



# An Overview of the Relationship between Soft Drinks Consumer Brand Loyalty and Product Promotion: A Comparison of Kenyan and Indian Markets

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**Abstract:** The concept of brand loyalty has been discussed at length by marketing scholars. However there seem not to be a common agreement as to the main factor that drives the consumers to brand loyalty. This paper explores the relationship between brand loyalty of soft drinks consumers and promotion in Kenya and India. The findings reveal differing effects of promotion on loyalty of consumers ( $R^2 = .406$ ,  $p=0.000$  for Indian Market and  $R^2 = .602$ ,  $p=0.000$  for the Kenyan market) implying that the predictor account for 40.6% in the Indian market and 60.2% in the Kenyan market variation for level of brand loyalty.

**Key words:** Brand loyalty, Consumers, Kenya, India, Promotion.

## Introduction

Firms worldwide aspire not only to attract new Consumers but also to transform the existing ones into loyal clients. In the contemporary business market, firms manufacture products but offer them in form of brands. India and India comprise a larger part of the soft drinks market in Asia and Africa respectively (Mise *et al* (2013). However both countries differ greatly in terms of cultural and geographical locations. Hence the need to investigate deep into consumption pattern and influences,

A brand is a holistic sum of all information about a product targeted at the desired consumers. When Consumers like the product and make frequent and repeat purchase of a brand, it is said the person is brand loyal. Consumer's exhibit varied tendencies as regards their loyalty characteristics. Whereas others are totally loyal, others are spuriously loyal, and others are quite indifferent in

their purchase behavior. In the beverage sector, loyalty eminently manifests itself, Mise (2013).

The term "soft drink" more commonly known as 'soda' pop or 'soda pop' in parts of United States, Canada and the UK, refers to non-alcoholic beverages that are usually (though not always) carbonated (Bert, 2011). Soft drinks are gradually overtaking hot drinks as the biggest beverage sector in the world, with consumption rising by around 5 percent a year according to a recent report from Zenith International. Within the beverage industry, the soft drink market has been showing significant growth in most countries in the recent years, particularly in the emerging markets. While the U.S. represents the largest overall soft drink market and has the highest per capita consumption level, most markets are showing double-digit growth both in terms of volume and value. For instance, Mexico and Poland are two markets in particular that stand out.



**Table 1. Global Consumption of Soft Drinks**

Region	Volume( Million Liters)	Percentage
North America	63,655	33
Latn America	42,437	22
West Europe	30,863	16
Asia/ Australia	28,934	15
Africa	9,645	5
East Europe	9,645	5
Middle East	7,716	4
<b>Total</b>	<b>192,895</b>	<b>100</b>

Source: Zenith Internatonal

Many studies have tried to explore the determinants of brand loyalty among consumers in the soft drinks sector (Nandagopal and Chinnaiyan (2003, Misset al (2013), Shanmugasundaram (1990)) whereas they all point to different factors such as price , quality, availability and taste, none has deeply focused on promotion. Promotion is a component of a marketing mix which takes the form of communication between the product and the correct or potential consumers. It includes the use of advertising, sales promotion, personal selling and publicity. Promotion like well targeted greatly influences the consumer's images, beliefs and attitudes towards products and brands, company or retail store. This in turn influences their purchase behavior (Evans et al, 1996). Promotional messages can establish ideas and perception in the consumers mind and differentiate products/brands against other brands. Promotion includes the use of advertising, sales promotions, personal selling and publicity. Advertising is a non-personal presentation of information in mass media about a product, brand, company or store. It greatly affects consumers' images, beliefs and attitudes towards products and brands, and in turn,

influences their purchase behaviors (Lovelock, 2010). This shows that promotion, especially through advertising, can help establish ideas or perceptions in the consumers' minds as well as help differentiate products against other brands. According to Clow (2010), promotion is an important element of a firm's marketing strategy. Promotion is used to communicate with customers with respect to product offerings, and it is a way to encourage purchase or sales of a product or service. Sales promotion tools are used by most organizations in support of advertising and public relations activities, and they are targeted toward consumers as final users. Moreover, effective communication persuade and motivate consumers to think about and even take action to purchase the product the advertisement promoted (Czermiawski& Maloney, ibid). Brand switchers may turn into loyal consumers towards the brand. . Some other studies (Evans, Montinho& Van Raaj, 1996) suggest that promotion, especially in form of a well targeted advertisement cannot only make the consumers less price sensitive and more loyal, but also change their knowledge, attitude and behaviors towards the product. Gwin and Gwin (2003) support the same and that well



targeted advertisements will help in changing consumer's perception towards the product attributes and hence influence his or her tastes for the product leading to loyalty.

### Study findings

A total of 1403 respondents were sampled but 1312 respondents comprising of 434 (33.1%) Kenyans and 878 (66.9%) Indians completed and returned the questionnaires. The return rate of questionnaires for the two countries was 90.79% for Kenyans and 94.92% Indians which is high enough to be acceptable (Rea and Parker, 1997).

The study sought to establish if there is a relationship between soft drinks consumer brand loyalty and product promotion. To achieve this objective, the participants were requested to respond to items on a five likert scale in the questionnaire on product promotion at the same time a null hypothesis was formulated. The null hypothesis stated that: There is no positive and significant correlation between soft drinks consumer and soft drinks consumer brand loyalty and product promotion of the soft drink. The means of the statements on product promotions were tabulated and the results are presented in Table 2 below.

**Table 2: Promotion Means in the Two Markets**

Statement	Kenyan Market		Indian market	
	Mean	Std. Deviation	Mean	Std. Deviation
The promotional campaign of the product appeal to me highly to buy the product.	3.1695	1.23278	3.4501	1.23483
Ads of the brand attract me to purchase	3.2518	1.12324	3.3671	1.33662
Window displays are attractive	3.1792	1.16871	3.8909	.94889

From table 2, it was found out that the means of  $3.1695 \pm 1.23278$  and  $3.4501 \pm 1.23483$  were obtained for the Kenyan and Indian responses on the statement that 'the promotional campaign of the product appeal to me highly to buy the product'. Indicating that majority of the Kenyan respondents were more neutral on the statement while the Indian respondents were more in agreement with the statement implying that the promotional campaigns used to market the soft drinks in India are more attractive to the Indian youths as compared to the promotional campaigns in Kenya.

The statement that 'Ads of the brand attract me to purchase' had a slight mean difference between the respondents from the two markets with a mean of  $3.2518 \pm 1.12324$  and  $3.3671 \pm 1.33662$  for the Kenyan and Indian markets respectively. It can be deduced that respondents from the two markets were neutral with majority of them being in agreement with the statement an implication that promotional advertisements may attract soft drink consumers to consume more of their preferred soft drinks in both Kenya and India.

The statement that window displays are attractive had a mean of  $3.1792 \pm 1.16871$  from the Kenyan respondents while it showed a mean of  $3.8909 \pm .94889$  from the Indian respondents. This shows



that the Kenyan responses were more neutral on the statement and at the same time lower than the Indian responses which was higher and in agreement with the statement. It can therefore be shown that window displays attracts more Indian soft drink consumers to buy their brands but may/may not attract the Kenyan youth soft drink consumers.

To test the null hypothesis that: There is no positive and significant correlation between soft drinks consumer and soft drinks consumer brand loyalty and product promotion of the soft drink simple regression was perform on brand loyalty and product promotions using Enter method. This was to determine any significance for the assumed relationships based on the

magnitude and direction of the relationship. Product promotion was the predictor representing the independent factor as shown in table 4.23. R represents the values of simple correlation coefficient between the predictor used and level of brand loyalty. The predictor used in the model represent only a simple correlation between the level of brand loyalty and product promotion. The  $R^2$  represented the measure of variability in level of brand loyalty that is accounted for by the predictor (product promotion). From the model, ( $R^2 = .406$  for Indian Market and  $R^2 = .602$  for the Kenyan market) shows that the predictor account for 40.6% in the Indian market and 60.2% in the Kenyan market variation for level of brand loyalty.

**Table 3: Model Summary on Influence of product promotion on Brand Loyalty**

Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
1	Indian Market	.638 <sup>a</sup>	.406	.406	.58828
1	Kenyan market	.776 <sup>a</sup>	.602	.601	.43103

a. Predictors: (Constant), Promotion

From the model, it was found out that in the Kenyan market, product promotion ( $R^2 .602$ ) was higher as compared to the Indian market ( $R^2 = .406$ ). This shows that promotions for soft drinks

in the Kenyan market affects brand loyalty as compared to the Indian market.

Further ANOVA was performed to test the hypothesis and the results are presented in table 4 and 5.

**Table 4 : Product Promotion ANOVA for Indian Market**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	153.802	1	153.802	444.426	.000 <sup>a</sup>
	Residual	224.599	649	.346		
	Total	378.402	650			

a. Predictors: (Constant), Promotions

b. Dependent Variable: loyalty



**Table 5: Product Promotion ANOVA for Kenyan Market**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	115.120	1	115.120	619.629	.000 <sup>a</sup>
Residual	75.987	409	.186		
Total	191.107	410			

a. Predictors: (Constant), Promotions

b. Dependent Variable: Loyalty

From the table 4 and 5 the product promotions in both markets were found to be significant F (1 = 619.629,  $p < .05$ ) for the Kenyan market and F (1 = 444.426,  $p < .05$ ) for the Indian market. Therefore the null hypothesis which stated that: There is no positive and significant correlation between soft drinks brand loyalty and product promotion was rejected and the alternative accepted indicating that there was a positive and significant correlation between product promotion and brand loyalty in the two markets. No wonder then that players in the soft drinks sector spent colossal amounts in advertising. For instance in 2016 alone Coca-Cola company spent four billion dollars (statista, 2017). From the study Indians are less influenced by promotional activities than Kenyans to purchase soft drinks. This calls for further investigations to establish the underlying reason.

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