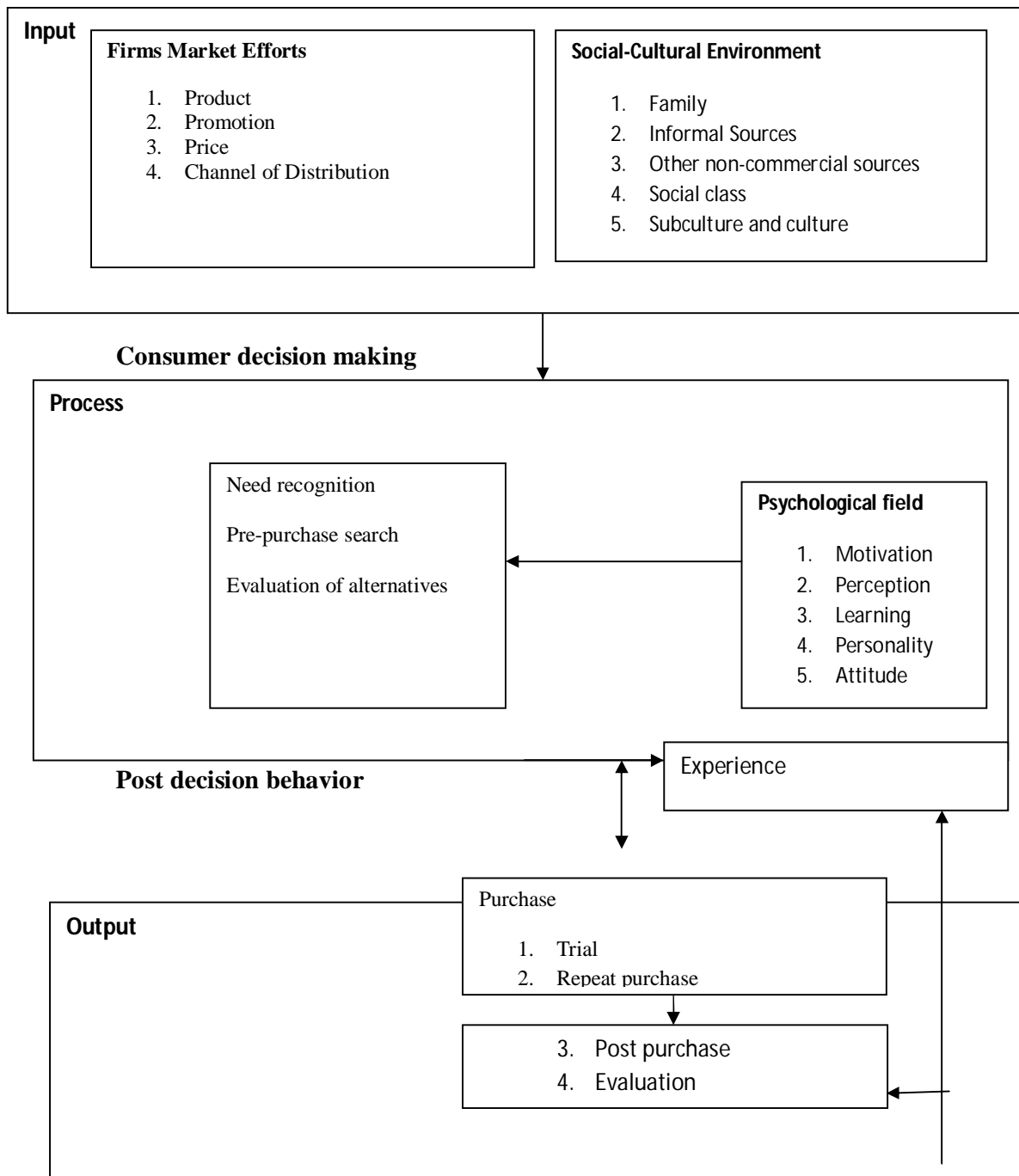
The consumer satisfaction or dissatisfaction with the product will influence subsequent behavior. It affects consumer value perception, consumer communications and repeat-purchase behavior. Where the consumer is satisfied with the good's performance, repeat purchase is more likely (Szymanski & Henard, 2001). However,

for a low involvement purchase, it is unlikely that any post purchase will be made, unless the performance of the good is unsatisfactory. With a product like toothpaste, the performance of the product itself is not a matter of question, and so marketers will need to convince consumers that there is sufficient price and service differential in their offering to induce the need for change.

On the other hand, dissatisfied consumer may abandon product, return it to the seller or may seek information that confirms its high value. He or she may take a public action such as complaining to the company or going taking a legal action. Marketers often use advertisements or follow-up calls from salespeople in this post purchase stage to try and convince buyers that they made the right decision (Assael, 1998). Solomon (1996) argues that people are likely to spread the word about unresolved negative experiences to their friends than they were to boast about the positive occurrences.

**Figure 2. 1: A Simple Model of Consumer Decision-Making**

**External influence**



**Source:** Schiffman L.G and Kanuk. L (2000) **Consumer behavior**, Prentice hall, pg

## **2.5 Factors That Influence Consumer Behavior**

According to Assael (1998), consumers are exposed to various marketing stimuli, which are designed to influence consumer decisions. Consumer's reaction to the stimuli is based on four sets of variables: psychological set; that is the general state of mind towards an object that determines positive or negative reactions towards a brand. They include motivation, perception, learning, beliefs and attitudes; consumer's personal characteristics in the form of age and life-cycle stage, occupation, economic circumstances, lifestyle, personality and self concept which influence the choice of products that the consumers purchase; environmental factors which include social factors like reference groups, family, roles and status and Cultural factors i.e. culture, subculture, social class system and a firm's marketing efforts which is the marketing used by them firm.

## **2.6 How Age Affects Consumer Behavior**

Understanding age distribution and its effect to consumer behavior provides insight on the types of products or services that will be bought and consumed in the future as well as on related behavior, altitude and opinions. Demographic affect a firm a current and future segmentation strategies (Kotler and Armstrong 2001).

Cohort analysis is fundamental to understanding changing consumer markets, not only understanding the number of people in each age group but also the important influences on their lives, including media, peers & parents. A cohort is any group of individual linked as a group in some way usually by age. The key to cohort analysis is examining the influences that are shared by most people in a specific group ultimately those influences affect consumer decision processes and the types of products, brands and retailers consumers prefer when responding to a firm's marketing strategy (Roger, Paul & James, 2006).

Gen Y is a cohort of special interest to marketers. This cohort referred to by various names: Echo, "N" Gen- for networked but most often it's called Generation Y, or simply Gen Y, to differentiate it from Generation X, the smaller cohort a decade older. Born in the 1980's and early 1990s, with 72 million members in US, Gen Y is the first group to challenge baby boomers in numbers and is 50% larger than

Generation X. In US Generation Y were expected to spend nearly \$200 billion and also add 4 million new drivers each year throughout the 2000-2010 decade, creating a market not only for cars and gasoline, but also for music and entertainment, fast food, computers, cameras, cell phones and many other products. The modern age of US consumers, which was 30 years in 1980, is currently 36.4 years, reflecting a huge bulge in the 40-60 year old population. Adults aged 11 and over now make up 75% of the overall population. The number of adults aged 20-34 (spanning generation X and Y) had been declining, but that trend is turning around, opening new opportunities for marketers to build and sustain brand loyalty during these critical household formation years (Roger, Paul & James, 2006).

Generation Y has considerable influence in household purchases and enjoys a good deal of financial independence. Given the high number of two career families and single parents, teens often shop for themselves and are responsible for more decision than previous generations were. They tend to do more shopping on weekends and female shop more than males do. Friends are major source of information about products and socializing is one of the major reasons they like to shop thus company should focus some of their marketing effort on opinion leaders within Gen Y groups. Gen Y discuss trend in text messages, instant messages, social network and online review. Having grown up with recycling, many in this segment consider a products environmental impact before buying (Roger, Paul & James, 2006).

These technological sophisticated consumers are the first to grow up with digital technology and the internet. Cell phones and MP3 players are loaded with features and come in many colors combination, allowing Generation Y to keep up with their peers yet express their individuality through their gadgets. Their spending habit reflects their love of technology, so electronic commerce, for examples websites with online ordering capabilities, email newsletters and sales announcement becomes an important tool to reach them. The best marketing approaches position brand as a cutting edge, fashionable and popular but avoid the hard sell (McDaniel & Gitman, 2008).

Gen Y consumers try to be fickle, they are likely to switch brand preferences more quickly than other groups because they have more time and of their high need to keep on top trends and be accepted by their peers (Kotler & Keller, 2001).

The number of US teens is expected to reach 30 million by 2015 their personal purchasing power is substantial \$108 billion not counting \$47 billion more in family purchase around the world similarity of teens taste, attitude and preferences for music, movies, clothing and video games is partly due to popular entertainment and partly due to the internet nonetheless teens in different regions exhibit some difference, a phenomenon that marketer must research before addressing local tastes and behaviors. Etzel, Warkner/Stanton (2007) discuss that Generation Y consumer behavior have a greater marketing implication on brand loyalty, positioning, advertising messages and media thus, very important for marketers to understand their consumer behavior.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter sought to explain the research design used in this study, the population of study, sampling design, data collection methods and how data was analyzed.

#### **3.2 Research Design**

The research is a descriptive survey. According to Cooper and Emory (1995), a descriptive survey aims at determining who, what, when and how of a phenomenon which is the concern of the current study.

#### **3.3 The Population**

The population of interest in this study included Generation Y consumers in Kenya. The total population of Generation Y in Kenya according to the 2009 Census by Kenya National Bureau of Statistics is 17,722,035. These are consumers between ages 11 to 34 years old. While the youngest generation Y is only 10-11 years old, marketers are focused on those who are currently 15-34 years (Kotler and Keller, 2009). This is the reason why this age category (15-34 years) is focused in this paper as the population of study. Only consumers age 15-34 were allowed to answer the questionnaires.

#### **3.4 Sampling Design**

Stratified random sampling technique was used. This was because the entire target population was divided into three groups that was: high school students, college/university students and working class people. The sample consisted of 100 Generation Y consumers in Nairobi who were randomly selected from the different strata. The Generation Y consumers in other parts of the country were excluded because the researcher believed that the inferences drawn from the sample selected represented the target population of study.



### **3.5 Data collection**

Primary data was collected using questionnaires that had both open and closed questions. The questionnaires were administered on a drop and pick later basis. The questionnaire was divided into four parts. Part A contained questions that were aimed at obtaining demographic profile of the respondents. Part B had questions aimed at determining the extent to which various factors influences buying decision of the respondents, part C had questions aimed at determining the stages that the respondents go through in the purchase decision process while part D intended to find out the items the respondents were likely to buy when they had extra cash or savings after meeting their basic need.

### **3.6 Data Analysis**

Descriptive statistics was used to analyze data. In part A of the questionnaire, data was analyzed using frequency distribution and percentages. Data in part B, C and D was analyzed using mean scores and standard deviation. Mean score was used to determine the extent to which different factors influences the buying decision of the respondents. Standard deviation was used to determine the varying degree of the difference in which the different factors influences the buying decision of the respondent. The findings were presented in form of tables.

## CHAPTER FOUR

### DATA ANALYSIS AND INTEPRATION

#### 4.1 Introduction

The main objective of the study was to determine the Generation Y consumer behavior and its influence on the economic pillar of Kenya vision 2030. Qualitative data was analyzed through quantitative analysis. Tables were used to present the data. The questionnaires were dropped and later picked at a later date to allow the respondents to feel the questionnaires at their own time. Once the respondents answered the questionnaire, data was then coded and analyzed using SPSS.

##### 4.1.1 Response Rate

**Table 4. 1: Response Rate**

	<b>Frequency</b>	<b>Percent</b>
Questionnaires issued out	100	100
filled-in and returned questionnaires	82	82

The table above shows that the study targeted 100 respondents in collecting data with regard to the Generation Y consumer behavior and its influence on the economic pillar of Kenya vision 2030. From the study, 82 respondents out of the 100 sample respondents filled-in and returned the questionnaires making a response rate of 82%. This reasonable response rate was achieved after the researcher made personal calls and physical visits to remind the respondent to fill-in and return the questionnaires.

#### 4.2 Demographic information

This is the information describing the characteristic of the respondents. They included the marital status, gender, age and net income.

#### 4.2.1 Marital Status of the respondents

The study sought to find out the marital status of the respondents.

**Table 4. 2: Marital Status of the respondents**

<b>Status</b>	<b>Frequency</b>	<b>Percent</b>
Single	77	93.9
Married	5	6.1
Total	82	100.0

The study shows that 6% of the respondents were married and 94 % of the respondents were singles.

#### 4.2.2 Category of what the respondents currently did on a daily basis

The study sought to know what the respondents did on current daily basis

**Table 4. 3: Category of what the respondents currently did on a daily basis**

<b>Category of what the respondents currently did on a daily basis</b>	<b>Frequency</b>	<b>Percent</b>
High school student	28	34.1
College/University student	37	45.1
Working class person	17	20.7
Total	82	100.0

The study reveals that the highest percentage of the respondents was college and university students having 45.1%, seconded by the high school students with 34.1% and lastly the working class personnel with 20.7%.

#### 4.2.3 Gender of the respondents

The study sought to find out the gender of the respondents.

**Table 4. 4: Gender of the respondents**

<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>
male	46	56.1
female	36	43.9
Total	82	100.0

The study shows that the highest number of the respondents were males while the least number of the respondents' were females with 44%.This reveals that the researcher applied gender equality while choosing the respondents.

#### 4.2.4 Age of the respondents

The study sought to know the respondents' age.

**Table 4. 5: Age of the respondents**

<b>Age</b>	<b>Frequency</b>	<b>Percent</b>
15-20 Years	39	47.6
21-25 Years	28	34.1
26-34Years	15	18.3
Total	82	100.0

The study shows that most of the respondents were between 15-20 years with a percentage of 47.6%,followed by those aged between 21-25 years with a percentage of 34.1% and lastly with the lowest percentage of 18.3% with those aged between 26-34 years of age.

#### 4.2.5 Net income /pocket money per month in Ksh of the respondents

The study sought to know the respondents net income per month.

**Table 4. 6: Net income /pocket money per month in Ksh of the respondents**

<b>Income per month in Ksh.</b>	<b>Frequency</b>	<b>Percent</b>
Below 10,000	62	75.6
10,001-30,000	7	8.5
30,001-50,000	1	1.2
50,001-100,000	8	9.8
Above 100,000	4	4.9
Total	82	100.0

The study shows that the highest percentage which was 75.6% of the respondents received an income below Ksh.10, 000, seconded by a percentage of 9.8% which received between Ksh. 50,000-100,000 followed by a percentage of 8.5% of the respondents who received an income between Ksh. 10,001-30,000 4.9% of the respondents received an income above Ksh. 100,000 and the least percentage which was 1.2% received an income between Ksh. 30, 001-50,000. This shows that most respondent received less than Ksh. 10,000 per month. This is because majority of them are high school and college students.

#### 4.2.6 Major source of income

The study sought to know the respondents source of income

**Table 4. 7: Major source of income**

<b>Source of income</b>	<b>Frequency</b>	<b>Percent</b>
Allowance /pocket money	56	68.3
Part time job	11	13.4
Job	15	18.3
Total	82	100.0

The study shows that the highest number of respondents which was 68.3% got their income from pocket money/allowances, followed by 18.3% of the respondents who got their income from part time jobs and lastly 13.4% of the respondents who got their

income from full time jobs. This reveals that the highest number of the respondents were students and most of their consumption they make and paid using their pocket money

#### **4.2.7 Major means of payment for consumptions made by respondents**

The study sought to know the respondents major means of payment for consumptions made

**Table 4. 8: Major means of payment for consumptions made by respondents**

<b>Means of payments</b>	<b>Frequency</b>	<b>Percent</b>
Cash	78	95.1
Debit card	2	2.4
Credit card	2	2.4
Total	82	100.0

The study shows that the highest number of the respondents which was 95.10% payment consumptions was made cash while the lowest 2.4% of the respondents' consumption payment was made through both the debit card and credit cards.

### **4.3 Generation Y consumer behavior**

It is the behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products that they expect will satisfy their needs.

#### **4.3.1 Factors influencing buying decision of the respondents**

Consumers are exposed to various marketing stimuli, which are designed to influence consumer decisions. Consumer's reaction to the stimuli is based on four sets of variables: psychological set; environmental factors and cultural factors.

The study sought to find out the extent to which the, various factors influenced the buying decision. A likert scale was used whereby a mean of 1-1.4 was rated as no extent; 1.5-2.4 was rated as small extent; 2.5-3.4 was rated as moderate extent; 3.5-4.4 was rated as large extent; 4.5-5.0 was rated as very large extent.

**Table 4. 9: Personal factors**

Personal factors influencing consumer buying decision	Mean	Std. Deviation
Desire to satisfy the self esteem needs	2.7	1.4
Desire for recognition	2.2	1.3
Desire to have status	2.4	1.4
The brand represent my way of life	2.9	1.4
The brand represent who I am as a person	3.1	1.4
The brand gives me a sense of achievement	3.3	1.3
My feelings toward the brand	3.4	1.5
My position in the society	3.0	1.3
My position in the family	3.3	3.4
My occupation	2.8	1.5
Educational level	3.5	1.3
Disposable income	2.8	1.5
Ability to obtain loans	1.9	1.2

According to the findings, educational level influenced the buying decision of the respondents to a large extent as shown by a mean of 3.5. In addition, respondents' feelings toward the brand, brand giving the respondents a sense of achievement, respondents' position in the family and the brand representing who the respondent is as a person influenced the buying decision of the respondents to a moderate extent as shown by a mean of 3.4, 3.3, 3.3 and 3.1 respectively. Ability to obtain loans influenced the buying decision of the respondents to a small extent as illustrated by a mean of 1.9. Desire for recognition and desire to have status also influenced the respondents buying decision to a small extent with a mean of 2.2 and 2.4 respectively.

The study sought to find out the extent to which the, members of a family/reference group influenced consumer buying decision. A likert scale was used whereby a mean of 1-1.4 was rated as no extent; 1.5-2.4 was rated as small extent; 2.5-3.4 was rated as moderate extent; 3.5-4.4 was rated as large extent; 4.5-5.0 was rated as very large extent.

**Table 4. 10: Members of the family or reference group**

Members of a family/Reference group	Mean	Std. Deviation
Spouse	1.9	1.5
Children	1.9	1.4
Parent	3.0	1.3
Siblings	2.9	1.3
Friends	2.8	1.3
Work colleagues	2.1	1.1
Professional organization	2.2	1.4
Stage in my lifecycle (bachelor, married with or with no children)	2.7	1.6

From the findings, parent, siblings, friends and stage in the respondents' lifecycle (bachelor, married with or with no children) influenced consumer buying decision to a moderate extent as shown by a mean of 3.0, 2.9, 2.8 and 2.7 respectively. In addition, professional organization, work colleagues, spouse and children influenced consumer buying decision to a small extent as shown by a mean of 2.2, 2.1, 1.9 and 1.9 respectively. This implies that the members of the family or reference group rarely influenced consumer buying decision.

The study sought to find out the extent to which the, product/brand attributes influenced consumer buying decision. A likert scale was used whereby a mean of 1-1.4 was rated as no extent; 1.5-2.4 was rated as small extent; 2.5-3.4 was rated as moderate extent; 3.5-4.4 was rated as large extent; 4.5-5.0 was rated as very large extent.



**Table 4. 11: Product/Brand attributes**

Product/Brand attributes influencing consumer buying decision	Mean	Std. Deviation
Price of the product	4.1	1.2
Maintenance cost	3.8	1.2
Efficiency of brand	4.0	1.1
Size of the product	3.2	1.3
Shape of the product	2.5	1.1
Colour of the product	3.2	2.8
Quality of the product	4.4	0.9
Quantity of the product	3.6	1.2
Features of the product	3.9	1.1
Durability of the product	4.3	1.0
Availability in the shops	3.5	1.3
Availability of the product/spare parts	3.7	1.4
Brand performance	4.0	1.2
My experience with the product	3.8	1.3
Brand reputation	3.6	1.2
Brand in fashion	3.2	1.4
Attitude/perception towards the brand name	3.0	1.2
Environmental friendly product	3.5	1.4

The study established that quality of the product, price of the product durability of the product and efficiency of brand to a large extent influenced the consumers buying decision as shown by a mean of 4.4, 4.3 and 4.1 respectively. In addition, brand performance, features of the product and features of the product influenced the consumers buying decision to a large extent as shown by a mean of 4.0, 4.0 and 3.9 respectively.

To add to that maintenance cost, consumers' experience with the product and availability of the product/spare parts influenced the consumers buying decision to a large extent as shown by a mean of 3.8, 3.8 and 3.7 respectively. Size of the product, colour of the product, brand in fashion, attitude/perception towards the brand name

and shape of the product influenced the consumers buying decision to a moderate extent as shown by a mean of 3.2, 3.2, 3.2, 3.0 and 2.5 respectively. More over quantity of the product, brand reputation, availability in the shops and environmental friendly product influenced the consumers buying decision to a large extent as shown by a mean of 3.6, 3.6, 3.5 and 3.5 respectively.

The study sought to find out the extent to which the, company attributes influenced consumer buying decision. A likert scale was used whereby a mean of 1-1.4 was rated as no extent; 1.5-2.4 was rated as small extent; 2.5-3.4 was rated as moderate extent; 3.5-4.4 was rated as large extent; 4.5-5.0 was rated as very large extent.

**Table 4. 12: Manufacturing Company attributes**

Company attributes influencing consumer buying decision	Mean	Std. Deviation
Dealer accessibility	3.3	1.3
Product advertisement	3.2	1.1
Persuasion by the sales person	2.8	1.2
Shop display	3.2	1.2
Trade exhibition e.g. motor shows, home expos, trade fair/show	3.2	1.4
The manufacturing company reputation	4.0	3.5
Flexibility of payment	3.3	1.3
Discounts offered	4.5	5.5
Product country of origin	3.0	1.4

As illustrated in the table above, discounts offered and the manufacturing company reputation to a large extent influenced consumer buying decision as shown by a mean of 4.5 and 4.0 respectively. In addition, flexibility of payment and dealer accessibility to a moderate extent influenced consumer buying decision as shown by a mean of 3.3. Moreover, product advertisement, shop display, trade exhibition e.g. motor shows, home expos and trade fair/show to a moderate extent influenced consumer buying decision as shown by a mean of 3.2. To add to that, product country of origin, persuasion by the sales person to a moderate extent influenced consumer buying decision as shown by a mean of 3.0, 2.8 respectively.

#### **4.4 Decision process the consumers go through during the buying decision process**

Consumer can base their decisions on cognitive process of information search and evaluation. On the other hand little or no decision making may take place when consumer is satisfy with a particular brand and purchase it consistently.

The study sought to find out the extent to which different factors that can trigger the need to buy a product. A likert scale was used whereby a mean of 1-1.4 was rated as no extent; 1.5-2.4 was rated as small extent; 2.5-3.4 was rated as moderate extent; 3.5-4.4 was rated as large extent; 4.5-5.0 was rated as very large extent.

**Table 4. 13: Factors that can trigger the need to buy a product**

factors that can trigger the need to buy a product	Mean	Std. Deviation
Practical needs	4.0	1.3
Advertising	3.0	1.2
A neighbor with similar product	2.4	1.3
Motivation to comply with your peers wish	2.5	1.2
A display in the shop	2.8	1.2
Following trends	2.8	1.3
Brand name effect	3.0	1.4
Seeking peer approval	2.4	1.4

According to the findings, practical needs to a large extent can trigger the need to buy a product as shown by a mean of 4.0. In addition, advertising, brand name effect, a display in the shop, following trends and motivation to comply with their peers wish to a moderate extent can trigger the need to buy a product as shown by a mean of 3.0, 3.0, 2.8, 2.8 and 2.5 respectively. Moreover, a neighbor with similar product and seeking peer approval to a moderate extent can trigger the need to buy a product as shown by a mean of 2.4.

#### **4.4.1 Information search**

Generation Y consumers are likely to search information from different sources when buying a product. The respondents were therefore asked to indicate the extent to which they searched for information from different sources.

The study sought to find out the sources of information for the respondent to purchase a product. A likert scale was used whereby a mean of 1-1.4 was rated as no extent; 1.5-2.4 was rated as small extent; 2.5-3.4 was rated as moderate extent; 3.5-4.4 was rated as large extent; 4.5-5.0 was rated as very large extent.

**Table 4. 14: Sources of information**

Sources of information	Mean	Std. Deviation
Testing and using the product (experience)	3.9	1.1
Friends	3.7	1.1
Internet	3.7	1.3
Advertisement	3.4	1.2
Family	3.3	1.3
TV	3.3	1.2
Magazine	3.3	1.2
Shop display	3.2	1.1
Trade exhibition e.g. home expos, motor shows	3.1	1.3
Sales person	3	1.3
Radio	2.8	1.2
Social gatherings e.g. parties	2.8	1.3
Neighbors	2.7	1.2

According to the findings, the respondents got information when making purchase decision from testing and using the product (experience), friends and internet to a large extent as shown by a mean of 3.9, 3.7 and 3.7 respectively. In addition, the respondents got when making purchase decision from advertisement, family, TV, magazine, shop display, trade exhibition e.g. home expos, motor shows and sales person to a large extent as shown by a mean of 3.4, 3.3, 3.3, 3.3, 3.2, 3.1 and 3.0 respectively. Moreover, the respondents got when making purchase decision from radio, social gatherings e.g. parties and neighbors as shown by a mean of 2.8, 2.8 and 2.7 respectively.

#### 4.5 Reaction after using the product

The consumer satisfaction or dissatisfaction with the product will influence subsequent behavior. It affects consumer value perception, consumer communications and repeat-purchase behavior. Where the consumer is satisfied with the good's performance

The study sought to find out the reactions of the respondents when satisfied after using a product. A likert scale was used whereby a mean of 1-1.5 was rated as yes; 1.6-2.0 was rated as no.

**Table 4. 15: Reactions when satisfied**

<b>When satisfied after using a product</b>	<b>Mean</b>	<b>Std. Deviation</b>
Recommend the same brand/product to another person	1	0.2
I would make a repeat purchase of the same brand	1.1	0.3
Purchase same product from a different manufacturer depending on the fashion/trends	1.7	0.5

From the findings, the respondents indicated that they recommend the same brand/product to another person and they make a repeat purchase of the same brand when satisfied after using a product as shown by a mean of 1.0 and 1.1 respectively. In addition, the respondents indicated that they do not purchase same product from a different manufacturer depending on the fashion/trends when satisfied after using a product as shown by a mean of 1.7. This implies that the consumers remained loyal to the manufacturer when satisfied with the product.

The study sought to find out the reactions of the respondents when dissatisfied after using a product. A likert scale was used whereby a mean of 1-1.5 was rated as yes; 1.6-2.0 was rated as no.

**Table 4. 16: Reactions when dissatisfied**

<b>When dissatisfied after using a product</b>	<b>Mean</b>	<b>Std. Deviation</b>
Complain directly to the manufacturing company/supplier	1.7	0.5
Complain about the product through media	1.8	0.4
Grumble to friends and relatives	1.3	0.5
Take legal action against the manufacturer of the brand	1.9	0.4
Switch to another brand	1.1	0.3

From the findings, the respondents indicated that they switched to another brand and grumbled to friends and relatives when dissatisfied after using a product as shown by a mean of 1.1 and 1.3 respectively. In addition they did not complain directly to the manufacturing company/supplier, complain about the product through media and do not take legal action against the manufacturer of the brand when dissatisfied after using a product as shown by a mean of 1.7, 1.8 and 1.9.

#### **4.6 Items the respondents consider buying when they have extra cash**

The study sought to find out the items the respondents consider buying when they have extra cash. A likert scale was used whereby a mean of 1-1.4 was rated as no extent; 1.5-2.4 was rated as small extent; 2.5-3.4 was rated as moderate extent; 3.5-4.4 was rated as large extent; 4.5-5.0 was rated as very large extent.

**Table 4. 17: Items the respondents consider buying when they have extra cash**

<b>Items to consider buying when you have extra cash</b>	<b>Mean</b>	<b>Std. Deviation</b>
Invest in a business	3.8	1.5
A mobile phone	3.6	1.4
A laptop	3.6	1.5
Clothes on fashion	3.4	1.4
A plot/land	3.3	1.7
Adventure	3.3	1.4
Build a house for your parents	3.3	1.6
A house	3	1.7
Furniture	2.8	1.6
Video games player & movies	2.7	1.5
Radio/Home theater	2.7	1.4
A car	2.7	1.6
Partying	2.7	1.6
Buy utensil	2.7	1.5
Fridge	2.4	1.5
TV	2.3	1.4

From the findings, the respondents indicated that they would consider to a large extent investing in a business, buying a mobile phone and buying a laptop when they have extra cash as shown by a mean of 3.8, 3.6 and 3.6 respectively. In addition, the respondents indicated that they would consider to a moderate extent buying clothes on fashion, buying a plot/land, adventure, building a house for your parents, buying a house and buying furniture when they have extra cash as shown by a mean of 3.4, 3.3, 3.3, 3.3, 3.0 and 2.8 respectively. Moreover, the respondents indicated that they would consider to a moderate extent buying video games player & movies, buying radio/home theater, buying a car, partying and buying utensil as shown by a mean of 2.7. To add to this, the respondents indicated that they would consider to small extent buying fridge and buying TV as shown by a mean of 2.4 and 2.3 respectively.

## CHAPTER FIVE

### SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Summary of the Findings

The study aimed at determining the Generation Y consumer behavior and its influence on the economic pillar of Kenya vision 2030. It aimed at establishing the buying patterns of Generation Y, buying behaviors of Generation Y and factors that influences the buying patterns and behaviors of Generation Y.

The study found that educational level influenced the buying decision generation Y to a large extent while feelings toward the brand, brand giving them a sense of achievement, respondents' position in the family and the brand representing who one was influenced the buying decision generation Y to a moderate extent. Desire for recognition and desire to have status also influenced the consumers buying decision to a small extent.

The study established that parent, siblings, friends and stage in the respondents' lifecycle (bachelor, married with or with no children) influenced consumers buying decision to a moderate extent. In addition, professional organization, work colleagues, spouse and children influenced consumer buying decision to a small extent.

The study found that quality of the product, price of the product durability of the product and efficiency of brand to a large extent influenced the consumers buying decision. It was established that this four factors had the highest mean among all factors thus having the greatest influence on consumer buying decision. It In addition, brand performance, features of the product and features of the product influenced the consumers buying decision to a large extent.

The study established that discounts offered and the manufacturing company reputation to a large extent influenced consumer buying decision. In addition, flexibility of payment and dealer accessibility to a moderate extent influenced consumer buying decision. Moreover, product advertisement, shop display, trade exhibition e.g. motor shows, home expos and trade fair/show to a moderate extent influenced consumer buying decision.



The study found that practical needs to a large extent can trigger the need to buy a product. In addition, advertising, brand name effect, a display in the shop, following trends and motivation to comply with their peers wish to a moderate extent can trigger the need to buy a product. Moreover, a neighbor with similar product and seeking peer approval to a moderate extent can trigger the need to buy a product.

The study determined that most of the respondents got information when making purchase decision from testing and using the product (experience), friends and internet to a large extent. In addition, the respondents got information when making purchase decision from advertisement, family, TV, magazine, shop display, trade exhibition e.g. home expos, motor shows and sales person to a large extent.

The study established that consumers recommend the same brand/product to another person and make a repeat purchase of the same brand when satisfied after using a product. Consumers switched to another brand and grumbled to friends and relatives when dissatisfied after using a product.

The study determined that they would consider to a large extent investing in a business, buying a mobile phone and buying a laptop when they have extra cash. In addition, the respondents would consider to a moderate extent buying clothes on fashion, buying a plot/land, adventure, building a house for their parents, buying a house and buying furniture. To add to this, it was found that the respondents would consider to small extent buying fridge and TV.

## **5.2 Discussion**

Consumer go through a decision process of varying complexity, depending on the nature of the decision they are making, with a number of possible variables, which influences this process at a number of stages (Kotler, 2000). According to Lazer & Culley(1983), any purchase involves a process that begins when a consumer starts to recognize a need or desire for a product and it is not complete until the consumer possesses the product and has evaluated its utility which can be long after the act of exchange. Schiffman & Kanuk (2000) on the hand note that the cumulative impact of each firm's marketing efforts, the influence of family, friends, neighbors and the society's code of behavior are all inputs that are likely to affect what consumers

purchase and how they use what they buy. The psychological factors that represent the internal influences (motivation, perception, learning and attitudes) affect consumer decision making process. This study has therefore established that consumers go through different stages in their purchase decision process and are also influenced by different factor in the process.

Schiffman and Kanuk (2000) describe input in the consumer decision model as one that draws from external influences that serve as sources of information about a particular product and influences a consumer's product, related values, attitudes, and behavior. They continue to state that chief among these input factors are marketing activities of an organization that attempt to communicate the benefits of the products and services to potential consumers and the non marketing social-cultural influences which when internalized affect the consumer purchase decision. According to Assael (1998), consumers are exposed to various marketing stimuli, which are designed to influence consumer decisions. The study established that quality of the product, price of the product, discounts offered durability of the product, efficiency of brand and brand performance to a large extent influenced the consumers buying decision. It was established that these four factors had the highest mean among all other factors thus having the greatest influence on consumer buying decision. Educational level which determines the status of the respondent and is a social factor influenced the buying decision of the respondents to a large extent while feelings toward the brand, brand giving them a sense of achievement, respondents' position in the family and the brand representing who they were, parent, siblings, friends and stage in the respondents' lifecycle influenced the buying decision generation Y to a moderate extent.

According to Assael (1998), recognition of a need is likely to occur when a consumer is faced with a problem. The study found that practical needs to a large extent can trigger the need to buy a product.

Schiffman and Kanuk (2000) states that pre purchase search begins when a consumer perceives a need that might be satisfied by the purchase and consumption of a product. They argue that a consumer is in this stage he or she sees a need for information on which to base a choice. Solomon (1996) observes that an aroused consumer will be inclined to search for more information after a need for a product

arises. The recollection of past experiences might provide the consumer with adequate information to make the present choice. If on the other hand, the consumer has no previous experience, he or she may have to engage in extensive search of the outside environment for useful information (Cravens, 1996). The information search clarifies the environment for the consumer by suggesting criteria to use for the purchase, yielding brand names that might meet the criteria and developing consumer value perception. Consumer usually have some sort of brand preference with companies as they may have had a good history with a particular brand of their friends may have had a reliable history with one (Assael, 1998). Roger, Paul & James (2006) argue that friends are major source of information about products for Generation Y and socializing is one of the major reasons they like to shop. He also states that Generation Y discuss trend in text messages, instant messages, social network and online review. The study determined that most of the respondents got information when making purchase decision from testing and using the product (experience), friends and internet to a large extent. The study established that the manufacturing company reputation to a large extent influenced consumer buying decision.

According to Kotler (2000), Consumers make three types of purchases: trial purchases; repeat purchases and long-term commitment purchases. Where the consumer is satisfied with the good's performance, repeat purchase is more likely (Szymanski & Henard, 2001). The study established that consumers recommend the same brand/product to another person and make a repeat purchase of the same brand when satisfied after using a product. Solomon (1996), argument that people are likely to spread the word about unresolved negative experiences to their friends than they were to boast about the positive occurrences, the results showed that the consumers switched to another brand and grumbled to friends and relatives when dissatisfied after using a product.

According McDaniel & Gitman (2008), Generation Y are technological sophisticated consumers are the first to grow up with digital technology and the internet. Cell phones and MP3 players are loaded with features and come in many colors combination, allowing Generation Y to keep up with their peers yet express their individuality through their gadgets. Their spending habit reflects their love of technology, so electronic commerce, for examples websites with online ordering

capabilities, email newsletters and sales announcement becomes an important tool to reach them. The study determined that they would consider to a large extent investing in a business, buying a mobile phone and buying a laptop when they have extra cash.

### **5.3 Conclusions**

The study found that social-cultural environment such as educational level influenced the buying decision generation Y to a large extent while reference groups, family, roles, status and respondents' position in the family was to a moderate extent. Also study concludes that psychological factors like feelings toward the brand, brand giving them a sense of achievement, and the brand representing that they were influenced the buying decision of the respondents to a moderate extent. The study established that factors due to marketing effort had the highest mean among all other factors thus had the greatest influence on buying behavior and patterns of Generation Y. These factors are the quality of the product, price of the product durability of the product, efficiency of brand, brand performance, discounts offered and the manufacturing company reputation.

The study concluded that practical needs to a large extent can trigger the need to buy a product. It also established that respondents got information when making purchase decision from testing and using the product (experience), friends and internet to a large extent. The study determined that most respondents will recommend the same brand/product to another person and they make a repeat purchase of the same brand when satisfied after using a product whereas when dissatisfied, most of them will switched to another brand and grumbled to friends and relatives. The study concluded that most respondents would consider to a large extent investing in a business, buying a mobile phone and buying a laptop when they have extra cash.

### **5.4 Recommendations**

Marketers can no longer use their tried and true methods because the members of Generation Y do not fit into the constraints of those methods. No longer is demographic profiling useful for many marketers, but rather psychographic profiling must be used to target the correct segment. Marketers must find new avenues through which to market to Generation Y because they are likely to never see the advertisements that are placed according to the best place for Baby Boomer markets.

There are a variety of ways to accomplish this task, including experiential marketing, the use of social networking sites, the use of the rapidly changing technology, and cause marketing, will be the most important avenues that marketers will need to use to reach this generation. It is important that while trying to reach this generation marketers are as honest and genuine as possible to their customers. Marketers must be willing to take risks to try to reach this market lest they miss out on opportunities. The best marketing approaches position brand as a cutting edge, fashionable and popular but avoid the hard sell.

Information technology is one of the major markets emerging as results of Generation Y buying patterns and behavior. Technology is one of the most important aspects of Generation Y's life. It encompasses almost everything they do, from hanging out with friends to working and even working out. The information that is available because of the advances in technology is taking some of the power away from the marketers and putting it into the hands of the consumers through. Marketers need to find out how to make technology work for them to better reach their target. There are many different aspects of technology that marketers could use in their favor, with the internet and cell phones being the most prevalent forms.

In Kenya Vision 2030, one of the flagship projects for Economic pillar is Business process off shoring (BPO). This is a new but promising sector to Kenya and especially to its young people. It provides business services via the internet to companies and in the developed world, e.g. Britain, USA, Canada, etc. Technology being one of the most important aspects of Generation Y's life in their buying patterns and behavior, achievement of this project will be possible since majority of the targeted group in implementation of it is generation Y. The implementation committee should target this group and come up with ways of interesting them into this while still in high school and colleges.

The Economic pillar in Kenya Vision 2030, the government aims at dealing with a significant informal economy employing 75% of the country's workers. Also in the flagship Projects for Wholesale and Retail, it aims at creation of at least 10 wholesale hubs and 1,000–1,500 Producer Business Groups (starting with a pilot project in Maragua, Central Province, that is to be extended to other regions) and building of at least 10 'Tier 1' retail markets (starting with a pilot project in Athi River). In achieving these objectives, it will be necessary for the government to look for ways of tapping the energy of Generation Y as young entrepreneurs. Majority of them expressed their desire to invest in business thus calling upon the government to set aside funds to finance them and also institutions to equip and develop skills for young entrepreneurs in Kenya.

### **5.5 Limitations of the study**

The respondents in the study are all drawn from Nairobi. However generalization of the findings to the whole population would require a further study and a larger population that takes into account regional difference.

### **5.6 Suggestions for Further Research**

Further research could be done focusing on other aspects of generation Y consumer behavior since this study focused on their buying decision only. A similar study could be carried out in other areas other than Nairobi to find out whether the same results will be obtained. The study focused on Generation Y thus another study should be carried out in Generation X to find out if the same results will be obtained.

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## **Appendix I: LETTER OF INTRODUCTION**

September 2012.

Rahab Ng'ang'a,  
School of Business,  
University of Nairobi,  
P.O Box 30197,  
Nairobi.

Dear Respondent,

### **RE: COLLECTION OF SURVEY DATA**

I am a post graduate student at the University of Nairobi, school of business. In partial fulfillment of the Master of Business Administration (MBA), I am undertaking a research on “The Generation Y consumer behavior and its influence on economic pillar of the Kenya Vision 2030.”

You have been selected to form part of this study. This therefore, is to kindly request you to assist me to collect the data by filling out the accompanying questionnaire. The information provided will be exclusively for academic purposes, and it will be treated with confidentiality.

Your cooperation is highly appreciated.

Yours faithfully,

Rahab Ng'ang'a

**(Student)**

Dr. R. Musyoka

**(Lecturer/supervisor)**

## Appendix II: Questionnaire

This questionnaire has three parts. Part A is aimed at giving a profile of the respondents. Part B attempts to gauge the extent to which various factors influence buying decision by the respondents. Part C tries to determine the decision process that the respondents go through during the buying decision process while part D intends to find out the extent to which the respondent is likely to buy various items when they have extra cash or savings after meeting their basic need.

### Part A: Respondent general profile

1. Name of the respondent (Optional).....
2. Marital Status      Single [ ]    Married [ ]
3. Please tick the category of what you currently do on a daily basis
  - High school student                      [ ]
  - College/University student              [ ]
  - Working class person                      [ ]
4. What is your gender                      Male [ ]      Female [ ]
5. Please tick the age bracket in which you belong ( Please note that if you are above 34 years you are not eligible for this survey)
  - 15-20 Years                                  [ ]
  - 21-25 Years                                  [ ]
  - 26-34Years                                  [ ]
6. Please tick your net income /pocket money per month in Ksh.
  - Below 10,000                                  [ ]
  - 10,001-30,000                                [ ]
  - 30,001-50,000                                [ ]
  - 50,001-100,000                              [ ]
  - Above 100,000                                [ ]
7. What is your major source of income
  - Allowance /pocket money                [ ]
  - Part time job                                 [ ]
  - Job    [ ]

8. What is your major means of payment for consumptions you make

- Cash [ ]
- Prepaid card [ ]
- Debit card [ ]
- Credit card [ ]

**Part B: The extent to which various factors influence buying decision by the respondents**

9. Please indicate by ticking the extent to which the, personal factors, members of the family or reference group, product and company attributes listed below influences your buying decision on a scale of 1-5 where (1-No extent, 2- Small extent, 3-Moderate extent, 4-Large extent, 5-Very large extent)

No .	Personal factors influencing consumer buying decision	1	2	3	4	5
1	Desire to satisfy the self esteem needs					
2	Desire for recognition					
3	Desire to have status					
4	The brand represent my way of life					
5	The brand represent who I am as a person					
6	The brand gives me a sense of achievement					
	My feelings toward the brand					
8	My position in the society					
9	My position in the family					
11	My occupation					
12	Educational level					
13	Disposable income					
14	Ability to obtain loans					

	Members of a family/Reference group influencing consumer buying decision	1	2	3	4	5
1	Spouse					
2	Children					
3	Parent					
4	Siblings					
5	Friends					
6	Work colleagues					
7	Professional organization					
8	Stage in my lifecycle (bachelor, married with or with no children)					

	<b>Product/Brand attributes influencing consumer buying decision</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Price of the product					
2	Maintenance cost					
3	Efficiency of brand					
4	Size of the product					
5	Shape of the product					
6	Colour of the product					
7	Quality of the product					
8	Quantity of the product					
9	Features of the product					
10	Durability of the product					
11	Availability in the shops					
12	Availability of the product/spare parts					
13	Brand performance					
14	My experience with the product					
15	Brand reputation					
16	Brand in fashion					
17	Attitude/perception towards the brand name					
18	Environmental friendly product					

	<b>Company attributes influencing consumer buying decision</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Dealer accessibility					
2	Product advertisement					
3	Persuasion by the sales person					
4	Shop display					
5	Trade exhibition e.g. motor shows, home expos, trade fair/show					
6	The manufacturing company reputation					
8	Flexibility of payment					
9	Discounts offered					
10	Product country of origin					

**Part C: Decision process that the respondents go through during the buying decision process.**

10. The need to acquire a product could be triggered by different factors. Please indicate the extent to which the following factors triggered your need to acquire a brand on a scale of 1-5 where (1-No extent, 2- Small extent, 3-Moderate extent, 4- Large extent, 5-Very large extent)

<b>No.</b>	<b>Factors that can trigger the need to acquire a product</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
a	Practical needs					
b	Advertising					
c	A neighbor with similar product					
d	Motivation to comply with your peers wish					
e	A display in the shop					
f	Following trends					
g	Brand name effect					
h	Seeking peer approval					

11. After a need has been recognized, a consumer may search for information about a product from different sources. Please indicate the extent to which to which you search for information from the following source on a scale of 1-5 where (1-No extent, 2- Small extent, 3-Moderate extent, 4-Large extent, 5-Very large extent).

<b>No.</b>	<b>Different sources of information</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
a	Family					
b	Friends					
c	Neighbors					
d	Advertisement					
e	Sales person					
f	Shop display					
g	Trade exhibition e.g. home expos, motor shows					
h	Radio					
i	TV					
j	Magazine					
k	Testing and using the product (experience)					
l	Internet					
m	Social gatherings e.g. parties					

12. After using a product, you can either be satisfied or dissatisfied.

	<b>When satisfied after using a product I do the following:</b>	<b>Yes</b>	<b>No</b>
i.	Recommend the same brand/product to another person		
ii.	I would make a repeat purchase of the same brand		
iii.	Purchase same product from a different manufacturer depending on the fashion/trends		
	<b>When dissatisfied after using a product I do the following:</b>	<b>Yes</b>	<b>No</b>
i.	Complain directly to the manufacturing company/supplier		
ii.	Complain about the product through media		
iii.	Grumble to friends and relatives		
iv.	Take legal action against the manufacturer of the brand		
v.	Switch to another brand		

**Part D: The extent to which the respondents are likely to buy various items when they have extra cash or savings**

13. When you have extra cash or savings after meeting your basic need, Please indicate to what extent you are likely to buy the following items on a scale of 1-5 where (1-No extent, 2- Small extent, 3-Moderate extent, 4-Large extent, 5-Very large extent) by tick appropriately.

	<b>Items to consider buying when you have extra cash</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
i	Clothes on fashion					
ii	TV					
iii	Video games player & movies					
iv	Radio/Home theater					
v	Fridge					
vi	A car					
vii	A mobile phone					
viii	A laptop					
ix	A house					
x	A plot/land					
xi	Adventure					
xii	Partying					
xiii	Furniture					
xiv	Build a house for your parents					
xv	Invest in a business					
xvi	Buy utensil					