

**THE EFFECT OF PRODUCT DIFFERENTIATION ON CONSUMER
CHOICE: A SURVEY OF PISHORI RICE IN NAKURU MUNICIPALITY.**

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BUSOLO, HILLARY OUNDO

**A RESEARCH PROJECT SUBMITTED TO GRADUATE SCHOOL IN
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DECLARATION

I hereby declare that this research project is my original work and has not been submitted before for a degree in any other University or in any other forum by any individual or group of individuals.

Candidates name Hillary, Oundo Busolo

Registration Number CM11/0060/02

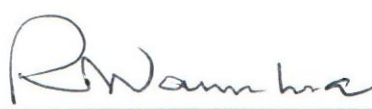
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Recommendation by the supervisors

I declare that this research project has been prepared under my supervision and is submitted for presentation with my approval as university supervisor.

1. MR .T. R. Wambua

Signature  _____

Date 23-08-05

2. Dr. B. Njehia

Signature  _____

Date 24th Aug. 2005

2008/760224

ABSTRACT

Due to complexities surrounding consumer decision making and myriad of influences on consumer product choice, much attention has been devoted to research on consumer behaviour. Whereas products differentiation makes decision making process more demanding for certain products, it reduces time in which decisions on purchases are arrived at. The Theory of Reasoned Action and the Fishbein model were used with regard to attribute and multi attribute effects on behaviour towards consumer purchase to highlight this concept. A purposive sampling technique was employed in the survey to investigate product differentiation influences on consumer choice of Pishori rice brands. Specific objectives were to determine product differentiation influences on consumer attitudes towards the choice of different Pishori rice brands and to determine the hedonic benefits associated with the choice of differentiated Pishori rice brands. The study postulated that there is no difference between consumer attitudes towards differentiated pishori rice brands and that the hedonic benefits derived from consumption of differentiated Pishori rice brands were not significantly different. Data was collected using a questionnaire and analysed using descriptive statistics and Kruskal Wallis test statistic. Results of the study reveal that there is a difference between consumers' attitudes towards differentiated pishori rice brands, and that the hedonic benefits derived from consumption of differentiated Pishori rice brands are the same. The implications of these are that marketers should differentiate their products offered on the market and emphasise the most sought for attributes to retain their customers and attract those of competitors. However, they should not emphasize hedonic benefits as a basis of differentiation.

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ABBREVIATIONS

ADA	American Dietetic Association
CBBE	Customer – based brand equity
NCPB	National Cereals and Produce Board
NIB	National Irrigation Board
ROI	Return on investment
TRA	Theory of Reasoned Action
RAM	Reasoned Action Model

CHAPTER ONE: INTRODUCTION

1.0 Background Information

Many small companies are at times founded and run by entrepreneurs who are often mainly focused on a product or a service in which they saw a potential in the first place. Unfortunately this makes it difficult for them to think that marketing could be something else than solely that product or service. Though elaborate distribution channels may be put in place to ensure the product presences and visibility, with the hope that it will perform desirably on the market. This may not be attainable as in such a market only the product concept suffices – price and product availability are the only competing tools (Kotler, 1997). This has been the case of many Kenyan firms who operated undifferentiated products, a mistake that no present enterprise can make.

Product differentiation involves creating mental structures and helping consumers to organize their knowledge about products and services in a way that clarifies their decision-making. It is a strategy that organizations use to try increase or retain their market share and maintain competitive advantage over their competitors. It also provides value to the firm a fact that enhances customer loyalty (Mbau, 2000).

The Kenyan market condition before liberalization did not require highly differentiated Products (Mburu, 2001), as consumers did not have a wide range of products to choose from. But with improvement in both agricultural and industrial sectors, more products have been continually introduced on the market challenging consumer purchase decision making process. Furthermore, the complexity of

consumers has increased over time as consumers get exposed to a wide range of products, both local and imported.

Before 1992, rice was produced and marketed through government controlled agencies. National Irrigation Board (NIB) did the production and milling of rice before it was distributed to the markets. In the early 1980's the National Cereals and Produce Board (NCPB) came into existence. It handled only maize beans and wheat and had the Government control and protection. In 1993 the Government asked NCPB to diversify its activities so as to be able to sustain itself. Following this, NCPB started marketing of rice in 2002 hence taking over from NIB which was experiencing constrains in its operations. Due to elaborate network of NCPB distribution of rice to many parts of the country was fairly easy enhancing its marketing.

Rice marketed by NCPB remained undifferentiated at this time. It was packed in 50 kg and 90kg sacks and sold only to retailers and institutions that consumed in large quantities. The traders repackaged the rice into smaller packages of 2 kg, 1 kg and even ½ kg and sold them to consumers. With liberalization and emergence of trading blocks like COMESA, the Kenyan market was opened to traders outside the country. As a result the country experienced an influx of many different types of rice, differentiated only by source. Hence consumers tended to go for the cheapest available rice on the market.

In 2003 NCPB sought to be identified in the market and therefore started to differentiate their rice. They initially put a logo on the rice packets but with time realized it did not identify them well enough. Mitch McCasland, says, product

differentiation is more than just ensuring that customers recognize a logo or product name. It means creating an emotional association (such as the feeling of success, happiness, or relief) that customers form with the product, service, or company. NCPB realised that, their attempt to differentiate their rice had met only limited success, and therefore came up with the name 'NAFAKA' the same year (2003) to try differentiate their rice further. Its introduction was initially difficult because people did not know whether it was a local or imported brand.

At the same time, a good number of the Kenyan rice packing firms considered product differentiation as a way out of quagmire of providing their rice as mere commodities for sale on market. They sought to differentiate their products giving them an identity which consumer would relate to by branding them. Both Kotler (2000) and Keller (1998) confirm that branding is among the best way of differentiating a product. Thus branding therefore distinguishes brands from commodities because products are given an identity through it whereas, Commodities are therefore products presumably so basic that they cannot be differentiated in the minds of the consumers (Keller, 1998).

Before the collapse of NIB rice varieties could clearly be distinguished, for instance, Pishori from Basmati. However with its collapse individual farmers took charge of rice seed handling, which ultimately lead to mixing of the seeds. This makes it difficult to get pure Pishori or Basmati rice varieties, hence rice packed by different companies inscribed Pishori / Basmati on the packages.

Among the rice brands, Pishori is considered superior to Sindano and Basmati. It is relatively high priced and largely visible on the market with a wide range of brands

packaged by different firms. Branding provides firms with brand equity, which adds value to them. It also allows firms to charge good price margins, and enable them have trade leverage. Hence firms use product differentiation as a tool for competitive advantage (Mbau, 2000).

1.1 Statement of the Problem

Critics of market economies in general and liberalization in particular, contend that they have unleashed forces leading to a large and pervasive multidimensional challenge to consumer purchase decisions. The removal of tariff and non-tariff barriers guarantee free movement of goods and services leading to an influx of imports on the Kenyan market (Shacinda, 2001). With the advancement in technology and training of skilled technical professionals, the rate and pace of innovation by Kenyan firms arose to counter substitutes and competing products.

Underlying these innovations was product differentiation strategy adopted by firms to compete for a larger share of the fixed market. Products therefore came with additional frills exposing consumers to labourious and delicate process of making appropriate product choice. In this scenario the questions asked are, is there really a gulf dividing differentiated products from commodities? Do differentiated products influence consumer attitude? And, what effect does product differentiation have on consumer choice? Therefore the problem can be stated as; although many firms have differentiated their products, it is not known the effect this has on consumer choice of products.

1.2 Research Objectives

The main objective of the research is to investigate the effectiveness of product differentiation in influencing consumer choice of Pishori rice brands.

The specific objectives are to determine;

- (i) product differentiation influences on consumer attitudes towards the choice of different Pishori rice brands;
- (ii) hedonic benefits associated with the choice of differentiated Pishori rice brands.

1.3 Research Hypotheses

The hypotheses bounding this study are:

- (i) There is no difference between consumer attitudes towards differentiated pishori rice brands.
- (ii) Hedonic benefits derived from consumption of differentiated Pishori rice brands are not different.

1.4 Significance of the Study

This study is important not only for academic research but also to marketing and management strategy campaigns. Understanding why consumers buy what they buy could possibly help companies better prepare advertising campaigns and adjust for future planning and forecasting. Also knowledge gained from these findings on product differentiation can form the basis for further research by other scholars.

1.5 Scope and Limitation of the Study

The study was based on the Theory of Reasoned Action (TRA) and it examined the effect of product differentiation on consumer choice of Pishori rice. It looked at the attributes that influence consumer attitudes towards the choice of Pishori rice and the hedonic benefits derive from consumption of differentiated Pishori rice brands. The survey was carried out in Nakuru municipality, with the data collected in one month (August – 2004). One hundred and twenty (120) respondents were asked to complete attribute and attitude questionnaires framed within the Theory of Reasoned Action.

However the survey is limited by the fact that, the sample of respondents was drawn from a single geographic market. Therefore, generalizing the specific results of this research to other geographic markets should be carefully done.

At the same time, competitive conditions may be quite different between the area where the research was conducted and other areas. Also, the importance of the attributes and utilities associated with various levels of the attributes may vary markedly from those found in this study. However, the basic methodology is general and can be readily applied in other markets.

1.6 Definition of Terms

Affect: The way in which we feel in response to marketplace stimuli such as a brand.

Attitude – Behaviour – Consistency: The extent to which attitude leads to purchase.

Attribute: Characteristics or features than an object might or might not have.

Attitude:	A person's point towards something.
Behaviour:	Everything that consumers do related to acquiring, using, and disposing of products.
Behavioural intentions:	The intentions of consumers to behave in a particular way with regard to the acquisition, use, and disposition of products.
Beliefs:	The knowledge that a consumer has about objects, their attributes, and their benefits.
Benefits:	The positive outcomes that attributes might provide to the consumer.
Brand equity:	The value of a brand's overall strength in the market.
Choice:	The process of selecting among limited alternatives.
Commodity:	Products presumably so basic that cannot be differentiated in the minds of the consumer.
Comparative advantage:	The ability to produce a good or service at a lower opportunity cost.
Conformance quality:	Degree to which the product meets specifications and is absent of defects.
Cues:	Products, signs, adverts, and other stimuli in the environment.
Features:	Secondary elements of a product that complement the primary characteristics.

Frills:	Something decorative or pleasant but not necessary.
Generic:	Not offering legal protection because of not having a trademark. Shared by or typical of the whole class of things
Hedonic benefit:	Benefits that are primarily characterised by an affective experience. The value that a person receives from consumption of a product or service that is purely for pleasure and not for the utility aspect of the product or service.
Hype:	To try to get a lot of public attention for, especially more than deserved.
Incentives:	The forces that influence or encourage an action or choice.
Intention:	Is the behavioural component of attitude.
Markets:	The general term for the institutions through which the exchange of goods and services take place. Institution that coordinates individuals' choice and provide the basis for exchange of goods and services.
Normative beliefs:	Belief about what a specific referent person thinks one should or should not do regarding the behavior.
Nonprice competition:	Aggressive action on one or more of the Ps other than price.
Needs:	The basic forces that motivate a person to do something.

Objects:	Products, people, companies, and things about which people hold beliefs and attitudes.
Performance:	level of which the primary characteristics of the product operation (for example low, medium, high, or very high).
Price stability:	A constant general level of prices.
Referent:	Specific individual or group who may influence one's behavior.
Reliability:	Consistence of performance over time and from purchase to purchase.
Subjective Norm:	A person's belief that most of his or her important others think that she or he should or should not perform that behavior.
Tangibles:	Whether the physical facilities and appearance of personnel imply quality.
Trade guild:	An association for businessmen or skilled workers who join together in former times to help one another and to make rules for training new members. An association of people with similar interests.
Volition:	The act of using ones will, ones power to control, decide or choose.

CHAPTER TWO: LITERATURE REVIEW

2.0 Evolution of product differentiation

Before marketing became a branch of psychology, product differentiation and advertising were simply ways to publicize and identify one's products. Product differentiation began, quite literally, as a method for ranchers to identify their cattle. They burned distinct symbols into the hide of a baby calf so that the owner could point to the logo and claim ownership if one day it wandered off his property or was stolen by a competitor.

When goods began to be manufactured in factories, markets were flooded with uniform mass produced products that were indistinguishable from one another. Competitive product differentiation became a necessity with time and previous generic goods that were initially scooped out of barrels were named to distinguish them. In the 1880s corporate logos were introduced for products like Campbell's soup, H. J. Heinz pickles and Quaker Oats cereals (Lawrence, 2001).

Trade guilds in medieval Europe also used trademarks to assure customers and provide legal protection to producers. In early sixteenth century, whiskey distillers shipped their products in wooden barrels with the producer's name burned into the barrel. This prevented substitution of their products by indicating to the customer the maker's name. In 1935, a brand of scotch called "old smuggler" was introduced in order to capitalize on the quality reputation developed by Bootlegged who used special distilling process (Aaker, 1991).

By the end of the 1940s, differentiation was not just the use of catchy phrase or picture printed on a label of a company's product, but a company as a whole could

have an identity. However, manufacturing sector took several decades to achieve this as they still clung on the idea that their core business was production and that differentiation was an important add – on (Lawrence 2001).

In the 20th century product differentiation became central to competitors. The defining moment of wide spread recognition of the true value of product differentiation came in 1988 when Philip Morris purchased Kraft for \$12.6 billion – six times more than its book value. A huge dollar value had been assigned to something that had previously been abstract and unquantifiable – a brand name (Lawrence 2001). Sunlit on the other hand was sold for \$103 in royalties by licensing its name for use on various products such as Sunkist fruit and orange soda in 1998 (Kahle, 1998).

Before the 80's it was relatively easier to create brands. During and after the 80's and with everyone trying to differentiate their products, the challenges increased in terms of advertising costs and the number of differentiated products presented to consumers at a given time in a specific product class or category. Due to many differentiated products available on the market, consumers move away from basing purchase decision on price to a bundle of attributes and satisfactions the product promises. This makes it imperative for most firms to build their brands so that their consumer can relate to them (Aaker, 1991). Valuable and important assets are their brands, which must be managed properly from all facets that conform to organizations' specifications of quality (Aaker, 1996). No point of differentiation so far has proved more powerful than branding (Mbau, 2000).

2.0.1 Commodities

A product that is presumably so basic that cannot be physically differentiated in the mind of consumers is referred to as a commodity (Keller, 1998). Commodity brands offer no advantages over any other brand and they are not particularly good value for money (Leslie and Malcolm, 1998) as on commodity markets, consumer purchase products without paying attention to services offered and surrounding benefits, hence consider all products in the same category. Commodity markets are therefore price markets and no consumer is willing to pay a cent more to one seller than to another. In today's hyper-competitive market place, companies are trying to differentiate their offerings, which usually transform the core product into an augmented product. Good marketers don't sell products and purchase value but sell benefit packages and use value. In a commodity market, one can only compete using price leadership. However, price leadership is very risky because firms achieving lower production costs for whatever reason may easily challenged it (Kotler, 1999).

A product is a need – satisfying offering of a firm but a brand is something that is bought by customer. The idea of a product as a potential customer satisfaction or benefit is important as many business managers – trained in production get wrapped up in the technical details. They think of a product in terms of physical components, but this has little effect on the way customers view the product. Most customers just want a product that satisfies their needs (McCarthy 1993). A competitor can copy a product but brands are unique. Companies may have to “sweeten” their offering to customers in other ways than through lower price or helping a consumer reduce their costs (Kotler, 1999).

2.0.2 Product differentiation

In marketing, product differentiation is the modification of a product, usually in minor ways, to make it more attractive to the target market and make it different from competitors' products. It is the degree to which the outputs of alternative sellers receive preferential treatment among buyers (Moore, 1976). The modification can be so slight as to be merely a change in packaging or a change in advertising theme. Moore (1993) reckons that "...a general class of product is differentiated if any significant basis exists for distinguishing the goods (or services) of one seller from those of others". The physical product need not change, but it could. The objective of this strategy is to develop a position that potential customers will see as unique. If your target market sees your product as different from the competitions, you will have more flexibility in developing your marketing mix. A successful product differentiation strategy will move your product from competing based primarily on price to competing on non-price factors (such as product characteristics, distribution strategy, or promotional variables). The disadvantage of this repositioning of your product to a more distinct and uncluttered position in your customers' mind is that it usually requires large advertising and production expenditures. Differentiation with which consumers cannot "connect" may have a negative implication and if a brand "connects" consumers with its differentiation, it is likely to also differentiate itself in terms of getting identified with the consumer (Schifter, 1985).

Differentiation can be thought of as spatial in at least two other settings. First, buyers may care about seller reputation, so that the plain fact of a seller's identity could differentiate its products from those of other sellers. This can appear in the form of buyers requiring sellers to become qualified to sell to them. Second,

shopping or transportation cost may matter, so that differentiation appears on the basis of seller or producer location (Jonathan 1997).

Product differentiation, like that of rice may be due to firms emphasizing that their particular rice brands have unique characteristics and that “quality” of a product is guaranteed by the brand name under which they are sold (Rogers 1989). This aspect may bring about consumer loyalty and consequently reduce competition between market participants. If this happens, then there is likelihood of excessive non-price competition such as advertising and special services. The total cost of doing business would then be raised rather than lowered.

Several features of the food-marketing complex affect the degree of product differentiation in rice. Where many personal and merchandising services are part of the total product package, the opportunity for product differentiation is again substantially increased (Moore, 1976). Buyers at retail end cannot be market experts in every product they buy, which makes Product differentiation to be more important. They tend to rely on reputation gained by marketing firms and the backlog of satisfactory personal experiences obtained within a particular firm rather than the technical characteristics of the product and its relative price when compared to alternatives. Products are typically traded on the basis of physical specifications, which are measured very accurately by buyers and sellers (Kailikia, 1992). The high level of market information on the part of all buyers and sellers tend to diminish the opportunity for extensive product differentiation.

There are mainly two types of differentiation we can focus on in this particular case. The first is most common in consumer products industries, in which a large number

of brands are available and products vary in physical attributes and images. For instance products like soft drinks and automobiles are good example. Here the differentiation is spatial, as products are located at various positions in an abstract characteristic space. The second type of differentiation emphasizes that firms in these industries often introduce new products over time. There was a time, when Coke and Pepsi did not sell sugar-free or caffeine-free colas, and when General Motors and Ford did not sell subcompact cars. Here we have in mind product innovation when we talk of goods differentiated over time (Jonathan 1997).

Product differentiation has mainly been driven by eroded profits in the product line, it is not an integrated part of a customer's strategy. The bond between a differentiated product and a customer's process is rather weak, that, customers tend to change to better quality standard products when a downturn starts and price difference diminishes (Ainomaija, 2004)

2.0.3 Economics of product differentiation

Differentiation itself is not unambiguously good or bad. Buyers typically benefit from the availability of a wide variety of product offerings to serve their differing preferences. Yet differentiation can also facilitate the exercise of market power. The producer of a differentiated product often enjoys a localized monopoly and may be able to charge a higher price than it otherwise could.

The investments firms make in differentiation, moreover, can change market structure in ways that might, to first appearances, lead us to suspect that markets are not competitive. When firms in an industry make large investments in brand reputations and their new product lines, we often observe that the number of firms is

low and prices are well above seller marginal costs. Also, firms may find it possible, and profitable, to discriminate in price or to sell different products to different segments of the market (Jonathan 1997).

Ease of entry plays a critical role in preserving competition in many differentiated-product markets. Inter firm rivalry is often a less significant competitive force than in homogeneous product industries because competition is localized. More often, incumbent firms find that price-cutting does not allow them to increase sales long enough to compensate for the lost profit margin on their current output (If so, a price above incumbent marginal cost may be sustainable). Price-cutting is typically a less profitable strategy as rival firms can rapidly match the price cut. On the other hand differentiation of the firm's products or services would take considerable time for rival firms to imitate.

2.0.4 Significance of Differentiation

Product features are normally not identical across goods fulfilling the same need, offered under different brands by competing firms. The differentiation of goods along key features and minor details is an important strategy for firms to defend their price from leveling down to the bottom part of the price spectrum. Product differentiation to firms is therefore the way multi-product firms build their own supplied products' range. At market level, differentiation is a way of improving quality of goods over time. Launching new goods with entirely new performances is a radical change, often leading to changes in market shares and industry structures (Piana, 2003)

2.0.5 Methods of product differentiation

Consumers are convinced that a product is different from that of competitors through various methods. The methods used include, attractive packaging, branding, advertising and promotion.

Attractive packaging involves a company using unique colours, containers and/or designs to ensure that the consumer will easily recognize its product. Branding is the way a product is given a unique name and image, for example, Levi Strauss and Nike. There are clear advantages to branding in that it enables the company to differentiate its products more clearly, but also to fetch a higher return than could be expected from generic products (Paliwoda 1993). Advertising will remind the consumer of the product's benefits. Advertising campaigns aim to highlight the differentiation, such as tastier, more fun, better service, among others. In promotion a company may ask consumers to collect a certain number of labels of the product to qualify for a prize, or to qualify for a competition. Promotion includes competitions, collecting tokens and special events; they create hype and excitement around a product. In an evolutionary sense, differentiation is a strategy to adapt to a moving environment.

2.0.5.1 Vertical differentiation

Vertical differentiation appears in a market where several goods that are present can be ordered according to their objective quality from the highest to the lowest. It's possible to say in this case that one good is "better" than another. Vertical differentiation can be obtained, along one decisive feature of the product or along a few features, each of which has a wide possible range of (continuous or discrete) values. In this case, it is possible to find out a product that is better than a second

one according to one criteria/feature but worse than it when another feature is concerned. It can also be obtained across a large number of features, each of which has only a presence/absence "flag".

Vertical differentiation is a property of supplied goods but, as it is maybe needless to say, the perceived difference in quality by different consumer will play a crucial role in the purchase decisions. In particular, potential consumers can have a biased perception of features of a good (say because of advertising or social pressure), (Piana, 2003).

On a local basis Unga limited has managed to differentiate its products vertically by having different grades of maize flour. For instance, Jogoo and Jogoo Extra, where Extra is seen to be superior. Also there is Unga grade 1 and 2 sold at different outlets with grade 1 perceived to be of higher quality.

2.0.5.2 Horizontal differentiation

When products are differentiated according to features that can't be ordered, a horizontal differentiation emerges in the market. A typical example is the ice cream offered in different tastes. Horizontal differentiation can be linked to differentiation in colours (different colour version for the same good), in styles (e.g. modern / antique), in tastes among others. This does not prevent consumers to have a stable preference for a specific version, since one always distinguishes between what belongs to the supply structure and what is due to consumers' subjectivity. It is quite common that, in horizontal differentiation, the supplier of many versions decide a unique price for all of them.

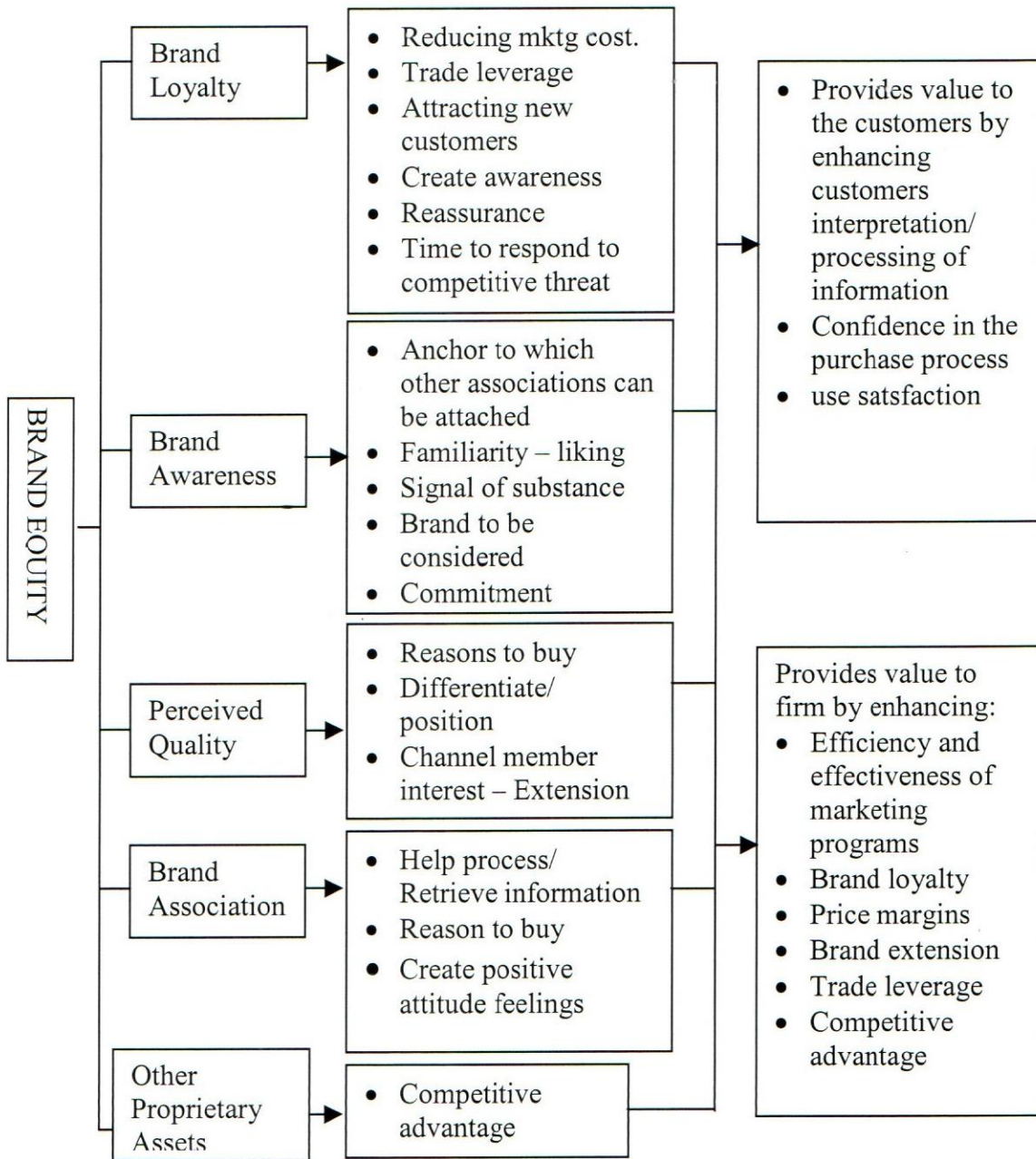
When consumers don't have strong stable preferences, a rule of behaviour can be changed easily ignoring the often chosen good, looking for variety itself. An example is when one asks for food not previous eaten in a restaurant. Fashion waves often emerge in horizontally differentiated markets with imitation behaviour among consumers and specific styles going "in" and "out". (Piana, 2003)

2.1 Brand Equity

Brand equity is a set of assets or liabilities that add to or subtract from the value provided by a product or service to a firm and/or the firm's customers (Aaker, 1998). The major asset categories are - Brand name awareness, Brand loyalty, Perceived quality, Brand associations and other proprietary brand Assets for competitive advantage (Aaker, 1991). The brand equity asset categories show how brand equity generates value (illustrated in Figure 1).

The paramount reason for all these assets is to increase customer loyalty of the brand for competitive advantage (Wong 1999). Brand reputation is not as defining factor as it once was to consumers. Product's features, style, price, warranty, brand and retailer reputation are all just as important to a consumer (Kardes (2001).

Figure 1: Value generate by brand equity to firm and customers



Adopted from: Managing brand Equity by Aaker, 1991

2.1.1 Importance of Brand Equity.

Brand equity can provide strategic advantages to your company in many ways. It allows a firm charge a price premium, which competitors with less brand equity can't do. Strong brand names normally simplify the decision making process for

low-cost and nonessential products. Brand name can give comfort to buyers unsure of their decision by reducing their perceived risk. Brand equity maintains higher awareness of firms' products. It is also enable firms' use leverage when introducing new products, as it is often interpreted as an indicator of quality (Aaker, 1998).

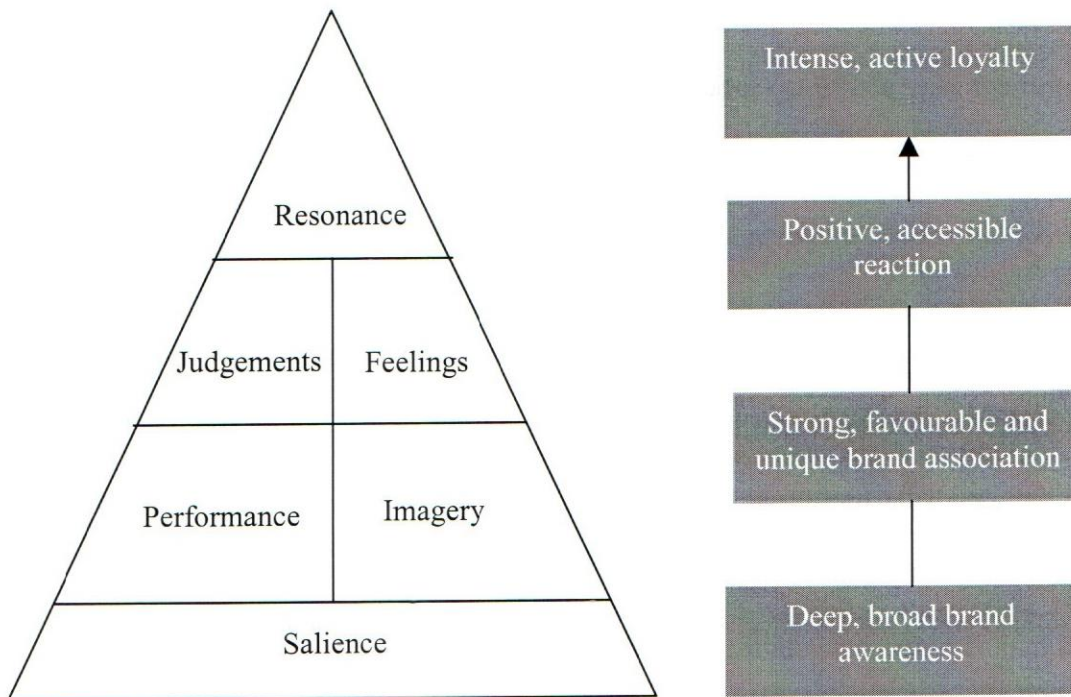
High brand equity ensures products are included in most consumers' consideration set and offer a strong defense against new products and new competitors. It therefore can lead to higher rates of product trial and repeat purchasing due to buyers' awareness of the firm's brand, approval of its image/reputation and trust in its quality (Surtee, 1992).

Brand names are company assets that must be invested in, protected and nurtured to maximize their long-term value to your company. Brands have many of the same implications as capital assets (like equipment and plant purchases) on a company's bottom line, including the ability to be bought and sold and the ability to provide strategic advantages. (Researcher's Resource Center - White Papers Library, 1995)

2.1.2 Customer Based Brand Equity

Organizations always want to build strong brands with great equity, as it provides a host of possible benefits to the firm, such as greater customer loyalty and less vulnerability to competitive marketing actions or marketing crisis. To realize this firms build their brand equity with their customers – both actual and potential – in mind. Customer – based brand equity (CBBE) model helps firms build strong brand equity (Lawrence 2001)

Figure 2: Customer – Based Brand Equity Pyramid



Source: Keller (1993) pp 27

It indicates that the power of a brand lies in what customers have learnt, felt, seen, and heard about the brand over time. Therefore marketers' continuing challenge in brand building is to ensure that customers have the right type of experiences with products and services and their accompanying marketing programs. This is so as the desired thoughts, feelings, images, perceptions and attitudes become linked to the brand. Figure 2 shows the CBBE model which can help answer very pertinent questions that marketers ask themselves, what is a strong brand?, and how do you build a strong brand?

2.2 Perceived Quality

This is the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives. It differs from actual or objective quality, Product based quality or Manufacturing quality -

conformance to specification (the “zero defect” goal) (Aaker, 1996). Another scholar defines perceived quality as a global assessment based on customer perception of what they think constitutes a quality product and how well the brand rates on these dimensions (Keller, 1998). Consumer perception generally will influence their attitudes towards the products offered on the market (Paliwoda 1993)

Since perceived quality is a perception, it cannot be objectively determined. Also, customers largely differ in their personalities, needs and preferences (Aaker, 1996) yet perceive quality involves judgements about certain important attributes which differ among customers. Perceived quality differs from satisfaction and attitude and it is intangible. However, it is based on underlying dimensions, which include characteristics of products to which the brand is attached such a reliability and performance (Zeithmal, 1988).

Perceived quality is the degree to which a brand is uniquely positioned and perceptually differentiated from its competitors (Wong 1999). Consumers often judge quality of a product or service on the basis of variety of informational cues that they associate with the product. Whereas some of these are intrinsic to the product or service others are extrinsic. Either singly or in composite, such cues provide the basis for perceptions of products and service quality (Schiffman & Kanuk 1997).

2.2.1 Perceived quality as a brand equity asset

Perceived quality is an important asset in brand equity. It is a brand association that is elevated to the status of a brand asset for many reasons (Aaker, 1996). Among all brand association, it is the only one with evidence that points with certainty that it

drives financial performance. It is often a major (if not the principal) strategic thrust of a business. It is linked to and often drives aspects of how a brand is perceived.

Perceived quality provides value in several ways such as, firms use it to differentiate and position products and services. It is mainly a reason why products are bought. A premium price can be charged based on it. It can also be used for brand extensions and normally channel member (Distributors) are interested in it (Aaker, 1996).

It is the overall brand equity that generates value for both the firm's customers by providing them with the choicest brands (Aaker, 1996). Perceived quality drives financial performance demonstrated by a number of studies. For example, studies using PIMS database showed that brand equity is the most important factor affecting return on investment (ROI), has impact on market share and Research and Development of marketing expenditure (Jacobson & Aaker, 1987). Perceived quality drives customer satisfaction, which in turn impacts, on ROI and on stock return with ultimate financial measure (Aaker & Jacobson 1994).

2.2.2 Indicators of high quality

Achieving high quality is not enough; marketers should translated actual quality into perceived quality (Mburu, 2001). In most situations, the dimensions of quality that are most critical also are most difficult to judge (Schiffman & Karuk, 1997). Consumers will routinely learn the determinants of product quality when attribute cues are freely available and processing is unconstrained (Osselear & Alba, 2000). Research has shown that in many products a visible key dimension can be pivotal in affecting perceptions and about more 'important' dimensions, which are difficult if

not impossible to judge (Mburu, 2001). For example a large stereo speaker may mean better sound and suds detergents may indicate cleaning effectiveness.

In many contexts, brands to be considered for selection are influenced by perceived quality hence gives customers reason to buy (Aaker, 1991). A customer often will lack the motivation to obtain and sort out the information that may simply be unavailable or the customer may not have the ability or resources to obtain or process. In generalising about behaviour of consumers, neo-classical economics assumes that "normal" people have certain basic characteristics. The most important being they are capable of rational behaviour implying that they know their best interests and behave in ways consistent with that knowledge. Since purchase decisions are linked to perceived quality it makes all elements of the marketing program more effective.

2.3 Hedonic Benefits

Consumer benefits can be assessed by use of a range of evaluating criteria, which can be tangible or intangible such as feelings associated with consumption of products. How well a product scores on tangible and intangible benefits determines its chances of being remembered – coming up from the memory (Kusum, 2001).

Hedonic benefits are driven by experience the product provides rather than the utilitarian benefits offered by its bundle of attributes. This makes products not directly comparable or substitutable. Utilitarian product features can be mimicked by other manufacturers, whereas abstract attributes provided by hedonic benefits cannot easily be replicated.

2.4 The Theory of Consumer Choice

The consumers' behaviour towards price and quantity of a good they buy can be easily observed. This is partly answered by neo-classical theory that a reduction in price means the consumer has somewhat more spending power (more "real income") than before. Because the consumer's money income is still the same (income and everything else that may affect demand is "frozen" with the *ceteris paribus* assumption), a reduction in the price of a good the consumer would normally buy means that this amount of money income will go further. This is called the "income effect" of a change in the price of a good. For most goods the income effect is negatively related to the price of the good. A fall in its price will cause the consumer to buy more of it (Clark, 1987). This will be temporal for branded goods as consumers often prefer one brand to others (Hanson, 1982). Price stability and regular advertising will make consumers remain focused on their preferred brands and the income effect may not be felt.

2.5 History of Attitude/Behaviour Research

The "attitude" construct received its first serious attention from Darwin in 1872. Darwin defined attitude as a motor concept, or the physical expression of an emotion. For early psychologists, "attitude" was an emotion or thought with a motoric component. In some cases, the motoric component was sub vocal speech; in other cases, gross behaviour, such as postural change, was of interest. In the 1930's, psychologists began to argue actively about what components should comprise the attitude concept. Although there was agreement that all attitudes contain an evaluative component, theorists disagreed about whether beliefs (cognition's) and behaviours should be included as part of the attitude concept. The prevailing view

among cognitive social psychologists was that "attitude" has both affective and belief components and those attitudes and behaviour should be consistent; i.e., people with positive attitudes should behave positively toward the attitude object. (Sartain, 1973).

2.6 Attributes

Research on consumer choice has predominately focused on choice of a brand from other products that are similar or considered a comparable alternative within the product category. Expectancy-value model, which has been reviewed by many research analysts states that consumers are unlikely to view an attribute or a benefit as good or bad if they do not also consider it to be very important (Green & Srinivasan, 1978). Previous research by Johnson (1984), concur that consumers try to minimize error and effort when making product choices. He chooses among comparable alternatives by comparing alternatives of attributes, a within-attribute strategy which includes the additive difference rule. However, it is difficult to create a favourable association for an unimportant attribute as not all associations for brands will be relevant and valued in a purchase; it will be situational and dependent upon and vary according to needs or goals of the consumer (Sartain, 1973). As alternative product choices become noncomparable, consumers retain a within-attribute strategy by using product features at a comparison level while also changing towards the across-attribute strategy (Johnson, 1984). Rishin (1996) reported that the preferred choice for a within-attribute strategy reduces as attribute values become more extreme.

2.7 Theory of Reason Action

In an attempt to establish a relationship among Beliefs, Attitudes, Intentions, and Behaviours, Ajzen and Fishbein (1977, 1980) proposed the Theory of Reasoned Action (TRA) based on two assumptions. First, humans are rational animals who present the ability to process and use the information available for them, and second, humans use the information they process to achieve a reasonable behavioural decision (Fishbein, 1980).

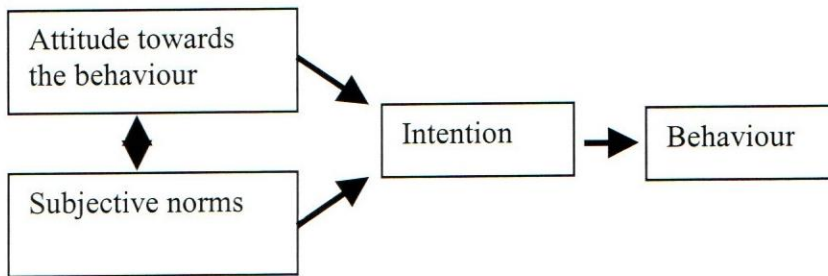
According to the theory, the determinant of a person's behaviour is his Intention to either perform or not to perform the specific behaviour. Due to the difficulties to always privy a person's Intention, the TRA specified two conceptually independent factors that, interacting together, and each weighting for its relative importance, determine Intention (Fishbein & Ajzen, 1975, Ajzen & Madden, 1986).

According to the TRA, Attitude results from the information an individual has about the given object (Petty and Cacioppo, 1981). So, an alternative way to access a person's attitude would be to measure the available (or salient) beliefs that a person has about that object. These salient or available beliefs are combined and result in an overall evaluation about the behaviour under consideration. In this case, it is important to note that it may occur that a person holds a large number of beliefs about the given object, but only a small number, about five to nine of them, would serve as determinants of Attitude (Fishbein & Ajzen, 1975)

Because of its achievement in developing a model to predict behavior, the TRA has been the basis of researches and studies in a wide variety of fields, including

psychology, management, and marketing. One of the most important topics in marketing research to which the theory can be applied is consumer behavior. Figure 3 gives a diagrammatic relationship between attitudes, subjective norms and behaviour.

Figure 3: Theory of Reasoned Action Model



Adapted from: Ajzen & Madden (1986) pp 453 - 474

2.7.1 Attitudes

An attitude may be defined as a tendency to react positively or negatively towards an object (Sartian, 1973). The underlying assumption of persuasive efforts is that the development of positive attitudes will produce a corresponding change in behaviour of consumers, and these is normally a function of the individual's perception of the object in the present situation. Present findings concur that if the consumer attitude is highly accessible from memory then the desired behaviour is likely to occur. Therefore if the advertising goal is to influence the purchase behaviour, then concerns should be about the attitude results and its accessibility from consumer memory (Sartian, 1973). This is because attitudes don't directly predict behavior, they predict intention and intention predicts behaviors. Research on persuasion process view accessibility of the attitude from memory is postulated to act as a determinant of whether the attitude - to - behaviour process is initiated. Bodur, Brinberg, and Coupey (2000), report in their research findings support for the

position that affect and attitude are separate constructs. However many researchers hold different opinions regarding these results. Attitude research emphasis is on understanding the relations between beliefs, affect, and attitude. The attitude behaviour process model is similar to theoretical research area of affect referral. Affect referral is defined as a decision-making strategy in which the individual avoids reviewing any specific attribute information concerning the alternatives, but relies upon previously formed judgments of the alternatives. Therefore, the ability to recall from memory does appear to moderate the extent that attitude may direct the behaviour of product selection. Findings also reveal that advertising alone is not sufficient to cause a positive attitude in consumer behaviour toward a brand (Clark, 1987).

2.7.2 Subjective Norm

This is an individual's belief that most of his or her important others think that she or he should or should not perform a specific behavior. It is a function of a person's normative beliefs for salient referents, and motivation to comply with these different referents. It is important to note that subjective norms are formed only in relation to the opinions of persons considered to be significant or important to an individual. For each referent, a person has a specific level of motivation to comply with their wishes and for any given behavior at a given time, an individual will have a set of salient referents (Sartian , 1973).

2.7.3 Intentions

According to Fishbein, behaviour is determined by intention; this intention is determined by attitude and social norm toward behaving. Thus, trying to achieve a goal is determined by intention to try, which is then determined by attitude and

social norm toward trying. Intention is often not more than a general feeling of like or dislike and, as such it is not closely linked to actual purchase. Behavioural intention describes attitude not towards a brand, but towards brand purchase, and, as such is a far better predictor of behaviour than either belief or affective response (Kotler, 2000). It is important to note that, past behaviour adds an independent ability to predict attitude and social norm in determining the behavioural intention (Bagozzi 1990). To explain consumption Bagozzi (1990) states that it is imperative to model the process between decision-making and intention formation with behaviour and outcome attainment. As reported by Lynch and Feldman (1988), behaviour is, for the most part, under conscious control or under the control of behavioural intention. Beliefs, attitudes, intentions, and behaviour are activated spontaneously and influence each other in a fixed causal hierarchy according to Lynch and Feldman (1988). They offer the example that beliefs are integrated into an affective reaction, which then influence intentions, and are then the immediate antecedents of behaviour (Fishbein and Ajzen, 1975). In a study conducted by Sartian (1973), it was shown that stating one's intention to perform behaviour increases the likelihood of performing that behaviour. Basically, research has shown that if memories of beliefs, attitudes, intentions, or past behaviours exist, cues directing activation of any of these can cause it to be direct reason of consumer behaviour.

2.7.4 Attitude – Behaviour - Consistency

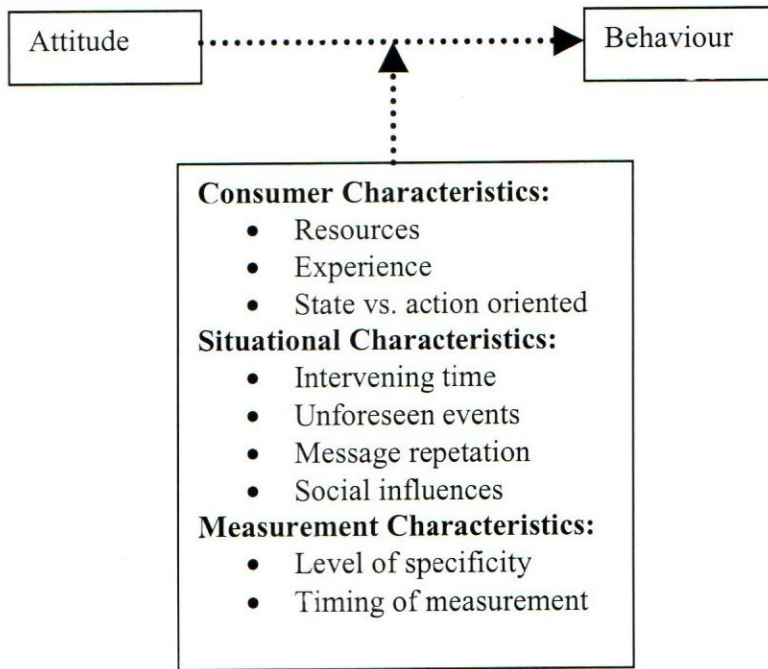
This is influenced by a variety of consumer, situational and measurement factors. The relationship between attitude and behaviour is influenced by the consumer at different levels. First consumer's access to resources – whether he or she has money

to buy – is a determining factor. This can be checked by instalment of programs like long term financing, reduced interest rates and delayed payment incentives. Secondly, consumer's past experiences with a brand are important as attitudes formed through past experience are stronger and more predictive of future buying behaviour than those formed through advertising (Roger, 1989). Brand advertising alone may not lead to purchase, it needs to be supported by product trials or similar incentives through which the target consumer experiences the brand directly. Thirdly, consumer orientation may influence purchase, as some are action oriented – ready to act, while others are state oriented – though they may be motivated, they are not likely to act so quickly. Action oriented customers do make purchases without hesitation once they express a liking for a particular brand (Smith, 1983).

The time passed between a consumer developing a positive attitude towards a brand purchase and the actual opportunity to buy does influence the purchase behaviour. More intervention time means more unforeseen events occurring to change a consumer's attitude. A high level of message repetition will make an attitude towards a brand translate into brand purchase. Normally brand attitude is likely to be held with more confidence and to influence purchase behaviour if the advertising message that generates it is repeated frequently (Berger, 1989).

The level of specificity of measurement influences the relationship between intention and behaviour. Attitude can predict behaviour if it is measured with a high level of specificity. The timing of measurement of consumers' attitude is important as attitude may change with time (Berkman et al, 1997). Figure 4 shows the link between attitude and behaviour.

Figure 4: Attitude – Behaviour – Consistency



Source: Berkman et al (1997) pp 360

2.7.5 Previous studies based on TRA.

In 1999 the American Dietetic Association (ADA) set out to determine what factors would be influential in determining milk consumption or avoidance patterns among women. The researchers used Fishbein's and Ajzen's model of the theory of reasoned action to aid them in their findings. It was noted that the theory of reasoned action was successful in explaining milk consumption behaviour. The ADA found that by using the theory they were able to accurately predict belief and attitudes that women have towards each milk type.

In a research conducted by Brown (2000) entitled Sexual Behavior Change Among Human Immunodeficiency Virus-Infected Adolescents With Haemophilia, the findings support TRA, by indicating that, promotion of safer sexual behaviours is

associated with specific influences (subjective norm). A change in peer support (subjective norm) for non-intercourse sexual behaviours was five times more likely to be associated with abstinence. Perceived peer norms (subjective norms) were associated with maintenance of safer sexual behaviours among HIV-positive adolescents and young men.

Shimp and Kavas (1984) in Bagozzi (1990) confirmed the validity of the TRA and stated its usefulness in specifying the "antecedents" of coupon usage for grocery shopping. Wallace et al (1997) carried out a study on the effect of attitudes and subjective norms on intention to provide oral care to patients receiving antineoplastic chemotherapy. This study was designed to examine the effect of attitudes and subjective norms on intention to provide oral care for patients receiving chemotherapy. The TRA was adopted in describing variables that affect intention to perform oral care to cancer patients. Attitudes and subjective norms both were significantly related to behavioral intention. Attitudes contributed considerably more to behavioral intention. These findings support TRA, because, the results did in fact indicate a positive relationship between attitudes and subjective norms and behavioral intention. Social norms were also shown to be a good predictor of behavioural intentions.

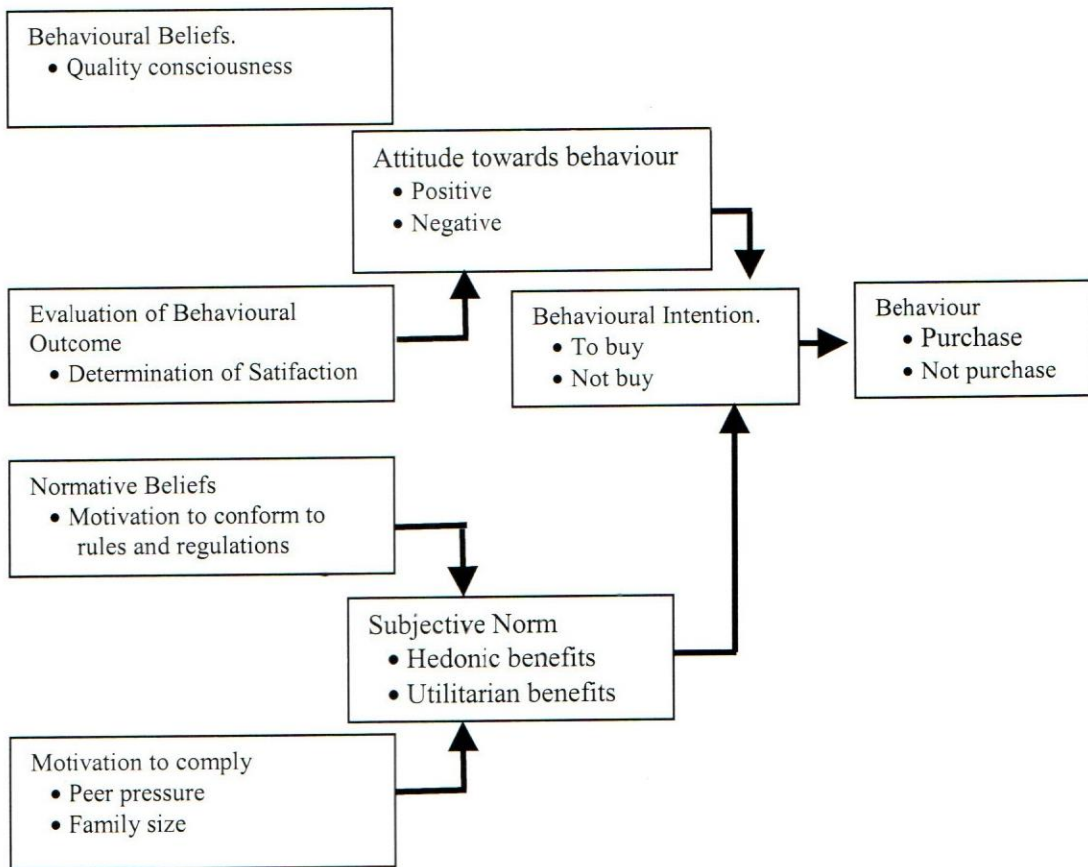
2.8 Conceptual framework

TRA attempts to explain how and why attitude impacts behaviour, among other things. Behaviour could be non-verbal (such as body language) or vocally expressed. Psychologists theorized that attitude and behaviour were positively correlated and that attitude included behaviour and cognition.

The theory therefore postulates that people's behaviour is determined by their attitude towards the outcome of that behaviour and by the opinions of their social environment. This means that any intention to perform behaviour is a function of attitudes toward engaging in the behaviour and perceived normative pressure to perform the behavior (Ajzen, 1975).

Given this scenario purchase decision regarding rice can be theorized and hence determined by attitudes of consumers. The study was therefore done based on theory of Reasoned Action shown diagrammatically below in figure 5 as adopted from Ajzen and Fishbein (1975). It is conceptualized that the purchase decision by a consumer is based on information the individual holds on the product. Product differentiation is therefore likely to alter consumer's purchase decision due to the fact that it alters the information they hold.

Figure 5: R A M - Adopted and modified from Azjen and Fishbein



Source: Azjen and Fishbein, 1975

CHAPTER THREE: METHODOLOGY

3.0 Population

The study targeted consumers in Nakuru municipality, which is estimated to have a population of 255,155 people, according to the last census. Nakuru town is the provincial headquarters of the Rift Valley province in Kenya and is cosmopolitan in nature, having people from different places in the country and different races.

3.1 Sampling Design

The survey used a sample of 120 respondents which was picked randomly from three supermarkets in the municipality. These supermarkets were chosen because they had the three brands of Pishori rice that was under observation and their proximity within town which reduced the cost of collecting data.

3.2 The information collected

Primary data was collected by use of questionnaires that had structured questions. The questionnaire was divided into three part all based on a likert scales. Part I a seven point scale (-3 to +3) and, part II (disagree to agree) and III (not important at all to extremely important) were based on a five point likert scale. Information on attributes that consumer view as important when buying Pishori rice and attributes viewed to be important by consumers when choosing Pishori rice brand was collected. Information on hedonic benefits derived from consumption of Pishori rice was collected and consumers perception on their importance.

3.3 Data Collection Methods

Research assistants administered the questionnaires, guiding those unable to complete questionnaires on their own. Other considerations in issuing questionnaire included literacy and willingness of respondents.

3.4 Data Analysis

Before processing responses, questionnaires were checked for completeness. The data was then coded so that responses could be grouped according to various differentiated rice brands. The data was then summarized to percentages.

In order to determine attitudes held by consumers, Fishbein model was used. The model takes the form

$$A_0 = \sum_{i=1}^n B_i E_i$$

Where:

- A_0 - Attitude toward rice
- B_i - The strength of the belief that rice has a certain attribute
- E_i - The evaluation of that attribute (colour, grain size, aroma, etc)
- n - The number of salient or important attributes

First, important attributes to consumers when buying Pishori rice were determined which formed the E_i component. Then, how strongly consumers believed that a particular Pishori rice brand(s) had those attributes was established giving rise to the B_i component. The brand attitude was then calculated by multiplying the B_i and E_i , and finding their sum. To test the hypothesis that there is no difference between consumers' attitudes toward differentiated pishori rice brands Kruskal - Wallis

ANOVA was used. In this test consumer attitude was the response variable and differentiation was the treatment.

Hedonic benefits that are derived from consumption form a basis on which consumers' arrive at a purchase decision. It is therefore important to determine to what extent this may be true in the case of pishori rice. To test the hypothesis that hedonic benefits derived from consumption of differentiated pishori rice brands are not different, a Kruskal – Wallis test was performed. The response variable was a sum attributed to each respondent obtained by adding the response score for each hedonic benefit.

CHAPTER FOUR: ANALYSIS AND DISCUSSION OF RESULTS

4.0 General Results

The respondent rate of the project was 80% of the expected one hundred and fifty (150), i.e. only one hundred and twenty (120) questionnaires were completed. Table 1 below shows how the responses were distributed among the three different Pishori rice brands.

Table 1: Response Rate According to Pishori Rice Brands

Rice Brands	Responses Received	Percentage
Pearl	56	46.67
Bonanza	45	37.5
CIL	19	15.83
Total	120	100

Source: Survey Data

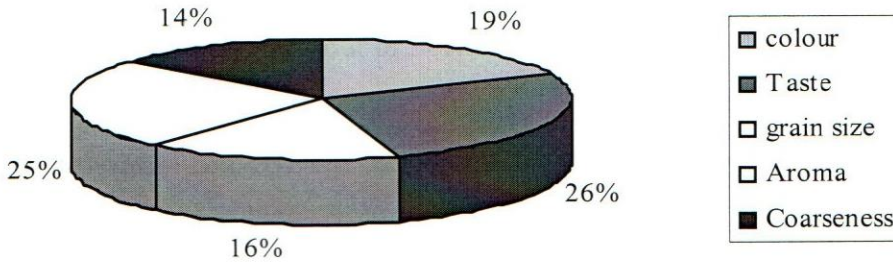
4.1 Attribute Importance among the Rice Brands

Consumers of differentiated pishori rice brands differed in level of importance attached to various attributes. For pearl rice consumers' taste was the most important attribute with a score of 164 points awarded. Aroma had 155, colour 116, grain size 102 and coarseness 85 points. In terms of percentage these translate to 26% for taste, 25% for aroma, 19% for Colour, 16% for grain size and 14% for coarseness.

Figure 6 shows the percentage distribution of the importance among rice attributes and scores for each attribute awarded by the Pearl rice consumers respectively. Taste was the most desirable attribute, followed by the aroma of rice, among the pearl rice

consumers. The other attributes colour, grain size and coarseness followed in that order, as considered by consumers of pearl pishori rice.

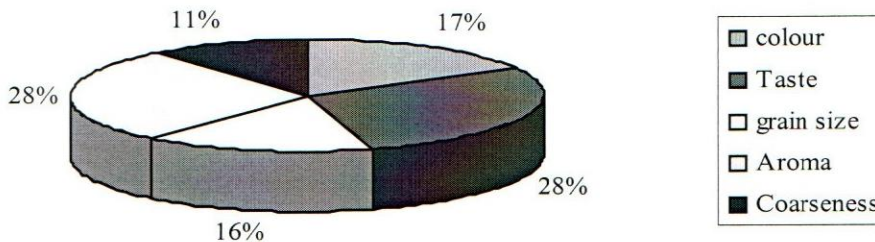
Figure 6: Attribute Importance among Pearl Rice Consumers



Source: Survey Data

Bonanza rice consumers gave colour 78 points, taste 129, grain size 72, aroma 126 and coarseness 49 points. In percentage form taste and aroma had the same level of importance when purchasing rice at 28%. Colour, grain size and coarseness was represented by 17%, 16% and 11% respectively. Figure 7 shows the percentage distribution of the importance among rice attributes awarded by Bonanza rice consumers. This indicates that taste and aroma are attributes that are equally considered as important by consumers of Bonanza pishori rice when purchasing rice.

Figure 7 : Attribute Importance among Bonanza Rice Consumers

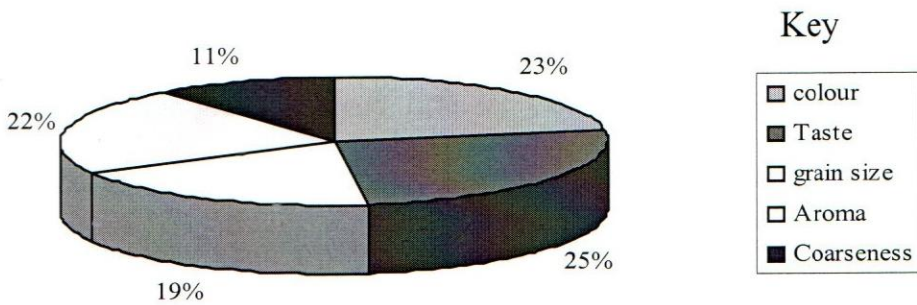


Source: Survey Data

CIL Pishori Aromatic rice consumers gave colour 49 points, taste 55, grain size 42, aroma 48 and coarseness 23. This in percentage form translate to 25% for taste, 23%

colour of rice, 22% for aroma, 19% for grain size and 11% for coarseness. Figure 8 shows the percentage representation of the scores showing the level of importance of attributes awarded by the CIL rice consumers. The results show that taste was the most important attribute consider by CIL Aromatic pishori rice consumers when purchasing rice, followed by colour of rice.

Figure 8 : Attribute Importance among CIL Rice Consumers

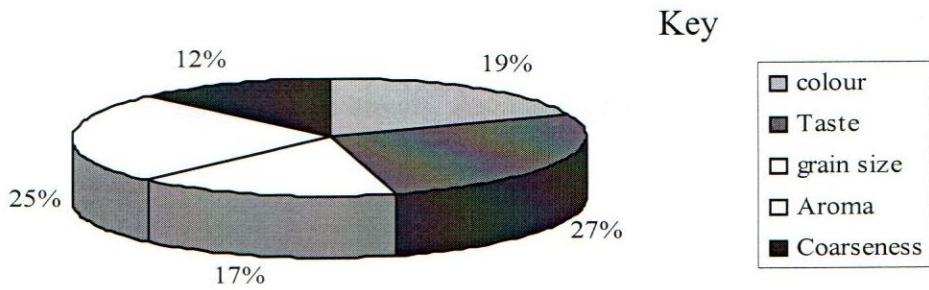


Source: Survey Data

4.1.1 Overall Attribute Performance among the Pishori Rice Brands

Figure 9 shows the overall attribute performance among the pishori rice brands. Taste scored highly compared to the other attributes considered to be important by consumers when purchasing rice, with a score of 348 points. The others, colour, grain size, aroma and coarseness, had 243, 216, 329 and 159 points respectively.

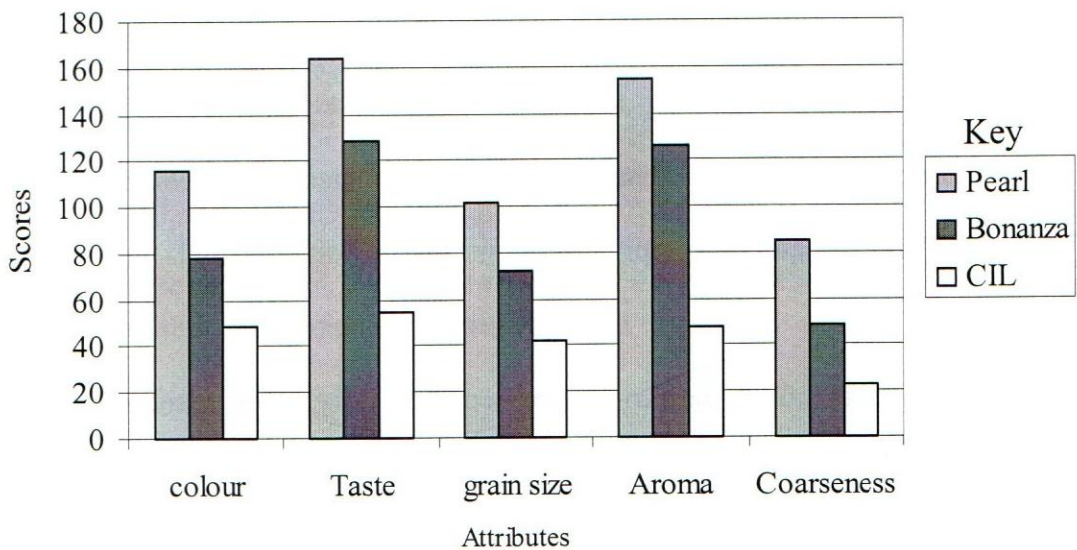
Figure 9 : Overall attribute percentage Score



Source: Survey Data

In terms of percentages the scores translated into 27% for taste, 25% for aroma, 19% for colour, 17% for grain size and 12% for Coarseness. The scores reveal that consumer mostly consider taste when purchasing rice. This is followed by aroma, colour and eventually grain size. Coarseness of rice grains is the least important attribute considered when purchasing rice. Based on these findings marketers of rice should highlight taste and aroma in advertising their rice, as they are the most sought for attributes by consumers when selecting their rice.

Figure 10 : Comparison of Attributes among the Rice Brands



Source: Survey Data

When attributes were compared among the three rice brands as shown in figure 10, taste was regarded as the most important attribute considered when purchasing rice by consumers of all the three rice brands. Aroma, colour, grain size and coarseness followed in that order. This has the implication that any pishori rice on the market is likely to be picked by consumers if its performance in taste and aroma is high.

Table 2 : Attribute Score and Ranks among the three Pishori Rice

Attribute	Pearl score	Rank	Bonanza score	Rank	CIL Score	Rank
Colour	116	3	78	3	49	2
Taste	164	1	129	1	55	1
Grain Size	102	4	72	4	42	4
Aroma	155	2	126	2	48	3
Coarseness	85	5	49	5	23	5

Source: Survey Data

From the survey, the level of importance of the attributes for Pearl and Bonanza pishori rice brands was ranked in the same order, with taste considered the most important, followed by aroma, colour, grain size and coarseness of the grains. CIL Aromatic rice slightly varied in the ranking of attributes importance. Taste still remained the most important attribute, followed by colour of rice. The other attributes, aroma, grain size and coarseness ranked third, fourth and fifth respectively. Table 2 shows the scores and ranks for each rice brand. From these results, taste is the most important attribute considered by consumers of the three pishori rice brands, while coarseness of rice grains is the least important attribute.

4.1.2 Purchase Decision Process of Pishori Rice.

Consumers' purchase decision process was also analysed. This was done to find out how consumers' arrived at their purchase decision. This is because decision making process requires that all alternatives are considered in order to choose the best course of action. In cases of pishori rice such a decision may require knowledge provided in the form of comparison and advertisement for instance. Table 3 below represents the outcome in percentages.

Table 3 : Consumer reactions in percentage representation

	Compare	Advert	Time	Consider	Buy any
Disagree	18	23	33	6	85
Slightly disagree	9	17	6	3	8
Undecided	15	15	13	8	4
Slightly agree	25	27	20	12	1
Agree	33	18	28	71	2

Source: Survey Data

Generally, the consumers of the three rice brands where asked if they had compared different pishori rice brands. 33% of the total agrees that they had compared different pishori rice brands. 25% slightly agreed, 18% disagreed that they had compared different pishori rice brands, 9% slightly disagreed, while 15% were undecided. Table 3 represents percentages of consumers' comparison of different pishori rice brands. We can deduce from the figures that a big number of pishori rice consumers do explore and are variety seekers, a characteristic that encourage product trial. It is possible for new brands of pishori to be tried. There are few Pishori rice consumers who do not compare the different pishori rice brands.

The survey also established that 23% of pishori rice consumers pay attention to adverts on the three pishori rice brands, 18% agreed slightly that they pay attention to adverts, 17% do not pay attention to adverts on the pishori rice brands, 15% slightly disagreed that they pay attention to adverts on the three pishori rice brands, while 27% were undecided. From table 3, a large proportion of pishori rice consumers are not sure whether they pay attention to adverts on rice. This indicates that the media used to advertise may not be accessed by consumers or adverts are not captivating enough to arouse interest among most consumers of pishori rice.

28% of the consumers agreed that they usually spend some time and effort deciding which brand of pishori to buy, 20% slightly agreed. 33% disagreed that they spend some time and effort deciding which brand of pishori to buy, while 6% slightly disagreed. 13% of respondents were undecided. The high percentage of consumers not spending time and effort on brand choice indicate a likelihood of loyalty to their brand.

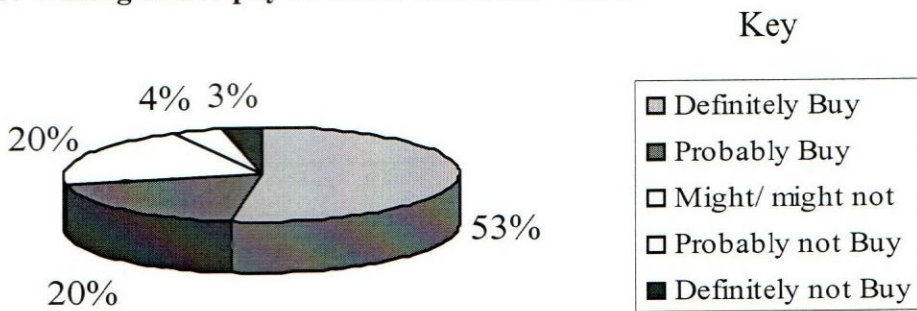
Respondents were asked if they considered many factors before purchasing pishori rice. The survey indicated that 71% of the respondents agreed that they considered many factors before purchasing pishori rice, 12% slightly agreed. 6% and 3% disagreed and slightly disagreed, while 8% were undecided. Many consumers take time before purchasing rice and therefore the rice brand must have several appeals to attract them.

Respondents were asked if they would buy pishori rice brand on the market. Percentage outcome of responses, where, 2% agreed, 1% slightly agreed, 85%

disagreed and 8% slightly disagreed. 4% were undecided. This indicates that consumers are loyal to pishori brands they consume.

Respondents were asked if they would be interested in paying more to buy their favourite brand when other brands are available. Figure 11 gives the percentage outcomes.

Figure 11: Willingness to pay more for favourite brands



Source: Survey Data

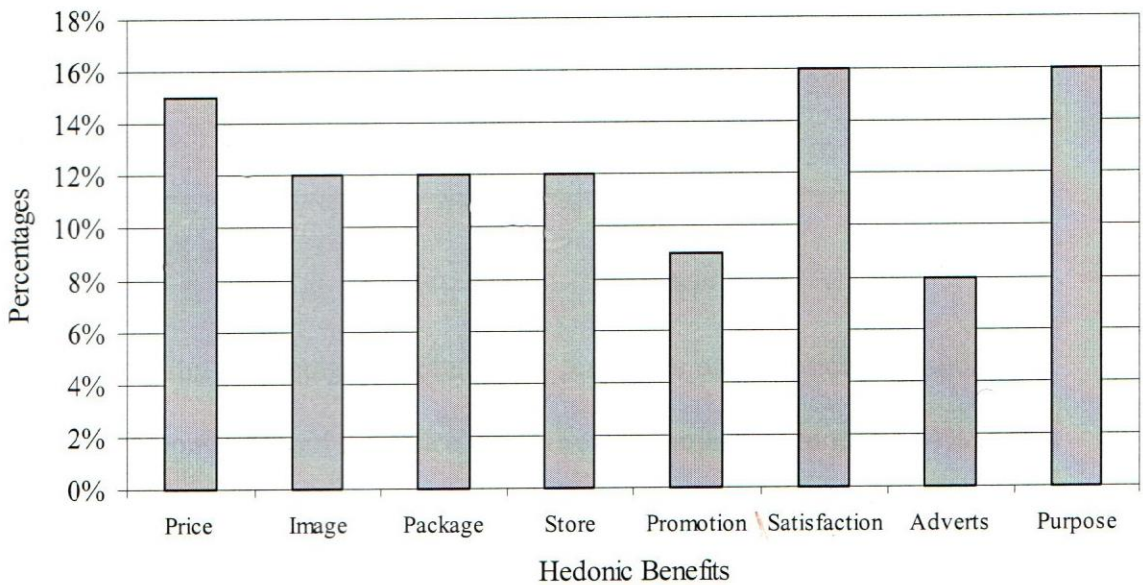
53% said they would definitely buy, while 20% said they would probably buy. 3% said they would definitely not buy, 4% said they would probably not buy and 20% of the respondents said the might or might not buy. This shows brand Loyalty as a high percentage of consumers indicated that they would pay more for their favourite brands even if other brands are available. Consumers may also be quality conscious as highly priced products are generally associated with good quality therefore we expect quality conscious consumers to consume a product even if its price is relatively higher than others of the same kind on the market.

4.1.3 The Hedonic Benefits Derived from Rice Consumption.

The survey aimed at looking at the hedonic benefits derived from the consumption of pishori rice and figure 12 represents the outcome on a bar graph. The results

indicated that, satisfaction derived from consumption of specific pishori rice brands and the purpose intended for the rice occupied higher percentage (16% for both) in respondents overall hedonic benefits. Price of pishori rice followed closely with 15%. Image of the brand, type of package and store where the rice is sold had 12%. Sales promotion had 9% while media used to advertise had 8%.

Figure 12: Hedonic Benefits associated with consumption rice brands



Source: Survey Data

These results have the implications that marketers need to ensure that consumers derive highest satisfaction from consuming their brands and diversify the various ways in which their rice could be used to meet several needs.

Hedonic benefits derived from consumption of pishori rice were evaluated among the three pishori rice brands. Consumers were asked to indicate how specific benefits were perceived in terms of their importance. Table 4 below shows the percentage distribution of the outcome.

Table 4 : Percentage distribution of response on hedonic benefits.

	Price	Image	Package	Store	Promotion	Satisfaction	Adverts	Purpose
Not important at all	3	11	11	13	23	4	36	3
Not important	9	18	23	23	33	3	34	5
Some what important	19	22	28	23	29	7	22	7
Important	44	32	30	24	10	27	7	36
Extremely important	25	17	8	17	5	59	1	49

Source: Research data

Table 4 shows the percentage distribution of responses on the price of pishori rice. 25% of the respondents said that price was extremely important to them, 44% said it was important, 3% said it was not important at all, 9% said it was not important, while 19% said that it was somehow important. Consumers of pishori rice are concerned about price of the product. Pishori rice is highly priced relative to other rice varieties, consumers are likely to be quality conscious since highly priced products are viewed to be of high quality.

Brand image accounted for 12% of the overall hedonic benefits. 17% of respondents said that brand image was extremely important, 32% said it was important, 11% said it was not important at all, 18% said it was not important, while 22% said it was somehow important. The figures imply that a few consumers do not care about the

image of a brand they consume therefore marketers need to build strong brand images for better performance of their brands on the market.

Type of packaging for pishori rice was evaluated to find out its importance. 8% of consumers said it was extremely important, 30% said it was important, 11% said it was not important at all, 23% said it was not important, while 28% said it was somehow important. Considering the fact that packaging scored lowly in satisfying hedonic benefit of rice consumers, marketers should reconsider mode of packaging of rice. This is in an endeavour to raise its value as a basis of differentiation for instance by using degradable packages or package with cooking instructions clearly indicated.

Respondents were asked their feelings on sales promotion. Only 5% of respondents said it was extremely important, 10% said it was important, 23% said it was not important at all, 33% said it was not important, while 29% said it was somehow important. Promotion strategies should be well thought out to avoid wasting resources, as they are not bound to influence sales positively.

The satisfaction associated with consumption of specific brands of rice was also evaluated and 53% of respondents said it was extremely important to them. 27% said it was important, 4% said it was not important at all, 3% said it was not important, while 7% said it was somehow important. Consumer satisfaction should be considered paramount to ensure brand promotion and image building.

The media used to advertise was extremely important to only 1% of respondents, important to 7% of them, to 36% it was not important at all and 34% not important. 22% said it was somehow important. Optimal level of advertisement should be considered to minimize costs of marketing rice and maximize sales.

The intended purpose of rice was extremely important to 49% of respondents, important to 36%, not important at all to 3%, not important to 5% and somehow important to 7% of the respondents. Marketers should emphasize different cookerries for their rice brands to accommodate different ways consumers may want to prepare it.

4.2 Results of Test of Hypotheses

The first hypothesis was tested using the Kruskal-Wallis test statistic with product differentiation as the treatment factor. The data was tested at 2 degrees of freedom and 0.05 level of significance. The computed value (6.22) was higher than tabulated value (5.991) hence the hypothesis was rejected. This means that there is a difference between consumer attitudes towards differentiated pishori rice brands. From a practical standpoint, marketers should differentiate their rice offered on the market. This result conforms to the theory on which product differentiation suffices. This is in line with the works of Levy (1981) who reported that sets of ideas, feelings and attitudes that consumers have about brands are crucial to them in picking ones that are more appropriate.

The second hypothesis was still tested using Kruskal-Wallis test statistic with hedonic benefits as treatment factor. The data was tested at 2 degrees of freedom and 0.05 level of significance. The computed value (3.39) was lower than tabulated

value (5.991) hence the hypothesis was accepted. This means that hedonic benefits derived from consumption of differentiated Pishori rice are not significantly different. From a practical standpoint, hedonic benefits should not form the basis for rice differentiation. This does not conform to the theory because it is expected that hedonic benefits should differ with different rice brands. However, in practice pishori rice is essentially the same meaning that consumers may derive the same hedonic benefits from consumption of pishori rice.

In this study, a moderately strong, positive correlation was found between rice colour and general attitude ($r^2 = 0.56$, $p < 0.01$). The correlation between size of rice grains and the general attitude was slightly strong ($r^2 = 0.44$, $p < 0.01$). This indicated that a positive relationship between belief that rice had a certain attribute and attitude prevailed. The findings support the Theory of Reasoned Action because; the developers of the TRA proposed that behavioural beliefs would be positively related to general attitude. This has the implication that since the colour of rice and size of the rice grains are the attributes that a consumer can judge by seeing rice, and since they are positively correlated with attitudes consumers hold, it is easy for consumers to make purchase decisions based on only this attributes. The other attributes did not show strong correlations with the general attitudes consumers held. For instance, taste had a correlation of 0.21, aroma $r^2 = 0.23$ at 0.05 level of significance and coarseness $r^2 = 0.27$ at 0.05 level of significance.

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.0 Conclusions

Product differentiation is a strategy employed by organization to either retain or extend their market shares by convincing potential and actual consumers that their products were different from competing ones. The market for food products is characterized by intense competition at all levels and the presence of differentiated products and rate of differentiation is not likely to decrease in the near future. As a result, consumers are likely to become even more discerning when making purchase decisions. Thus, the key to survival of any business organization in the long run is how well its products are differentiated and how strong their brand image has been built.

Staying in touch with 'what customers want' is difficult - but not impossible. Marketing departments that are keeping track of changing customer attitudes are likely to outpace the competition in the market place. It is consumers' attitudes that determine what, how much, and when they buy products and services. It is critical for marketers to understand the likes and dislikes of consumers in order to cultivate a loyal customer base. This knowledge goes a long way in determining a business' bottom line. This is in line with (Ajzen, 1980) argument that, strategy consulting firms - have built successful careers by deciphering and uncovering the hidden attitudes and motivations of consumers. So today's marketers must identify consumer attitudes and define distinct customer segments that can be tracked over time.

The survey shows that there was a high percentage (58%) of consumers who compare different rice brands and pay attention (41%) to advertisements. It is likely that a new brand of pishori rice put on the market will be tried. Therefore penetration strategies can be employed with promotion strategies as 48% of the consumers spend time and effort on brand choice. This is a population that can shift if the presentation of the product attributes is made in a good way. However, care must be exercised, as 56% of consumers do not view promotion as important. The survey also revealed that 85% of consumers do not just buy any rice. An element of repeat purchase may be assumed as little time and effort is spent on brand choice. This means that a consumer's repeat purchase is inseparable from loyalty characteristics, as an element of brand loyalty can be seen, as 53% of consumers were willing to pay more for their favourite brands. Managers should therefore strive to build their brand image so as to be viewed favourably by consumers. The prevailing market conditions are in favour of firms retaining their market shares so long as their products maintain the two main attributes, taste and aroma.

5.1 Recommendations

Knowledge in memory does affect consumer decision making. Petry and cacioppo (1986) stated that, consumers think of brands when they think of product category and this in turn affects decision making about product choice. Marketers should take this into consideration as they can use this knowledge to develop strong brand associations, which conversely improve their products' brand image.

Since the demand for goods and services can change significantly because of change in taste and preference, this can be used to change buying behaviour. Clark (1987) asserts that advertisers spend billions of dollars to change taste and cause the

demand for their products increase. This can be done with an intention to woo consumers of other rice varieties. Also the price of rice can be stabilized to maintain the market shares. This is because consumers respond not only to the current price of goods, but also to what they believe those prices are likely to be in the future. Stability in prices eliminates the feelings among consumers that there is a likely of changes in prices in the near future which makes predictions of sales difficult. Hanson (1982) states that in the case of branded goods a fall in price is likely to increase sales only slightly, for people often prefer one brand to others. Therefore, price stability of branded goods will makes an organization enjoy a comparative advantage over its competitors if this concept is well exploited.

Managers of food products should carefully seek information on what consumers view as important in the products they offer. This will help predict consumer reaction to their products and hence estimate how it will impact on their market share. Once they understand how target consumers will react to different features of their products, they can use this knowledge to promote the most desired features of their existing products. This “repositioning” of existing products can provide a strategic advantage.

Alternately, managers may attempt, through promotion, to alter the importance target consumers place on a specific attribute. For example, coarseness of the grain or size of the rice grain was generally perceived as a less important attribute in this survey. If management views their brand of rice to have this attribute so embedded in their rice brand, then they may be able to use market communications to change the importance of the feature in the mind of target consumers. For example, market

communications might feature the benefits and necessity of long grain rice, for instance easy to cook and serve.

5.2 Suggestions for Further Studies

The study did not look at the income disparity among consumers. This being one factor that influences consumption of goods and services it is an area that requires further studies undertaken in relation to rice consumption. This will try to ascertain the findings of Levy (1981) that many times there is a social status differentiation between two brands and that many consumers do not want to appear to be members of another social group.

Issues of self-esteem and use of symbolism, which was not possible within the scope of this study, too complicate what appears to be a simple act of buying a product. However it is known that, the power of consumer ego or a societal group acceptance of an individual does influence what consumers buy. This is an area that further research need to be done with the hope of understanding consumer purchase behaviour.

Since choice of products is influenced to some extent by ethical attitudes consumers hold about products, it will be vital for marketers to research on ethical attitudes of consumers and their motivations. This will enable marketing programmes not only be made more effective, but also appropriate for consumers to whom they are trying to appeal.

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APPENDIX 1: KRUSKAL WALLIS TEST OUTPUT

Kruskal-Wallis Test on Consumer Attitude

Ranks

Type	N	Mean Rank
1.00	56	64.79
2.00	19	71.11
3.00	45	50.68
Total	120	

Test Statistics (a,b)

	Scores
Chi-Square	6.223
df	2
Asymp. Sig.	.045

a Kruskal Wallis Test

b Grouping Variable: Type

Kruskal-Wallis Test on Hedonic Benefits

Ranks

Type	N	Mean Rank
1.00	56	64.45
2.00	45	61.04
3.00	19	47.58
Total	120	

Test Statistics (a,b)

	Score
Chi-Square	3.389
df	2
Asymp. Sig.	.184

a Kruskal Wallis Test

b Grouping Variable: Type

APPENDIX 2: ANALYSE IT + GENERAL 1.71

Test		Analysed with: Analyse-it + General 1.71	
Comparison		Kruskal-Wallis ANOVA	
Performed by		Totals reflecting attitudes of Consumer: Pearl, Bonanza, CIL Aromatic	
		Busolo	Date
			12 September 2004
n	120		
Consumer Attitudes	n	Rank sum	Mean rank
Pearl	56	3628.5	64.79
Bonanza	45	2280.5	50.68
CIL Aromatic	19	1351.0	71.11
Kruskal-Wallis statistic	6.22		
p	0.0445 (chisqr approximation, corrected for ties)		

Test		Analysed with: Analyse-it + General 1.71	
Comparison		Kruskal-Wallis ANOVA	
Performed by		Hedonic Benefits: Pearl, Bonanza, CIL	
		Busolo	Date
			12 September 2004
n	120		
Hedonic Benefits	n	Rank sum	Mean rank
Pearl	56	3609.0	64.45
Bonanza	45	2747.0	61.04
CIL	19	904.0	47.58
Kruskal-Wallis statistic	3.39		
p	0.1837 (chisqr approximation, corrected for ties)		

APPENDIX 3: CORRELATIONS

Analysed with: Analyse-it + General 1.71

Test	Pearson correlation	
Alternative hypothesis	Correlation: Attitude ¹ Taste	
Performed by	User : Busolo	Date 12 September 2004
n	120	
r statistic	0.21	
95% CI	0.04 to 0.38	
2-tailed p	0.0192 (t approximation)	

Test	Pearson correlation	
Alternative hypothesis	Correlation: Attitude ¹ Colour	
Performed by	User: Busolo	Date 12 September 2004
n	120	
r statistic	0.56	
95% CI	0.42 to 0.67	
2-tailed p	<0.0001 (t approximation)	

Analysed with: Analyse-it + General 1.71

Test	Pearson correlation	
Alternative hypothesis	Correlation: Attitude ¹ Grain size	
Performed by	User: Busolo	Date 12 September 2004
n	120	
r statistic	0.44	
95% CI	0.28 to 0.58	
2-tailed p	<0.0001 (t approximation)	

Analysed with: Analyse-it + General 1.71	
Test	Pearson correlation
Alternative hypothesis	Correlation: Attitude ¹ Aroma
Performed by	User: Busolo
	Date
	12 September 2004
n	120
r statistic	0.23
95% CI	0.06 to 0.40
2-tailed p	0.0101 (t approximation)

Analysed with: Analyse-it + General 1.71	
Test	Pearson correlation
Alternative hypothesis	Correlation: Attitude ¹ Coarseness
Performed by	User: Busolo
	Date
	12 September 2004
n	120
r statistic	0.27
95% CI	0.09 to 0.43
2-tailed p	0.0031 (t approximation)

APPENDIX 4: QUESTIONNAIRE

INTRODUCTION

I am a postgraduate student in the faculty of commerce at Egerton University. I am conducting a research entitled 'the effect of product differentiation on consumer choice: a survey of pishori rice.' in partial fulfilment of the requirement for Masters Degree in Business Administration. You have been selected to participate in this study. I therefore kindly request your assistance in completing this questionnaire.

The information and data required is purely for academic purposes only and will be treated in confidence. Upon request a copy of the research findings will be availed to you.

PART I

1. Which brand of Pishori rice do you use?
 - (i) Pearl Pishori/ Basmati Long grain rice grade 1 Aromatic
 - (ii) Bonanza Mwea Pure – Pishori/ Basmati
 - (iii) CIL Aromatic Pishori

2. (a) How important is colour of Pishori rice to you when purchasing rice
Very important __: __: __: __: __: __: __ not very important
+3 +2 +1 0 -1 -2 -3

- (b) How important is taste of Pishori rice to you when purchasing rice
Very important __: __: __: __: __: __: __ not very important
+3 +2 +1 0 -1 -2 -3

- (c) How important is Size of grains of Pishori rice to you when purchasing rice
Very important __: __: __: __: __: __: __ not very important
+3 +2 +1 0 -1 -2 -3

(d) How important is aroma (Scent/ smell) of Pishori rice to you when purchasing rice

Very important __: __: __: __: __: __: __ not very important
+3 +2 +1 0 -1 -2 -3

(e) How important is coarseness of Pishori rice grain to you when purchasing rice

Very important __: __: __: __: __: __: __ not very important
+3 +2 +1 0 -1 -2 -3

3. (a) (i) How likely is it that Pearl Pishori rice has a good aroma?

Very likely __: __: __: __: __: __: __ very unlikely
+3 +2 +1 0 -1 -2 -3

(ii) How likely is it that CIL Aromatic Pishori rice has a good aroma?

Very likely __: __: __: __: __: __: __ very unlikely
+3 +2 +1 0 -1 -2 -3

(iii) How likely is it that Bonanza Pishori rice has a good aroma?

Very likely __: __: __: __: __: __: __ very unlikely
+3 +2 +1 0 -1 -2 -3

(b) (i) How likely is it that Pearl Pishori rice has a good taste?

Very likely __: __: __: __: __: __: __ very unlikely
+3 +2 +1 0 -1 -2 -3

(ii) How likely is it that CIL Aromatic Pishori rice has a good taste?

Very likely __: __: __: __: __: __: __ very unlikely
+3 +2 +1 0 -1 -2 -3

(iii) How likely is it that Bonanza Pishori rice has a good taste?

Very likely __: __: __: __: __: __: __ very unlikely
+3 +2 +1 0 -1 -2 -3

(c) (i) How likely is it that Pearl Pishori rice has a good colour?

Very likely __: __: __: __: __: __: __ very unlikely
+3 +2 +1 0 -1 -2 -3

(ii) How likely is it that CIL Aromatic Pishori rice has a good colour?

Very likely __: __: __: __: __: __: __ very unlikely
+3 +2 +1 0 -1 -2 -3

(iii) How likely is it that Bonanza Pishori rice has a good colour?

Very likely __: __: __: __: __: __: __ very unlikely
+3 +2 +1 0 -1 -2 -3

(d) (i) How likely is it that Pearl Pishori rice has coarse grains?

Very likely __: __: __: __: __: __: __ very unlikely
+3 +2 +1 0 -1 -2 -3

(ii) How likely is it that CIL Aromatic Pishori rice has coarse grains?

Very likely __: __: __: __: __: __: __ very unlikely
+3 +2 +1 0 -1 -2 -3

(iii) How likely is it that Bonanza Pishori rice has coarse grains?

Very likely __: __: __: __: __: __: __ very unlikely
+3 +2 +1 0 -1 -2 -3

(e) (i) How likely is it that Pearl Pishori rice has good size grains?

Very likely __: __: __: __: __: __: __ very unlikely
+3 +2 +1 0 -1 -2 -3

(ii) How likely is it that CIL Aromatic Pishori rice has **good size** grains?

Very likely __: __: __: __: __: __: __ very unlikely
+3 +2 +1 0 -1 -2 -3

(iii) How likely is it that Bonanza Pishori rice has **good size** grains?

Very likely __: __: __: __: __: __: __ very unlikely
 +3 +2 +1 0 -1 -2 -3

PART II

Please indicate to what degree you agree/disagree with the following statements:

1. I have compared the three different Pishori brands
 Disagree 1 2 3 4 5 Agree
2. I usually pay attention to adverts for the three Pishori rice brand
 Disagree 1 2 3 4 5 Agree
3. I usually spend some time and effort deciding which brand of Pishori to buy
 Disagree 1 2 3 4 5 Agree
4. I usually consider many factors before purchasing Pishori rice
 Disagree 1 2 3 4 5 Agree
5. I buy any Pishori rice brand I find on the market
 Disagree 1 2 3 4 5 Agree
6. Would you be interested in paying more to buy your favourite brand when other rice brands are available? (Please tick where applicable)
 I would definitely buy ()
 I probably would buy ()
 I might/ might not buy ()
 I probably would not buy ()
 I definitely would not buy ()

Please indicate the extent to which the following factors listed below are important in your choice of Pishori rice.

1. Not important at all
2. Not important
3. Somehow important
4. Important
5. Extremely important.

1. Price of Pishori rice ()
2. The image of the brand ()
3. The type of package ()
4. The store where the rice is sold ()
5. sales promotion ()
6. Satisfaction derived from the brand ()
7. Media used to advertise ()
8. The intended purpose for the rice ()

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