

## **Comparative study on brand loyalty in global softdrink consumer markets of Kenya and India**

<sup>1)</sup> **Jairo Kirwa Mise,**

School of Economics and Business Studies, Maseno University, Kenya  
And PhD Scholar, University of Kerala India

<sup>2)</sup> **Prof Chandrasekeran Nair**

University of Kerala India

<sup>3)</sup> **Odhiambo Odera (Corresponding author)**

University of Southern Queensland, Australia and Masinde Muliro

University of Science and Technology, Kenya (Email: oodera@yahoo.com)

<sup>4)</sup> **Prof Martin Ogutu**

Department of Business Administration,  
School of Business, University of Nairobi, Kenya

**Abstract:** *This study sought to establish and compare the loyalty characteristics among the soft drinks consumers in Kenya and India. Kenya is a leading economic hub in Eastern Africa while India remains a powerful economic player in Asia with its large population that offers considerable scope for additional geographic penetration. The study was carried out between January 2012 and October 2012. The target group was majorly youth consumers who were sampled from local universities in both countries. The study established that in India, peer group are more powerful in influencing potential consumers to take soft drinks while in Kenya parents play a crucial role. The study is useful both to marketing policy makers in the soft drinks industry and to marketing scholars in getting an insight of transnational consumer behaviour.*

**Key words:** Brand loyalty, soft drinks, consumer

### **INTRODUCTION**

‘Soft drink’, refers to any class of non-alcoholic beverages, usually but not necessarily carbonated, normally containing a natural or artificial sweetening agent, edible acids, natural or artificial flavors, and sometimes juice (Vaux, 2011). The term originated to distinguish the flavored drinks from hard liquor, or spirits. Marketing of carbonated soft drinks dates back to 17<sup>th</sup> century to imitate the popular and naturally effervescent waters of famous springs, with primary interest in their reputed therapeutic values. Since then there have been many diverse brands from different producers (Branske, 2011). Buyers tend to be brand loyal to certain brands and others are indifferent. Although some consumers are said to be totally brand loyal, others are spuriously loyal, and others are quite indifferent in their purchase behavior. Whereas most of the studies have occurred in developed countries, little has been done in underdeveloped and developing nations.

The Indian carbonated industry is worth Rs 60-billion and growing now at 5% annually with a compound annual growth rate of 4.5% where Coke and Pepsi have a combined market share of around 95% directly or through franchisees. Kenya's soft drink market is worth approximately 1 billion dollars. A great portion of the market is dominated by carbonated soft drinks and synthetic juices. The study focused on the youth, who are predominantly the majority in global population and form major portion of soft drinks consumers. Youth market is very important and powerful segment of consumer to be considered as a separate section (Ness et al,2002).

Specific factors that influence the youth in their purchasing behavior pattern has been a serious issue to the behavioural researchers (Bush et al, 2004). Previous studies have investigated how young adults learn what to consume and what influences them (Keillor et al, 1996; Moschis & Churchill, 1978). The studies which has been showed according to the Social Learning Theory says that the consumer behaviour is affected by lot of sources such as their family values (Baltas, 1997; Feltham, 1998); financial restraints (Ness et al, 2002; Rowley, 2005; East et al., 1995) and peer group influences (Feltham, 1998; Ness et al, 2002). Solomon (1994) highlighted that teenagers will realise the influence of brand loyalty while purchasing different kinds of products in their age and are influenced to buy the product during the age period. Hence the youth or teen may rely on the particular age and keep purchasing their favourite brand on that age onwards (Hollander & German, 1992). Previous research assumes that the youth customers are not much loyal to the brand however, these findings are relatively uncertain and creating more argument (Pollay et al, 1996; Spero & Stone, 2004; Roehm & Roehm, 2004). Giges (1991) found the lifestyles and consumption habits of people aged 14-34 around the world to be similar especially in terms of their consumption of soft drinks, and footwear. This study sought to examine the six key factors then rank to establish the most influential factor in the African and Asian markets studied

**LITERATURE REVIEW**

Substantial number of studies has been done on brand loyalty (Ryan et al, 1996; Aaker, 1996; Evans et al, 1996; Romariuk & Sharp, 2003). However, most of these studies are based in the Western World and tend to focus on one or two variables only. Little has been done in the developing and under developed economies. For instance, Bloemer et al (1995) examine the relationship between brand loyalty and satisfaction levels of the buyer. Equally, Chaudhuri & Holbrook (2001) sought to establish relationship between brand loyalty and trust developed by the customer. Podoshen (2008) investigates the role of racial factor on product brand loyalty. Mohammed (2006) studies the influence of price factor on brand loyalty. Mei Mei et al (2006) investigate the influence of brand name and product promotion Angeline (2006) studies the influence of age bracket on brand loyalty in soft drinks segment. In this study six factors were identified and studied. The first was repeat purchase of the same brand. Repeat purchase is a behavioral tendency where customers purchase the same product or brand regularly and consistently. When this happens over time, the customer develops loyalty to the brand due to unique attributes identified during the frequent purchases). Assael (1995) argues that ‘Loyals’ use repeat purchasing of a brand as a means of reducing risk. Another factor is the customer satisfaction after purchase of the brand.

Johnson & Forwell (1991) define an overall customer satisfaction as the customer’s rating of the brand based on all encounter and experiences. Bennett & Thiele (2004) affirm that if the customers experience high level of satisfaction they are highly to be pre disposed attitudinally to the particular brand and intention to repurchase. Another factor is product quality. Product quality encompasses the features and characteristics of a product or service that bears on its ability to satisfy stated or implied needs. Romaniuk & Sharp (2003) posit that the more attributes (non negative) associated with a product brand; the more loyal consumers are likely to buy. Price of the product brand was another factor considered in the study.

**FINDINGS**

**Popular brands consumed**

The participants who were consumers of soft drinks in the two countries were asked to indicate the brands that they mostly use. The results were as below;

**Table 1: Soft Drink Brands Consumed per Country**

Soft Drink		Nationality		Total
		Kenyan	Indian	
Coca-Cola	Frequency	190	57	247
	% within Nationality	46.0%	8.7%	23.1%
	% of Total	17.8%	5.3%	23.1%
Fanta	Frequency	94	53	147
	% within Nationality	22.8%	8.1%	13.8%

Cadogan & Foster (2000) state that consumers with high brand loyalty are less price sensitive. The products brand name was also considered as a factor.

According to Keller (1998), a famous brand name can disseminate product benefits and lead to higher recall of an advertised benefit than a non famous brand name hence leading to high recall and repurchase. The last factor studied was product promotion. Promotion is a component of a marketing mix which takes the form of communication between the product and the correct or potential consumers. Several studies suggest that promotion, especially in form of a well targeted advertisement cannot only make the consumers less price sensitive and more loyal, but also change their knowledge, attitude and behaviors towards the product (Evans et al, 1996).

**METHODOLOGY**

An ex post facto survey research design was adopted in the study. Out of a total population of 116008 students, 1312 respondents were sampled comprising of 434 Kenyans and 878 Indians from selected public universities in India and Kenya. The students sampled represented 1.2% of the target population in 3 public universities in Kenya and Kerala respectively. Neuman (2000) argues that for large populations (over 50,000), small sampling ratios (1 percent) are possible and can be very accurate. The study adopted incidental random sampling techniques. Respondents were selected based on their ease of access and willingness to respond (Gravetter & Forzano, 2006). Questionnaire was used to collect the data. A pilot study was conducted in Baraton University in Kenya and Mahatma Gandhi University in Kerala (Kottayam) state, India in November 2011 to ascertain the reliability of the research instrument. Using the Cronbach’s Alpha coefficient formula, the results indicated a reliability coefficient of 0.79 in Baraton University, Kenya and 0.72 in Mahatma Gandhi University, India, which is considered acceptable. Descriptive statistics were used to analyze and present the data.

	% of Total	8.8%	5.0%	13.8%
Sprite	Frequency	69	281	350
	% within Nationality	16.7%	42.9%	32.8%
	% of Total	6.5%	26.3%	32.8%
Pepsi	Frequency	24	43	67
	% within Nationality	5.8%	6.6%	6.3%
	% of Total	2.2%	4.0%	6.3%
Mirinda	Frequency	17	167	184
	% within Nationality	4.1%	25.5%	17.2%
	% of Total	1.6%	15.6%	17.2%
Soda water	Frequency	9	0	9
	% within Nationality	2.2%	.0%	.8%
	% of Total	.8%	.0%	.8%
other soft drinks	Frequency	10	54	64
	% within Nationality	2.4%	8.2%	6.0%
	% of Total	.9%	5.1%	6.0%
Total	Frequency	413	655	1068
	% within Nationality	100.0%	100.0%	100.0%
	% of Total	38.7%	61.3%	100.0%

(Source: Research Data, 2012)

From the results in Table 1 above, it is evident that Cocacola and Fanta brands are the most popular in Kenyan Market at 46% and 23%. In Indian market, it was established that Sprite topped at 43 percent followed by Mirinda at 26%.

#### **Brand loyalty type**

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

**Table 2 : Brand loyalty among Indian Consumers (N= 651)**

STATEMENT	RESPONSES									
	STRONGLY DISAGREE		DISAGREE		NEUTRAL		AGREE		STRONGLY AGREE	
	F	%	F	%	F	%	F	%	F	%
I always insist on my favorite brand and cannot take any other optional brand (truly loyal)	206	31.6	80	12.3	36	5.5	165	25.3	164	25.2
I purchase my brand regularly and I have no other option (Spuriously Loyal )	379	58.2	152	23.3	26	4.0	94	14.4	0	0
I don't stick to one single brand only; I shift from one brand to another (Brand Switcher)	279	42.9	143	22.0	45	6.9	142	21.8	42	6.5
I am not keen on any specific brand and can take any (Indifferent buyer)	252	38.7	98	15.1	18	2.8	161	24.7	122	18.7

(Source: Research Data, 2012)

Table 2 indicates that 206 (31.6%) Indian respondents strongly disagreed that they are truly loyal to the brands, 165 (25.3%) agreed that they were truly loyal, 164 (25.2%) strongly agreed that they were truly loyal, 80 (12.3%) respondents disagreed that they were truly loyal while 36 (5.5%) respondents were undecided on the statement. The findings indicate that majority of the Indian soft drink consumers (50.5%) were truly loyal.

Furthermore, 379 (58.2%) Indian respondents strongly disagreed that they were spuriously loyal, 152 (23.3%) disagreed that they were spuriously loyal, 94(14.4%) agreed that they were spuriously loyal while 26

(4.0%) were undecided on the statement. The findings indicate that majority of the respondents (85.1%) disagreed that they were spuriously loyal.

On brand switchers, 279 (42.9%) respondents strongly disagreed that they were not brand switchers, 143 (22.0%) respondents disagreed with the statement, 142 (41.8%) respondents agreed that they were brand switchers, 45 (6.9%) respondents were undecided while 42 (6.5%) respondents strongly agreed that they were brand switchers. The responses indicate that majority of the Indian respondents (64.9%) are not brand switchers.

Moreover, 252 (38.7%) respondents strongly disagreed that they were indifferent buyers, 122 (18.7%) respondents strongly agreed that they were indifferent buyers, 161 (24.7%) respondents agreed that they were indifferent buyers, 98 (15.1%) respondents disagreed that they were indifferent buyers while 18 (2.8%) respondents were neutral. The findings indicate that majority of the Indian soft drink consumers were truly loyal to their brands.

**Table 3: Brand loyalty among Kenyan Consumers (N= 412)**

STATEMENT	RESPONSES									
	STRONGLY DISAGREE		DISAGREE		NEUTRAL		AGREE		STRONGLY AGREE	
	F	%	F	%	F	%	F	%	F	%
I always insist on my favorite brand and cannot take any other optional brand (truly loyal)	76	18.4	122	29.6	79	19.2	58	14.1	77	18.7
I purchase my brand regularly and I have no other option (Spuriously Loyal)	104	25.2	126	30.6	95	23.1	60	14.6	27	6.6
I don't stick to one single brand only; I shift from one brand to another (Brand Switcher)	76	17.5	130	30.0	91	21.0	96	22.1	19	4.4
I am not keen on any specific brand and can take any (Indifferent buyer)	48	11.1	125	28.8	83	19.1	111	25.6	44	10.1

(Source: Research Data, 2012)

From Table 3, 122 (29.6%) disagreed that they were truly loyal, 79 (19.2%) were neutral on the statement, 76 (18.4%) respondents strongly disagreed that they were truly loyal, 77 (18.7%) respondents strongly agreed that they were truly loyal while on the other hand 58 (14.1%) respondents agreed that they were truly loyal. The responses indicate that majority of the Kenyan soft drinks consumer youths (50.0%) are not truly loyal consumers to their brands. On spurious loyalty, it was found out that 126 (30.6%) Kenyan respondents disagreed that they spuriously loyal, 104 (25.2%) strongly disagreed that they were spuriously loyal, 95 (23.1%) respondents were undecided on the statement, 60 (14.6%) respondents agreed that they were spuriously loyal while 27 (6.6%) respondents strongly agreed that they were spuriously loyal. The responses indicate that majority of the respondents from Kenya are not spuriously loyal.

Furthermore, 130 (30.0%) Kenyan respondents disagreed that they were brand switchers, 76 (17.5%) Kenyan respondents strongly disagreed that they are brand switchers, 96 (22.1%) Kenyan respondents agreed that they were brand switchers, 91 (21.0%) respondents were neutral while 19 (4.4%) respondents strongly agreed that they were brand switchers. The responses indicate that majority of the Kenyan soft drink consumers

(47.5%) disagreed that they are brand switchers. Similarly, 111 (25.6%) respondents agreed that they were indifferent buyers, 125 (28.8%) disagreed that they were indifferent buyers, 48 (11.1%) respondents strongly disagreed that they were indifferent buyers, 83 (19.1%) respondents were neutral on the statement while 44 (10.1%) respondents strongly agreed that they were indifferent buyers. The results indicate that majority of the Kenyan respondents were indifferent buyers. From the findings it can be shown that majority of the Kenyan soft drinks consumers are indifferent buyers as compared to their Indian counterparts who are mostly truly loyal to their brands.

**CONCLUSION**

Soft drinks are still popular beverage in the youth market in both Kenya and India. However, it is evident from the study that the consumption of soft drinks in India is reducing with health concern as the main cause for the same. Parents are very crucial in introducing their children to various soft drinks brands and subsequently shaping their loyalty in Kenyan Market. In India, peer influence is the major factor in the introduction of soft drinks brands. Most Kenyans enjoy their soft drinks during evening hours but their Indian counterparts prefer during the day. Equally, majority of Indian

soft drinks consumers (51%) indicated to be totally loyal to their brands while majority of their Kenyan counterparts (36 %) were found to be indifferent to various brands.

In conclusion Indian soft drinks marketing firms need to focus on varied brands for specific segments. There was a marked reduced intake of soft drinks by Indians than Kenyans.

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