

Comparative Study on Brand Loyalty in Kenya and India Consumer Softdrinks Markets

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Received: 10 December 2012 Accepted: 2 January 2013 Published: 15 January 2013

Abstract

This study sought to establish and compare the loyalty characteristics among the soft drinks consumers in Kenya and India. The study locations were in Barot University, Kenya and Mahatma Gandhi University in Kerala, India. An ex post facto survey research design was employed and the target population was young consumers who were sampled from the local universities in both countries. The study adopted incidental random sampling technique where respondents were selected based on their ease of access and willingness to respond. Questionnaire was used to collect data and descriptive statistics was employed to analyze and present the data. The study established that in India, peer group are more powerful in influencing potential consumers to take soft drinks while in Kenya parents perform a crucial role.

Index terms— brand loyalty, soft drinks and consumer.

1 Introduction

The Indian carbonated industry is worth Rs 60-billion and growing now at 5% annually with a compound annual growth rate of 4.5% where Coke and Pepsi have a combined market share of around 95% directly or through franchisees (Euromonitor, 2011). Kenya's soft drink market is worth approximately USD 1 billion. A great portion of the market is dominated by carbonated soft drinks and synthetic juices (Euromonitor, 2011). Youth market is a powerful segment of consumer to be considered as a separate section (Ness et al., 2002). Specific factors that influence the youth in their purchasing behavior pattern has been a serious issue to the behavioural researchers (Bush et al., 2004). The studies suggest that consumers' behaviour is affected by lot of sources such as family values (Baltas, 1997; Feltham, 1998) peer group influences (Feltham, 1998; Ness et al., 2002). Solomon (1994) highlighted that teenagers will realise the influence of brand loyalty while purchasing different kinds of products in their age and influenced to buy the product during the age period.

Hence the youth or teen may rely on the particular age and keep purchasing their favourite brand on that age onwards (Hollander & German, 1992). Previous research (Pollay et al., 1996; Roehm & Roehm, 2004) assumes that the youth customers are not much loyal to the brand however, these findings are relatively uncertain and creating more argument. Giger's (1991) established that the life styles and consumption habits of people aged 14-34 around the world to be similar especially in terms of their consumption of soft drinks.

2 II.

3 Literature Review

'Soft drink', refers to any of a class of nonalcoholic beverages, usually but not necessarily carbonated, containing a natural or artificial sweetening agent, edible acids, natural or artificial flavors, and sometimes juice (Bert, 2011). The term was originated to distinguish the flavored drinks from hard liquor, or spirits. Marketing of carbonated soft drinks dates back to 17th century to imitate the popular and naturally effervescent waters of

famous springs, with primary interest in their reputed therapeutic values. The concept of brand loyalty has had a long and inconsequent history. The very first mention of the idea was attributed to Copeland (1923) and since then, over 200 definitions have appeared in the literature (Jacoby & Chestnut, 1978). Consumer's exhibit varied tendencies as regards their purchase behavior. Whereas others are very loyal, others are spuriously loyal and others are quite indifferent in their purchase behavior.

Most studies on brand loyalty have been based in the Western World ??Ryan et al., 1996; ??van set al., 1996; ??omariuk & Sharp, 2003). Bloemer et al. (1995) examine the relationship between brand loyalty and satisfaction levels of the buyer. Chaudhuri et al. (2001) sought to establish relationship between brand loyalty and trust developed by the customer. Podoshen (2008) investigates the role of racial factor on product brand loyalty. ??ohammed (2006) explores the influence of price factor on brand loyalty. Mei Mei et al. ??2006) investigate the influence of brand name and product promotion while Angeline (2006) examines the influence of age bracket on brand loyalty in soft drinks segment.

Repeat purchase is a behavioral tendency where customers purchase the same product or brand regularly and consistently. When this happens over time, the customer develops loyalty to the brand due to unique attributes identified during the frequent purchases. Assael (1995) argues that 'Loyals' use repeat purchasing of a brand as a means of reducing risk. Johnson & Forwell (1991) define an overall customer satisfaction as the customer's rating of the brand based on all encounter and experiences. Bennett ??004) affirm that if the customers experience high level of satisfaction they are predisposed to the particular brand and intention to repurchase. Product quality encompasses the features and characteristics of a product or service that bears on its ability to satisfy stated or implied needs. Romaniuk & Sharp (2003) conclude that the more attributes (non negative) associated with a product brand; the more loyal consumers are likely to be. Codogan & Foster (2000) establish that consumers with high brand loyalty are less price sensitive.

According to Keller et al. (1998), a famous brand name can disseminate product benefits and lead to higher recall of an advertised benefit than a nonfamous brand name hence leading to high recall and repurchase. Promotion is a component of a marketing mix which takes the form of communication between the product and the correct or potential consumers. Several studies (Evans et al., 1996) suggest that promotion, especially in form of a well-targeted advertisement cannot only make the consumers less price sensitive and more loyal, but also change their knowledge, attitude and behaviors towards the product. This study sought to examine the six key factors then rank to establish the most influential factor in the African and Asian markets studied.

4 III.

5 Methodology

An ex post facto survey research design was employed in the study. Out of a total population of 116,008 students, 1312 respondents were sampled comprising of 434 Kenyans and 878 Indians from selected public universities in India and Kenya. The students' sampled represented 1.2% of the target population in 2 public universities in Kenya and Kerala respectively. The study adopted incidental random sampling techniques. Respondents were selected based on their ease of access and willingness to respond (Gravetter & Forzano, 2006). Questionnaire was used to collect the data. A pilot study was conducted in Baraton University in Kenya and Mahatma Gandhi University in Kerala (Kottayam) state, India in November 2011 to ascertain the reliability of the research instrument. Using the Cronbach's Alpha coefficient formula, the results indicated a reliability coefficient of 0.79 in Baraton University, Kenya and 0.72 in Mahatma Gandhi University, India, which is considered acceptable. Descriptive statistics were used to analyze and present the data.

IV.

6 Findings a) Popular brands consumed

The participants who were consumers of soft drinks in the two countries were asked to indicate the brands that they mostly use. From the results in Table 1, it is evident that Cocacola and Fanta brands are the most popular in Kenyan Market at 46% and 23 % respectively. In Indian market, it was established that Sprite topped at 43 % followed by Mirinda at 26 %.

7 b) Brand loyalty type

Respondents were asked to rate the extent they agreed with the Likert five point scale that measured wether they were truely loyal, spuriously loyal, indifferent, or not loyal at all.The findings were as follows:)

From Table 3, 29.6% of the respondents disagreed that they were truly loyal, 19.2% were neutral on the statement, 18.4% strongly disagreed, 18.7% strongly agreed while 14.1% respondents agreed that they were truly loyal. The responses suggest that majority of the Kenyan soft drinks consumer youths (50.0%) are not truly loyal consumers to their brands. On spurious loyalty, it was established that 30.6% of the Kenyan respondents disagreed that they spuriously loyal, 25.2% strongly disagreed, 23.1% were undecided, 14.6% agreed that they while 6.6% respondents strongly agreed that they were spuriously loyal. The responses indicate that majority of the respondents from Kenya are not spuriously loyal. 30.0% of the Kenyan respondents disagreed that they were brand switchers, 17.5% strongly disagreed, 22.1% agreed, 21.0% were neutral while 4.4% strongly agreed.

The responses reveal that majority of the Kenyan soft drink consumers (47.5%) disagreed that they are brand switchers. 2 indicates that 31.6% of the Indian respondents strongly disagreed that they are truly loyal to the brands, 25.3% agreed, 25.2% strongly agreed, and 12.3% disagreed while 5.5% respondents were undecided. The finding reveals that majority of the Indian soft drink consumers (50.5%) were truly loyal. 58.2% of the Indian respondents strongly disagreed that they were spuriously loyal, 23.3% disagreed, 14.4% agreed while 4.0% were undecided. The results demonstrate that majority of the respondents (85.1%) disagreed that they were spuriously loyal. On brand switchers, 42.9% of the respondents strongly disagreed that they were not brand switchers, 22.0% respondents disagreed, 41.8% agreed, 6.9% were undecided while 6.5% strongly agreed that they were brand switchers. The responses indicate that majority of the Indian respondents (64.9%) are not brand switchers. 38.7% of the respondents strongly disagreed that they were indifferent buyers, 18.7% strongly agreed, 24.7% agreed, 15.1% disagreed while 2.8% were neutral. The study establishes that majority of the Indian soft drink consumers were truly loyal to their brands.

25.6% of the respondents agreed that they were indifferent buyers, 28.8% disagreed, 11.1% strongly disagreed and 19.1% were neutral while 10.1% strongly agreed that they were indifferent buyers. The results demonstrate that majority of the Kenyan respondents were indifferent buyers.

From the findings it can be established that majority of the Kenyan soft drinks consumers are indifferent buyers as compared to their Indian counterparts who are mostly truly loyal to their brands.

V.

8 Conclusion

Soft drinks are still popular beverage in the youth market in both Kenya and India. However, it is evident from the study that the consumption of soft drinks in India is reducing with health concern as the main cause for the same. Parents are very crucial in introducing their children to various soft drinks brands and subsequently shaping their loyalty in Kenyan Market. In India, peer influence is the major factor in introduction of soft drinks brands. Most Kenyans enjoy their soft drinks during evening hours but their Indian counterparts prefer during the day. Equally, majority of Indian soft drinks consumers (51 percent) indicated to be totally loyal to their brands while majority of their Kenyan counterparts (36 percent) were established to be indifferent to various brands. Indian soft drinks marketing firms need to focus on varied brands for specific segments. There was a marked reduced intake of soft drinks by Indians than Kenyans. ¹



Figure 1:

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8 CONCLUSION

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		Nationality		Kenyan	Indian	Total
Soft Drink	Frequency	190	57			247
Coca-Cola	% within Nationality	46.0%	8.7%			23.1%
	% of Total	17.8%	5.3%			23.1%
Fanta	Frequency	94	53			147
	% within Nationality	22.8%	8.1%			13.8%
	% of Total	8.8%	5.0%			13.8%
Sprite	Frequency	69	16.7%	281	42.9%	350
	% within Nationality	16.7%	42.9%			32.8%
	% of Total	6.5%	26.3%			32.8%
Pepsi	Frequency	24	43			67
	% within Nationality	5.8%	6.6%			6.3%
	% of Total	2.2%	4.0%			6.3%
Mirinda	Frequency	17	167			184
	% within Nationality	4.1%	25.5%			17.2%
	% of Total	1.6%	15.6%			17.2%
Soda water	Frequency	9	0			9
	% within Nationality	2.2%	.0%			.8%
	% of Total	.8%	.0%			.8%
other soft drinks	Frequency	10	54			64
	% within Nationality	2.4%	8.2%			6.0%
	% of Total	.9%	5.1%			6.0%
Total	Frequency	413	100.0%	655	100.0%	1068
	% within Nationality	100.0%	61.3%			100.0%
	% of Total	38.7%	61.3%			100.0%

Figure 2: Table 1 :

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Statement	Responses										Agree
	Strongly Disagree					Disagree		Neutral			
	F	%	F	%	F	%	F	%			
I always insist on my favorite brand and cannot take any other optional brand (truly loyal)	206	31.6	80	12.3	36	5.5	165	25.3	164	25.2	
I purchase my brand regularly and I have no other option (Spuriously Loyal)	379	58.2	152	23.3	26	4.0					94 14
I don't stick to one single brand only; I shift from one brand to another (Brand Switcher)	279	42.9	143	22.0	45	6.9	142	21.8	42		
I am not keen on any specific brand and can take any (Indifferent buyer)	252	38.7	98	15.1	18	2.8	161	24.7	122	18.7	
Source : Research Data (2012)											

Figure 3: Table 2 :

3

Statement	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	F	%	F	%	F	%	F	%	F	%
I always insist on my favorite brand and cannot take any other optional brand (truly loyal)	76	18.4	122	29.6	79	19.2	58	14.1	76	18.4
I purchase my brand regularly and I have no other option (Spuriously Loyal)	104	25.2	126	30.6	95	23.1	60	14.6	21	5.1
I don't stick to one single brand only; I shift from one brand to another (Brand Switcher)	76	17.5	130	30.0	91	21.0	96	22.1	111	25.6
I am not keen on any specific brand and can take any (Indifferent buyer)	48	11.1	125	28.8	83	19.1	111	25.6	48	11.1

Source : Research Data (2012)

Figure 4: Table 3 :

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